Early Implementation of the American Recovery and Reinvestment Act: Workforce Development and Unemployment Insurance Provisions

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Center for Employment Security Education and Research
National Association of State Workforce Agencies (NASWA)
444 N. Capitol Street NW
Washington, DC 20001

Richard A. Hobbie, NASWA
Burt S. Barnow, George Washington University
Project Co-Directors

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EXECUTIVE SUMMARY

The American Recovery and Reinvestment Act of 2009 (the Recovery Act) includes nearly $800 billion dollars in federal spending through a number of provisions intended to result in rapid economic stimulus nationwide, particularly in terms of providing jobs, employment services, and retraining for millions of unemployed workers. Programs allocated additional funds in the workforce development area include the Workforce Investment Act (WIA) Adult Program ($494 million), the WIA Dislocated Worker program ($1,184 million), and the Wagner-Peyser Act ($148 million for unrestricted services and $247 million for reemployment services). In the area of unemployment insurance (UI), new outlays were estimated to be roughly $45 billion over 10 years at the time of enactment, with almost all outlays occurring in fiscal years 2009 and 2010.

The purpose of this project is to measure progress and challenges in implementing the workforce and UI provisions of the Recovery Act, to highlight new and promising practices, and to provide guidance to the Employment and Training Administration (ETA), the states, and local workforce investment areas. ETA is receiving monthly reports from the states on their expenditures and activities, but it will not receive systematic in-depth information about the implementation of the workforce components of the Recovery Act. This project, involving both an interim report presented here and a final report due in June 2011, is intended to help fill this gap by providing feedback to ETA based on document review, on-line surveys, and in-depth field visits to selected states and sub-state areas.

Several approaches are being used to monitor implementation of the workforce development and UI provisions of the Recovery Act. First, the National Association of State Workforce Agencies (NASWA) conducted five surveys of states, many through the Internet, that

are highly relevant to this project. Second, regarding the workforce development provisions, two rounds of site visits to 20 states and two local areas within each state are being conducted in each year of the project. This interim report is based primarily on the first round of site visits. Site visits were made between December 2009 and August 2010. One day was spent interviewing staff at the state level, and one day was spent at each of the two local areas in each state. Sixteen states had been visited at the time the report was prepared. The 20 states were selected purposively to provide diversity on factors such as population size, unemployment rate, extent to which Wagner-Peyser services were provided in One-Stop Career Centers, region, UI recipiency rate, and relative UI trust fund solvency. Regarding the UI provisions of the Recovery Act, one round of in-depth teleconference interviews will be conducted with a team of UI officials in each of the same 20 states. Due to the desire to wait until state legislatures completed their 2010 legislative sessions, during which many states made changes to UI laws as a result of the Recovery Act, the research team is just beginning teleconference interviews with state UI officials. Findings regarding the UI provisions will be presented in the final Recovery Act report due next year, but the last chapter of this interim report provides a progress report on the research plan for the UI provisions.

State Approaches to the Recovery Act

All state and local workforce agency officials mentioned that the time they had to plan and initiate Recovery Act-funded activities from the time when the President signed the Recovery Act into law in February 2009 until they first began spending Recovery Act resources on employment and training services (as early as April 2009) was very short. States had to move very quickly from the point at which they were notified of their Recovery Act funding allocation

(in March 2009) to begin spending Recovery Act funding (within a matter of weeks). ETA provided states with guidance and assistance immediately after the Recovery Act funds became available, with the major guidance provided in Training and Employment Guidance Letter 14-08, which was issued March 18, 2009. There was also strong pressure on states and local workforce agencies to spend Recovery Act funding rapidly (if possible, front-loading expenditures within the first year of the two years available) and, at the same time, to spend the resources wisely.

All states visited indicated that they worked within their existing organizational structure to both plan and implement Recovery Act activities. As noted above, states did not have the time to develop new or elaborate organizational structures in response to Recovery Act funding – and because Recovery Act funding was temporary, states were reluctant to change their organizational structure, add new units or permanent staff, or build new infrastructure (except modernizing data systems) that would have required funding when Recovery Act support was no longer available. Because Recovery Act funding was temporary in nature, the main staffing strategy implemented by states and local areas was to bring on temporary staff to fill new positions. Hiring occurred at both the state and local levels. Several state and local workforce agencies indicated they had experienced some difficulties or delays in bringing on new staff (even temporary staff hired with federal funding) due to state or local hiring freezes; this occurred in spite of requests from ETA to exempt from hiring freezes positions funded with federal Recovery Act dollars. In some local areas, workforce agencies indicated that they needed even more staff than Recovery Act funding would permit to meet the surging number of customers. Additionally, some state and local workforce agencies indicated that mandates to spend WIA Recovery Act funding primarily on training cut down on their flexibility to bring on

additional staff to work in the resource room and provide assessment and other intensive services needed before individuals could enter training.

WIA Adult and Dislocated Worker Programs

States and local workforce investment areas (LWIAs) increased the number of customers receiving assessment and counseling, and they frequently made use of Recovery Act funding to add new technology to improve assessment and help customers make appropriate choices on careers and training programs. There was an emphasis on providing more training with Recovery Act funds, and all states encouraged local areas to increase training. About one-half the states set minimum requirements for training with Recovery Act funds, ranging as high as 70 percent; the number of WIA adult customers receiving training increased by nearly 60 percent in the first 12 months following the availability of Recovery Act funds.

The Pell Grant program, a Department of Education program that provides financial aid to help low-income individuals attend eligible higher education programs, was expanded with the Recovery Act, and states and LWIAs were encouraged to facilitate and encourage use of Pell Grants. About 80 percent of the states sent letters to UI claimants informing them about Pell Grant opportunities, and about 40 percent of the states expanded their definition of "approved training" so that more claimants could make use of Pell Grant supported training. There was confusion in a few LWIAs about the use of Pell Grants, particularly regarding the definition of income for determining eligibility and how decisions on awards were made.

The Recovery Act encouraged states and LWIAs to enter into contracts with institutions of higher education as a way to train groups of students in a single field. About one-third of the

states visited for this study indicated that they had increased their contracts with colleges and universities.

ETA encouraged states and LWIAs to provide more supportive services and needs-related payments. Most states reported increased spending on transportation and child care, but there was no clear pattern for needs-related payments. Because UI claimants were more heavily served, the lack of increased spending on needs-related payments is not surprising.

When the Recovery Act funds are exhausted, most states indicated that they plan to revert to prior levels of services despite expected continued high demand. States generally hired temporary workers for Recovery Act funded positions, so the staff reductions are not likely to result in layoffs of permanent staff. Some states hope to move temporary workers into permanent positions if they experience turnover among the permanent staff.

Wagner-Peyser Services and Reemployment Services

As a result of the increased funding and need, U.S. Department of Labor (USDOL) data indicate that the number of Wagner-Peyser customers increased by about 30 percent. Some states enhanced their assessment and counseling services by purchasing assessment tools with their Recovery Act funds. We did not observe a change in interactions between Wagner-Peyser services and WIA services as a result of the Recovery Act.

In addition to increased general Wagner-Peyser funding, the Recovery Act provided additional funds to provide reemployment services (RES) for UI claimants. For many states, the RES money was a new and large source of funds to serve claimants, and some states developed innovative strategies to assist UI claimants. Many of the states visited said that claimants are more likely to take advantage of services offered at One-Stop Career Centers than they had been

in the past. Eleven of 16 states visited said that RES funds were used to improve or expand labor market information (LMI), and 13 of the 16 states reported that they used the RES funds to hire temporary staff. Four of the states visited added state funding to enhance RES. States generally target RES on claimants predicted to be most likely to exhaust their UI benefits, but several states target other groups such as those least likely to exhaust or those considered particularly in need, such as veterans.

Trade Adjustment Assistance

The Recovery Act substantially altered the nation's Trade Adjustment Assistance (TAA) program by including the Trade and Globalization Adjustment Assistance Act (TGAAA) as part of the Recovery Act. Since 1974, TAA has provided a range of benefits and employment services to workers who lose their jobs due to foreign competition or imports. The primary services are: 1) monthly cash benefits similar to, and coordinated with, UI; 2) access to employment and training services; and 3) other services and benefits including relocation assistance and a tax credit to cover costs of health insurance. Over the years, Congress has modified TAA several times, often in response to changing economic conditions. The Trade provisions in the TGAAA of the Recovery Act represent the latest reforms to TAA. The new program added service sector workers, expanded services to include assessment and counseling, and placed more emphasis on training. The new TAA provisions affected workers whose eligibility occurred after enactment of the new law. Half of the states visited saw petitions and participants increase by 50 percent or more.

States visited found operating the new and old TAA programs simultaneously to be challenging. First, extensive reprogramming was required to meet the new reporting and cost

accounting requirements. Second, states had to track participants in the old and new programs separately, greatly increasing the number of records processed and data fields tracked. Third, it was difficult to explain to customers why some trade-affected workers were entitled to benefits while others were not.

Other Issues

The states that were visited took advantage of the Recovery Act funding to improve their labor market information systems and management information systems; in many states, these systems are outmoded, and the Recovery Act provided some of the resources needed to help modernize these resources. States and LWIAs were very interested in activities involving green jobs. The states visited conducted research and analysis to identify opportunities for employment and training for their customers that were related to green jobs. Almost all the states visited received targeted green jobs funds; more than one-half the states visited received State Energy Partnership and Training Grants.

Although just beginning during our site visits, many of the sample states used Temporary Assistance for Needy Families (TANF) Emergency Fund grants to provide subsidized employment to WIA customers. The Department of Health and Human Services and the Department of Labor (USDOL) encouraged states to make the funds available to provide summer youth employment and subsidized employment for low-income adults in 2010.

Major Accomplishments

During site visits, state and LWIA officials were asked to discuss their major accomplishments with Recovery Act funding to date. In discussing accomplishments, it is

important to note that the accomplishments cited are for a relatively short period of time following start-up of Recovery Act-funded activities—generally for a period of six months up to about one year after first receipt of Recovery Act funding (depending upon when the site visit was conducted in the state). The states listed the following six items as their major accomplishments in implementing the Recovery Act:

- Moving quickly to implement Recovery Act workforce provisions;
- Establishing a WIA summer youth program on short notice;
- Increased capacity of workforce system to serve more customers;
- Helping UI claimants get back to work through Reemployment Services;
- Improved ES-UI relationships and WIA partnerships with education; and
- More opportunities for Americans to acquire new skills through training.

States and LWIAs visited were proud of their ability to quickly respond to the requirements of the Recovery Act. Not only did they rapidly expand their existing programs, they also instituted summer youth programs and reemployment services on a large scale, and in most states these programs were not offered at the time the Recovery Act was enacted.

Challenges Encountered

The states and LWIAs visited also reported encountering a number of challenges related to implementing the Recovery Act. The four most common challenges are discussed here. First, many of the states and LWIAs reported that spending the Recovery Act funds as rapidly as ETA wished was difficult for a number of reasons. Some state and local areas had hiring freezes that prevented them from bringing on needed staff; ETA had asked states to exempt hiring financed

with Recovery Act funds, but some states did not honor the request or took a long time to waive the general requirement. In some instances, state legislatures were slow to approve spending of Recovery Act funds; in one of the states visited, the legislature approved use of the federal funds only after a three-month delay. State and local civil service hiring is often a slow process, and some states indicated that the normal hiring process requires many months before a position can be filled. Finally, at least one state reported that its collective bargaining agreement with state employees restricted the process by which temporary workers could be hired and how long they could work.

Three other challenges were cited by states. First, some states indicated the reporting requirements under the Recovery Act added a burden to their workload. Second, some states indicated the pressure to spend the money quickly was a burden. Finally, all the states visited stated they were concerned that once the Recovery Act funds were spent, they would have to revert to their previous levels of service, even though the need and demand for services was likely to remain at record levels.

Unemployment Insurance

As mentioned above and detailed in Chapter IX, this interim report provides a progress report on the UI research plan, and not interim findings. The research team is conducting 20 in-depth UI interviews this fall and early winter, and findings based on these interviews, NASWA surveys, and USDOL data will be included in the final Recovery Act report due next year. To date, the research team has developed an interview guide, has conducted a pilot teleconference interview with the state of Florida, has amended its interview guide based on the pilot interview, and is scheduling and conducting the 19 remaining interviews. To prepare for the state

teleconference interviews, the research team has developed individual state background studies, which compile information on each state's: UI program structure; historical UI program performance; historical and current UI program financial conditions; responses to a fifty-state NASWA survey on the recession and the state's early experiences implementing the Recovery Act; and legislative actions, if any, regarding the UI modernization provisions of the Recovery Act and to address trust fund solvency.

The NASWA survey and national data from USDOL on program performance and the condition of states' UI trust funds suggest the following major successes and challenges facing states as they implemented the Recovery Act's UI provisions in the context of the recession:

- Successes
    1. Economic stimulus and fiscal relief
    2. UI eligibility expansions
    3. Sustainable improvements to UI operations
- Challenges
    1. Financial condition of state trust funds
    2. Outmoded state UI information technology systems
    3. Growth in need for reemployment services

The interviews will seek to capture the operational and administrative challenges states faced implementing the UI provisions, the innovations and sustainable improvements to UI operations resulting from the availability of new administrative funds and the demands of the recession, and the extent to which the provisions achieved other Recovery Act goals for the UI program beyond providing economic stimulus. These goals include UI eligibility expansions,

improved trust fund positions, improved UI tax and benefit operations, and reemployment services for UI claimants.

CHAPTER I

INTRODUCTION

A. Background and Purpose

States face important and serious policy challenges in response to the severe economic recession, and while the provisions in *the American Recovery and Reinvestment Act of 2009* (Recovery Act) offer opportunities for relief, implementing some of the programmatic provisions presents challenges to states and local areas in expanding eligibility and services, adding staff to meet the increased demands, and making appropriate program modifications expeditiously and efficaciously. Additionally, governors and state workforce agencies began taking actions to adjust their Unemployment Insurance (UI) systems to meet economic needs and improve trust fund solvency even before the Recovery Act was enacted. This project is intended to provide useful information about the nature of the workforce development and UI policy decisions being made nationwide in response to the recession, state and local administrators' perspectives on the policy developments and economic challenges, and implementation of key Recovery Act provisions. The majority of the report focuses on workforce investment initiatives in the Recovery Act other than UI, and UI is covered in the last chapter. As discussed there, interim findings are not yet available for the UI portion of the project, so the chapter provides a progress report on the research plan instead.

The Recovery Act includes nearly $800 billion dollars in federal spending through a multitude of provisions that are intended to result in rapid economic stimulus nationwide, particularly in terms of providing jobs, employment services, and retraining for millions of unemployed workers. Exhibit I-1 summarizes the formula allocations for the major USDOL

workforce programs in Program Year 2009 and the additional funds provided for these programs through the Recovery Act. The WIA Dislocated Worker program received the largest increase in funding through the Recovery Act, both in relative and absolute terms, with over $1 billion in additional funding. The unrestricted Wagner-Peyser Act funds were increased by the smallest amount, $148 million, but an additional $247 million in Recovery Act funds were included for Reemployment Services, which had received no funding in recent years.

Exhibit I-1
Summary of Baseline and Recovery Act Allocations for Adult Workforce Programs

Program and Year	Allocation
WIA Adult	
PY 2009	$859,386,233
Recovery Act	493,762,500
WIA Dislocated Worker	
PY 2009	1,183,840,000
Recovery Act	1,237,500,000
Wagner-Peyser (unrestricted)	
PY 2009	701,860,926
Recovery Act	148,138,009
Wagner-Peyser Reemployment Services	
PY 2009	0
Recovery Act	246,896,681

The Recovery Act included several major UI program tax and spending provisions which at the time of passage were estimated to result in federal outlays totaling approximately $45 billion over 10 years, with most outlays occurring in fiscal years 2009 and 2010 (see Exhibit I-2 below). Note that provisions increasing benefit duration and amounts were extended by subsequent legislation as the recession continued.

Exhibit I-2: Estimated Budget Effects of the UI Provisions of the Recovery Act

Recovery Act Provision	Explanation of Provision	Estimated Budget Effects FY 2009-19
Benefit Extensions	• Extended the Emergency Unemployment Compensation program through December 26, 2009 (subsequently extended). • Provided 100% federal financing of the Extended Benefits (EB) program in 2009 (subsequently extended).	$27 billion
Benefit Increase	Provided a temporary $25 per week supplemental unemployment benefit, known as the Federal Additional Compensation (FAC) program (subsequently extended).	$8.8 billion
Interest Free Loans	Temporarily waived interest payments and the accrual of interest on federal loans to states through December 31, 2010.	$1.1 billion
Suspension of Federal Income Tax	Temporarily suspended federal income tax on the first $2,400 of unemployment benefits (per recipient) received in 2009.	$4.7 billion
UI Modernization	Provided up to a total of $7 billion as incentive payments for changing certain state UC laws; payments must be made before October 1, 2011.	$2.6 billion
Administrative Funding	Transferred $500 million to the states for administration of their unemployment programs.	
Total		**$44.7 billion**

Sources: U.S. Joint Committee on Taxation, "Estimated Budget Effects of the Revenue Provisions Contained in the Conference Agreement for H.R. 1, the "American Recovery and Reinvestment Act of 2009," JCX-19-09, February 12, 2009, http://finance.senate.gov; Committee on Finance, U.S. Senate, News Release, "Baucus Hails Senate Passage of Bill Creating Jobs, Cutting Taxes for America's Working Families and Small Businesses," February 10, 2009, http://finance.senate.gov.

Many of the spending provisions in the Recovery Act also relate to workforce investments and are designed to provide investments in areas that are in great need nationally to improve infrastructure, accelerate the development of a range of energy efficient "green" sectors, and increase the supply of trained and skilled workers needed in high growth sectors such as energy and health care.

Several Recovery Act provisions that are not the subject of this report deserve mention. Two Recovery Act provisions for which state or local workforce agencies and One-Stop Career Centers have some involvement are: (a) use of or explanation of tax credits for hiring particular workers such as veterans or disadvantaged youth; and (b) designing or implementing major parts of subsidized employment programs that could be funded with the TANF Emergency Funds. The role of the workforce investment system in the TANF-funded subsidized employment initiative is in addition to the roles states and local workforce agencies may already have for the work program components of TANF (i.e., in many states, the TANF agency contracts with the workforce agency to operate the TANF employment program or parts of it). Three grant programs included in the Recovery Act also fund job training: the Trade Adjustment Assistance for Communities Grant Program ($56.25 million, administered by the Department of Commerce), the Community College and Career Training Program ($90 million, administered by the Employment and Training Administration (ETA)), and the Sector Partnership Grants Program ($90 million, administered by ETA).

In sum, the Recovery Act is providing the workforce system with a large increase in resources to improve its structure, increase capacity, and provide additional services. ETA stated that spending under the Recovery Act is to be guided by four principles described in Training and Guidance Letter (TEGL) 14-08:

- Transparency and accountability in the use of Recovery Act funding;
- Timely spending of the funds and implementation of the activities;
- Increasing workforce system capacity and service levels; and

- Using data and workforce information to guide strategic planning and service delivery.[1]

The purpose of this project is to measure progress and challenges in implementing the workforce and UI provisions of the Recovery Act, to highlight new and promising practices, and to provide guidance to ETA, the states, and local workforce investment areas. ETA is receiving monthly reports from the states on their expenditures and activities, but it will not receive systematic in-depth information about the implementation of the workforce components of the Recovery Act. This project is intended to help fill this gap by providing feedback to ETA based on document review, on-line surveys, and in-depth field visits to selected states and sub-state areas.

B. Components of the Project

This project is using several approaches to monitor Recovery Act implementation. First, NASWA has conducted, with its own resources, five surveys of states, many through the Internet, that are highly relevant to this project. NASWA staff has analyzed the data from the surveys on workforce and UI programs and produced reports on the findings.[2] NASWA will conduct additional surveys of states in the second year of the project.

The second major component of the project is based largely on two rounds of site visits to 20 states and two local areas within each state; one round of site visits is to be conducted in each year of the project. This component of the project is being conducted by staff from the

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[1] See U.S. Department of Labor, Employment and Training Administration Training and Employment Guidance Letter No. 14-08 "Guidance for Implementation of the Workforce Investment Act and Wagner-Peyser Act Funding in the American Recovery and Reinvestment Act of 2009 and State Planning Requirements for Program Year 2009." March 18, 2009.

[2] The major survey report is: Center for Employment Security Education and Research, National Association of State Workforce Agencies. "Results of a Survey of State Workforce Administrators on Early Implementation of the Workforce Provisions of the Recovery Act." Washington, DC: NASWA, May 10, 2010.

Trachtenberg School of Public Policy and Public Administration at George Washington University, Capital Research Corporation, the Ray Marshall Center at the University of Texas, and the Urban Institute.[3] Site visits are used to probe in depth on topics such as the use of stimulus funds, information on how spending and policy decisions were made, and challenges and accomplishments of the Recovery Act activities. It is this second component that is the subject of the current report. Because the UI provisions of the Recovery Act are best studied centrally with conference calls to the 20 site visit states, the research plan for the UI portion of the project differs in approach and timing, and a progress report is presented separately in the final chapter of this report. Also, although the WIA Youth program was an important component of the stimulus program, this report does not cover the WIA Youth program to a substantial degree because ETA had another research firm document the Recovery Act experience of the WIA Youth program.

C. Description of the 20-State Survey

This section describes how the 20 states were selected, lists the 20 states, and shows how the states in the sample vary on key characteristics. States for the site visits were chosen from the 50 states and the District of Columbia. The sample was selected purposively, with the goal of including states so that the sample was balanced on several key attributes. Because of the need to expedite the site visits, three pilot states, New York, Texas, and Wisconsin, were visited first; these initial states were selected because of their good working relationship with NASWA, so that travel could be arranged quickly and feedback on the survey instrument could be

[3] In the first year of the project, the Institute for Policy Studies at Johns Hopkins University participated.

obtained. The remaining states were then picked to achieve the desired distribution based on the following characteristics:

- **Population**. It was decided to emphasize more populous states so that a substantial share of the U.S. population would be covered by the site visits. The sample included 12 of the 17 most populous states, 4 of the next most populous 17 states, and 4 of the least populous states.

- **Co-Location of Employment Service offices**. The presence of the Employment Service (ES) in One-Stop Career Centers varies significantly among states. Because some Recovery Act activities might take different forms when the ES is more isolated from the One-Stop system, a mix of relationships between the ES and One-Stops was obtained. We used the taxonomy developed by the Government Accountability Office to classify these relationships and selected states roughly in proportion to their prevalence among states.[4]

- **Total unemployment rate**. States with relatively high unemployment rates are of more interest, so a disproportionate share of states in the upper third were selected, and a small number of states in the bottom third were selected. The sample of 20 includes nine states in the upper third in terms of the unemployment rate, seven in the middle third, and 4 in the bottom third.

- **Reserve ratio multiple (RRM)**. The RRM is a measure of UI trust fund solvency, with a higher multiple indicating a greater ability to avoid borrowing during a severe economic downturn. We wanted to oversample states with insolvency problems to better observe how states under stress dealt with the UI reforms and other Recovery Act provisions. We selected five states from the upper third, six states from the middle third, and nine states in the bottom third.

- **Region**. We wanted to achieve rough geographic balance among the four broad census regions. The sample included four states from the Northeast, six from the Midwest, six from the South, and four from the West.

- **UI recipiency rate**. This variable measures the proportion of the unemployed that are receiving UI. We wanted to achieve a balanced sample on this variable. The sample included seven states in the upper third, seven states in the middle third and six states in the bottom third.

[4] Government Accountability Office, *Workforce Investment Act: One-Stop System Infrastructure Continues to Evolve, but Labor Should Take Action to Require That All Employment Service Offices Are Part of the System*, GA0-07-1096, September 2007 (see Figure 3 and Appendix 6).

Overall, the sample of states selected appears to do a good job of meeting the criteria we identified. Exhibit I-3 shows a map of the 20 selected states. Three of the originally selected states declined to participate—California, Connecticut, and Kentucky. They were replaced with Colorado, Montana, and Rhode Island. Adding Montana provided a second single-WIB state (in addition to North Dakota). Colorado added a second state (in addition to Michigan) permitted to provide Wagner-Peyser services through local merit staff rather than with state merit staff employees. Exhibit I-4 contains a legend for the codes used to categorize states by the key characteristics and the number of sample states in each category. Exhibit I-5 shows the states selected (shaded) and other states, and includes data on their characteristics. At the time this report was prepared, 19 states had their site visits completed, but four of the states were visited too recently to reflect the findings in this report (Rhode Island, North Carolina, Maine and Nebraska).

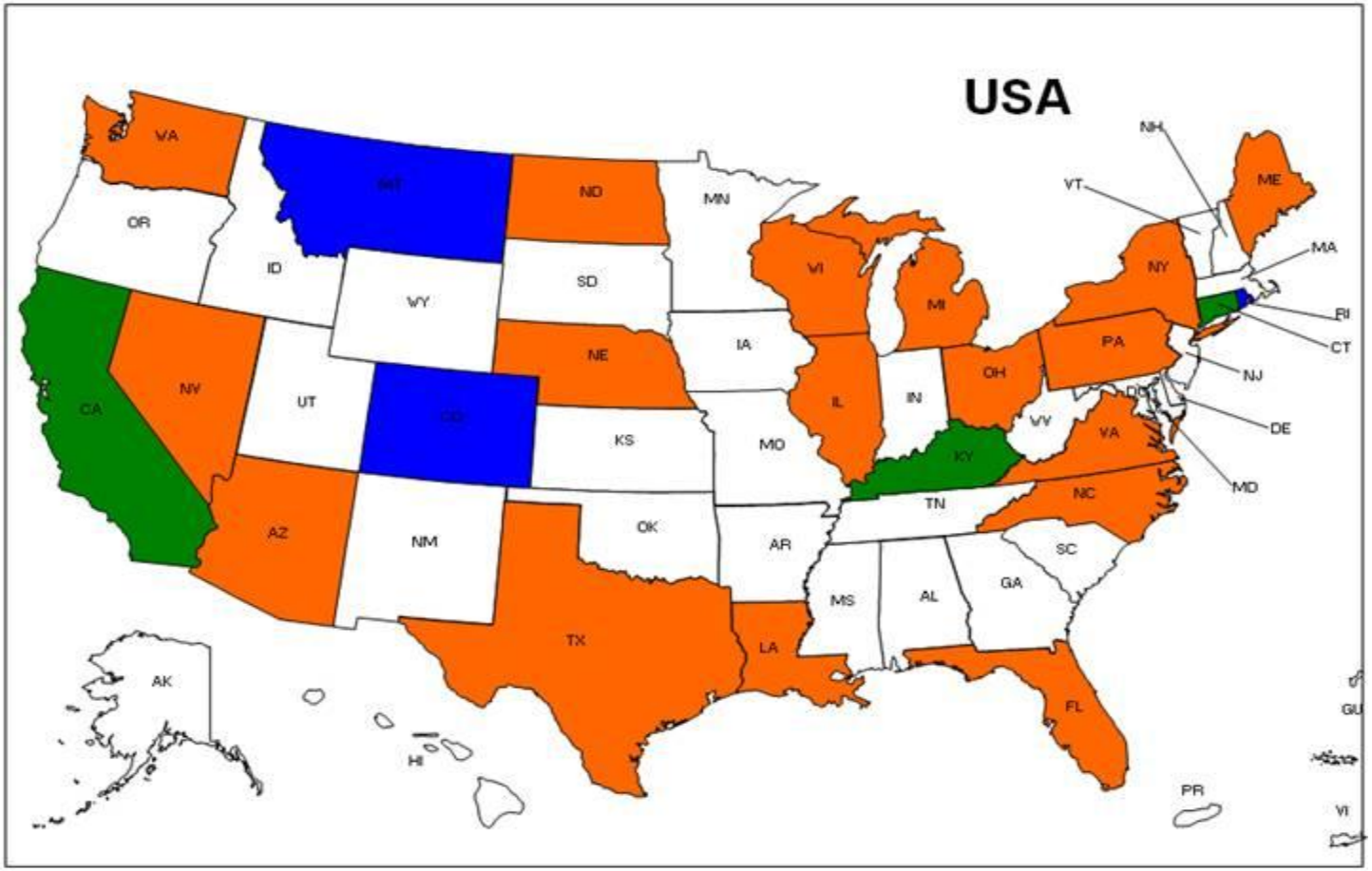
For each state in the sample, visits were conducted at the state level and at two local sites. Local sites were selected to provide variation in the types of areas visited and, to a lesser extent, geographic convenience. Meetings were held at the state and local levels with key officials responsible for workforce programs affected by the Recovery Act—WIA Adult, WIA Dislocated Workers, Wagner-Peyser funded activities, Trade Adjustment Assistance, and the agency responsible for Reemployment Services.[5] Each state and local site visit required approximately one day, for a total of three days per state.

The site visits were conducted using semi-structured guides for the state and local levels. The guides were tested in the first three states, Wisconsin, Texas, and New York, and then

[5] As noted above, the visits did not focus on the WIA youth program. After the initial visits, it was determined that UI was best covered through teleconference interviews rather than through the site visits.

revised for the later site visits. Prior to each site visit, the site visit team obtained key documents from Internet sites and from the state and local staff.

Exhibit I-3: Map of States Selected for Recovery Act Study



	Original site visit state
	Newly added site visit state
	State not available for site visit

Exhibit I-4: Legend for Coding States According to Key Characteristics and Distribution of 20 Visited States

Region		Number
1	Northeast	4
2	Midwest	6
3	South	6
4	West	4
Population		
1	High third (from TN at 6,214,888 to CA at 36,756,666)	12
2	Middle third (from UT at 2,736,424 to MO at 5,911,605)	4
3	Low third (from WY at 532,668 to NV at 2,600,167)	4
ES/One-Stop Relationship[6]		
1	Category A	3
2	Category B	3
3	Category C	1
4	Category D	13
Total Unemployment Rate (at the time of site selection)		
1	High third (from WA at 9.3% to MI at 15.2%) (9)	9
2	Middle third (from TX at 7.5% to MO at 9.3%) (7)	7
3	Low third (from ND at 4.2% to MD at 7.3%) (4)	4
Reserve Ratio Multiple		
1	High third (from VT at .71 to NM at 1.60)	5
2	Middle third (from TN at .30 to IA at .68)	6
3	Low third (from MI at -.02 to MA at .28)	9
UI Recipiency Rate		
1	High third (from HI at .359 to CT at .553)	7
2	Middle third (from NE at .278 to MN at .358)	7
3	Low third (from SD at .153 to SC at .277)	6

[6] We used the taxonomy developed by the Government Accountability Office to classify these relationships. See: Government Accountability Office, *Workforce Investment Act: One-Stop System Infrastructure Continues to Evolve, but Labor Should Take Action to Require That All Employment Service Offices Are Part of the System*, GA0-07-1096, September 2007 (see Figure 3 and Appendix 6).

Exhibit I-5: Characteristics of Selected and Unselected States*

	Region	Population Size	ES-One Stop Relationship	Unemployment Rate	Reserve Ratio Multiple	Unemployment Insurance Recipiency Rate
Connecticut	1	2	1	2	3	1
Maine	1	3	4	2	1	2
Massachusetts	1	1	4	2	3	1
New Hampshire	1	3	4	3	2	3
New Jersey	1	1	4	2	3	1
New York	1	1	4	2	3	2
Pennsylvania	1	1	4	2	3	1
Rhode Island	1	3	4	1	3	1
Vermont	1	3	4	3	1	1
Illinois	2	1	2	1	2	2
Indiana	2	1	4	1	3	2
Iowa	2	2	1	3	2	1
Kansas	2	2	3	3	1	2
Michigan	2	1	4	1	3	1
Minnesota	2	2	4	2	2	2
Missouri	2	2	4	2	3	2
Nebraska	2	3	4	3	1	2
North Dakota	2	3	4	3	1	2
Ohio	2	1	4	1	3	3
South Dakota	2	3	4	3	3	3
Wisconsin	2	2	4	2	3	1
Alaska	4	3	4	2	1	1
California	4	1	2	1	3	1
Hawaii	4	3	1	3	1	1
Oregon	4	2	4	1	1	1
Washington	4	1	4	1	1	1
Alabama	3	2	4	1	2	2
Arkansas	3	2	2	3	3	2
Delaware	3	3	2	2	2	1
District of Columbia	3	3	4	1	1	2
Florida	3	1	4	1	2	3
Georgia	3	1	4	1	2	3
Kentucky	3	2	1	1	3	2
Louisiana	3	2	4	3	1	3
Maryland	3	2	4	3	2	3
Mississippi	3	2	4	2	1	3
North Carolina	3	1	2	1	3	2
Oklahoma	3	2	1	3	1	3

	Region	Population Size	ES-One Stop Relationship	Unemployment Rate	Reserve Ratio Multiple	Unemployment Insurance Recipiency Rate
South Carolina	3	2	3	1	3	3
Tennessee	3	1	2	1	2	2
Texas	3	1	4	2	2	3
Virginia	3	1	1	3	2	3
West Virginia	3	3	1	2	2	2
Arizona	4	1	3	2	2	3
Colorado	4	2	4	2	2	3
Idaho	4	3	4	2	2	1
Montana	4	3	1	3	1	2
Nevada	4	3	4	1	2	1
New Mexico	4	3	1	3	1	3
Utah	4	2	4	3	1	3
Wyoming	4	3	4	3	1	3

* Shaded states are those selected for site visits. See Exhibit I-4 for legend for codes.

D. Comparison of Sample States to the Nation

The 20 states in our sample can be compared with each other as well as to the country as a whole. In this section, the sample states are compared on their unemployment situation in recent years and their funding levels. Exhibit I-6 shows the seasonally adjusted unemployment rates for the 20 states in the sample and the United States as a whole for May 2008, May 2009, and May 2010. For the nation as a whole, the unemployment rate surged between May 2008 and May 2009, rising from 5.4 percent to 9.4 percent. In the subsequent 12 months, the national rate increased slightly to 9.7 percent.

Exhibits I-7, I-8, and I-9 show formula and Recovery Act funding for the WIA Adult, WIA Dislocated Worker, and Wagner-Peyser/RES programs for the 20 states visited and the entire country for program years 2008, 2009, and 2010. The tables provide some important context for the analyses that follow.

- Overall formula funding for all three programs was flat for PY 2008, 2009, and 2010. Although there were changes for the 20 sample states in total, the changes were small, (under 5 percent).

- Although the overall formula funding was flat over the three years, there were substantial changes in individual states. For example, Florida's WIA Adult formula funding increased by 30 percent between 2008 and 2009 and an additional 30 percent between 2009 and 2010. Texas, however, lost 10 percent of its WIA Adult funding each year, while Rhode Island and Nebraska remained virtually unchanged for all three years.

- Year-to-year changes for individual states were small for the Wagner-Peyser formula allocations. Changes from one year to the next rarely exceeded 3 percent, and the largest change was for Florida, whose formula allocation increased by 7.85 percent from PY 2008 to PY 2009.

- The WIA Dislocated Worker formula allocations were the most volatile. Florida and Nevada, which were hit particularly hard by the recession, had increases in their WIA Dislocated Worker formula funds between PY 2008 and PY 2009 of 145 percent and 135 percent, respectively. Michigan, which has had the highest or near the highest unemployment rate in the nation in recent years, had a decrease of nearly 43 percent

in its WIA Dislocated Worker funds from PY 2008 to PY 2009 and a further decline of 14 percent the following year.[7]

- The Recovery Act funds represented a sizeable increase in funding for the states. As a percentage of PY 2008 formula funds, Recovery Act funds were 57 percent, 105 percent, and 56 percent for the WIA Adult, WIA Dislocated Worker, and Wagner-Peyser (including RES funds) programs.

[7] The large swings in funds to particular states are caused by the allocation formulas, which are based on the relative shares of people with characteristics used in the formulas, such as unemployment and low income. Thus, a state with high but steady unemployment will see its funding decrease if funding is flat and unemployment rises in other states.

Exhibit I-6

Seasonally Adjusted Unemployment Rates for the United States and Sample States for May 2008, May 2009, and May 2010

State	May 2008	May 2009	May 2010
Arizona	5.2	9.2	9.6
Colorado	4.5	8.2	8.0
Florida	5.7	10.2	11.7
Illinois	6.2	10.0	10.8
Louisiana	3.9	6.8	6.9
Maine	4.9	8.2	8.0
Michigan	7.7	13.6	13.6
Montana	4.3	6.0	7.2
Nebraska	3.1	4.7	4.9
Nevada	5.9	11.5	14.0
New York	4.9	8.4	8.3
North Carolina	5.6	10.9	10.3
North Dakota	3.0	4.4	3.6
Ohio	6.2	10.3	10.7
Pennsylvania	5.0	8.0	9.1
Rhode Island	7.2	10.7	12.3
Texas	4.6	7.5	8.3
Virginia	3.6	6.8	7.1
Washington	5.0	9.1	9.1
Wisconsin	4.4	8.9	8.2
United States	5.4	9.4	9.7

Source: http://www.bls.gov/lau/ and http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?data_tool=latest_numbers&series_id=LNS14000000.

Exhibit I-7

WIA Adult Formula and Recovery Act Allocations for Sample States PY 2008, 2009, and 2010

	PY 2008	PY 2009	Recovery Act	PY 2010
Arizona	14,729,041	13,256,136	7,616,346	15,227,363
Colorado	9,267,816	8,341,034	4,792,362	10,028,610
Florida	26,037,659	33,848,953	19,448,002	44,003,639
Illinois	38,269,186	44,888,169	25,790,612	40,399,352
Louisiana	16,831,051	15,147,944	8,703,290	13,633,150
Maine	3,100,278	3,146,947	1,808,086	3,276,134
Michigan	54,246,181	53,707,324	30,857,680	48,336,592
Montana	2,148,466	2,148,465	1,234,406	2,281,343
Nebraska	2,148,466	2,148,465	1,234,406	2,148,465
Nevada	4,541,567	5,904,037	3,392,179	7,675,248
New York	53,779,185	54,853,314	31,516,111	51,297,403
North Carolina	17,815,089	17,991,679	10,337,165	23,389,183
North Dakota	2,148,466	2,148,465	1,234,406	2,148,465
Ohio	45,226,257	40,703,627	23,386,373	36,633,264
Pennsylvania	29,938,257	28,797,617	16,545,744	29,034,229
Rhode Island	2,820,312	3,666,405	2,106,542	3,919,536
Texas	66,418,400	59,776,554	34,344,771	53,798,899
Virginia	8,520,288	9,098,617	5,227,634	11,828,202
Washington	18,747,476	16,872,727	9,694,268	16,563,114
Wisconsin	10,024,911	9,022,419	5,183,854	11,729,145
Study States	426,758,352	425,468,898	244,454,237	427,351,336
National Totals	859,386,233	859,386,233	493,762,500	859,386,150

Exhibit I-8

WIA Dislocated Worker Formula and Recovery Act Allocations for Sample States PY 2008, 2009, and 2010

	PY 2008	PY 2009	Recovery Act	PY 2010
Arizona	11,442,222	16,648,405	17,403,029	22,788,184
Colorado	11,038,608	13,837,694	14,464,916	14,509,305
Florida	31,390,061	77,059,075	80,551,937	83,019,633
Illinois	46,802,246	65,561,923	68,533,653	54,673,396
Louisiana	9,714,609	8,857,065	9,258,530	9,812,674
Maine	3,640,936	4,373,817	4,572,069	4,578,544
Michigan	130,811,617	75,050,239	78,452,046	64,544,036
Montana	1,584,735	1,679,893	1,756,038	2,174,950
Nebraska	3,186,136	2,478,758	2,591,113	2,428,300
Nevada	5,820,504	13,691,153	14,311,733	14,124,712
New York	50,790,224	63,490,356	66,368,188	65,534,311
North Carolina	33,828,640	42,493,181	44,419,273	44,039,515
North Dakota	1,171,809	876,713	916,452	690,086
Ohio	79,971,002	55,974,110	58,511,252	51,610,221
Pennsylvania	32,959,310	40,639,918	42,482,006	39,561,993
Rhode Island	4,600,258	7,601,362	7,945,909	6,227,600
Texas	57,630,386	51,436,825	53,768,305	61,378,563
Virginia	12,727,010	13,503,287	14,115,351	18,472,220
Washington	22,166,920	21,181,897	22,142,010	24,271,171
Wisconsin	25,748,373	15,363,236	16,059,607	19,934,322
Study States	577,025,606	591,798,907	618,623,417	604,373,736
National Totals	1,183,839,562	1,183,840,000	1,237,500,000	1,183,840,000

Exhibit I-9

Wagner-Peyser Formula and Recovery Act Allocations and Reemployment Services Recovery Act Allocation for Sample States PY 2008, 2009, and 2010

	PY 2008	PY 2009	PY 2010	RES	Recovery Act Other WP
Arizona	12,160,434	12,477,755	12,822,660	4,389,354	2,633,613
Colorado	10,962,418	11,037,674	10,944,825	3,882,771	2,329,663
Florida	36,484,397	39,347,985	40,350,319	13,841,612	8,304,967
Illinois	29,255,214	29,435,140	29,258,315	10,354,527	6,212,717
Louisiana	9,697,828	9,223,752	9,018,836	3,244,680	1,946,808
Maine	3,788,482	3,789,556	3,789,556	1,333,069	799,841
Michigan	25,087,225	24,621,640	24,475,871	8,661,262	5,196,757
Montana	5,206,014	5,207,490	5,207,490	1,831,862	1,099,117
Nebraska	6,256,606	6,258,380	6258380	2,201,537	1,320,923
Nevada	5,753,058	6,167,234	6,370,598	2,169,475	1,301,685
New York	41,433,656	40,607,026	40,405,589	14,284,511	8,570,706
North Carolina	19,216,352	19,706,162	20,093,605	6,932,122	4,159,274
North Dakota	5,301,280	5,302,783	5,302,783	1,865,383	1,119,230
Ohio	26,981,411	26,681,937	26,537,471	9,386,022	5,631,613
Pennsylvania	27,184,396	26,826,020	26,651,245	9,436,706	5,662,024
Rhode Island	2,550,164	2,661,374	2,652,902	936,203	561,722
Texas	49,518,743	48,305,269	48,080,415	16,992,555	10,195,533
Virginia	15,191,777	15,659,584	15,795,653	5,508,640	3,305,184
Washington	14,814,472	14,623,623	14,688,343	5,144,216	3,086,529
Wisconsin	13,355,215	12,954,947	12,881,393	4,557,218	2,734,331
Study States	360,199,142	360,895,331	361,586,249	126,953,725	76,172,237
National Totals	701,661,936	701,860,926	701,860,926	246,896,681	148,138,009

The widely varying experiences in economic conditions and funding allocations play important roles in the experiences of the states in our sample. For example, several states in the sample are small and have low unemployment rates—Montana, Nebraska, and North Dakota. These three states received the minimum allocation for the WIA Adult program in at least one program year. Thus, these states are likely to have more resources per eligible person than the other states. Another interesting example is that Wisconsin's WIA Dislocated Worker formula allocation dropped by 40 percent between PY 2008 and 2009, from $25.7 million to $15.4 million. The Recovery Act WIA Dislocated Worker funds of $16.1 million largely served to replace the drop in formula funds.

E. Outline of the Remainder of the Report

Chapter II of the report describes the general approach states have taken to administering their Recovery Act funds. Chapter III describes how WIA Adult and Dislocated Worker Recovery Act funds were administered and used. In Chapter IV, the Wagner-Peyser Act is discussed. Chapter V provides a description of how the funds allocated for Reemployment Services for UI claimants were used. This is followed by a discussion in Chapter VI of the Trade Adjustment Act. Chapter VII describes state initiatives in other areas of interest, such as green jobs initiatives, labor market information, and TANF-financed jobs for low-income individuals. Conclusions and a discussion of next steps are provided in Chapter VIII. Chapter IX provides a progress report on the research plan for the UI section of the report.

CHAPTER II

STATE APPROACHES TO THE RECOVERY ACT

This chapter examines the general approach that states and local workforce agencies took in planning and initiating workforce investment activities with Recovery Act funding. As discussed in this chapter, states and localities were strongly encouraged by USDOL to begin spending Recovery Act funding quickly after they were notified of their allocation – and to make certain that expenditures adhered to Recovery Act requirements and provided long-term benefits to worker and employer customers of the public workforce system (i.e., through the WIA, Wagner-Peyser/ES, and TAA programs). This chapter describes early planning and start-up of Recovery Act funded activities, organizational and staffing responses to the availability of Recovery Act funding, technical assistance and training activities involved in initiating Recovery Act-funded employment and training activities, and early patterns of states' expenditures of Recovery Act funds.

A. Early Planning and Start-Up

All state and local workforce agency officials mentioned that the time they had to plan and initiate Recovery Act-funded activities from the time when the President signed the Recovery Act into law in February 2009 until they first began spending Recovery Act resources on employment and training services (as early as April 2009) was very short. States had to move very quickly from the point at which they were notified of their Recovery Act funding allocation (in March 2009) to begin spending Recovery Act funding (within a matter of weeks). There was also strong pressure on states and local workforce agencies to spend Recovery Act funding

rapidly (if possible, front-loading expenditures within the first year of the two years available) and, at the same time, to spend the resources wisely. In particular, states and local areas indicated that they were under intense pressure to plan and implement WIA summer youth programs, which in many localities had either not been operational or were serving small numbers of youth because of lack of funding for summer youth programs. These programs had to ramp up and be fully operational (and capable of serving in some urban areas thousands of youth) within several months (by no later than June 2009). For many states and localities, this meant recruiting large numbers of organizations (government, nonprofit organizations, and for-profit firms) willing to hire youth temporarily for the summer, as well as outreaching to youth and certifying their eligibility to participate in the program. As is discussed later in this report, when asked about their greatest accomplishments with Recovery Act funding, many states and localities pointed to their rapid start-up of the summer youth program and their ability to place hundreds or thousands of youth in summer jobs so quickly.

At the same time states and local workforce agencies were pushing quickly to initiate or expand their summer youth programs, they were trying to digest the rules and regulations for spending Recovery Act funds in other programs (e.g., the WIA Adult and Dislocated Worker programs, the Wagner-Peyser/Employment Service program, Reemployment Services (for UI claimants), and the UI program). For example, workforce programs were exploring ways to increase the number of customers receiving training; offer new and innovative training options in high demand occupations; expand services available to unemployed and underemployed workers; respond to surging volumes of customers in One-Stop Centers; and improve data systems to track Recovery Act expenditures and better report on program results. As noted later in the report, some states expressed concern that guidance from ETA was slower than they would

have liked in a few instances. Exhibit II-1 provides several examples of the ways in which states responded quickly to the sudden availability of Recovery Act funding.

One of the reasons states were able to respond quickly is that they had heard that Recovery Act funding might become available in early 2009, and governors and state workforce agency staff proactively began to plan how to react if funding did become available. Second, as soon as the legislation was enacted, state workforce agencies immediately identified agencies and staff (generally existing administrators) to be involved in planning the state's response, and they formed steering committees to help with planning and overseeing Recovery Act implementation. As discussed later in this chapter, states also relied upon and sought out training and technical assistance provided by the ETA national and regional offices, as well as guidance provided by national workforce associations. Because of the magnitude of the Recovery Act funding received (for example, WIA Adult and Dislocated Worker Recovery Act funding under the Recovery Act often nearly matched the formula funds received for a single year), the scrutiny that this funding was likely to receive, and the speed with which Recovery Act funding was to be spent, state and local workforce agencies felt a great deal of pressure to carefully plan their responses to the Recovery Act but at the same time to "hit the ground running."

B. Organizational and Staffing Response

All states visited indicated that they worked within their existing organizational structure to both plan and implement Recovery Act activities. As noted above, states did not have the time to develop new or elaborate organizational structures in response to Recovery Act funding – and because Recovery Act funding was temporary, states were reluctant to change

Exhibit II-1: Several Examples of Start-Up and Planning Efforts Undertaken by States in Response to Recovery Act Funding

STATE	OVERVIEW OF STATE START-UP AND PLANNING RESPONSE
Arizona	Arizona began planning for Recovery Act funds prior to the signing of the law. Arizona Department of Economic Security officials (DES) maintain good relationships with USDOL officials at the national and regional levels. In addition, the then-head of Arizona's Employment Administration served on a number of advisory committees and is active in (and the current President of) NASWA. These connections helped the state to stay on top of Recovery Act legislation and to begin planning in advance. Officials noted that since the funding flowed through the governor's office rather than directly to DES, there was some delay in receiving the funds while the governor completed strategic planning processes and prepared a website to track the funds. Arizona officials participated in a number of information and technical assistance forums, including webinars and conference calls. There were statewide meetings with local boards to discuss plan modifications and other requirements.
Colorado	The start-up time was very short for the state with regard to learning about and beginning to spend Recovery Act funds. The agency learned about Recovery Act funding under the Recovery Act in TEGL 1-08 (issued by USDOL in late February 2009). Recovery Act WIA and WP funds were allocated and made available to the workforce regions within the state on March 6, 2009 and, with the exception of RES funds, were targeted for total expenditure by June 30, 2010. Recovery Act -funded Summer Youth Employment programs were launched between May 1 and July 1, with 70 percent of WIA youth funds targeted for use by September 30, 2009. Local workforce areas were encouraged to spend their youth funds during the first summer in which Recovery Act funds were available.
Florida	As soon as discussion began about the federal stimulus effort, Florida officials knew that the key was to move quickly and to get the local WIBs involved. The day following receipt of the funds from USDOL in March 2009, the funds were distributed to the local WIBs. State staff also attended many meetings in Washington, with NASWA and with USDOL, and they communicated everything they learned to the local WIBs. The state agency held regional meetings with the local WIBs, quickly set up a website and posted Qs and As on the site and set up a separate website for the Florida Back to Work program. They established several teams (e.g., for RES, Summer Youth, Workforce Florida, and agency and regional workforce boards), to be sure the information got out as well as conveying the urgency to spend funds wisely. Through conference calls and lots of communication, the local WIBs knew everything the state knew. Out of this process, the state developed extensive plans, program guidance, and training. They had an experienced workforce investment system that was prepared to deliver services, and had no need for additional training. They pushed the local WIBs to spend as much money in the first year as possible and required all local WIBs to submit their plans for implementing the Recovery Act by late August. They also required all local WIBs to submit a plan modification for the Recovery Act just as USDOL required of the state. The state distributed funds in March 2009.
Louisiana	State officials heard about the Recovery Act as soon as the President signed the bill. Within a few days, they were informed of their funding amounts from the USDOL Regional Office (RO), who inquired about whether they had a plan, and they started planning immediately, before the funds were in fact awarded. Similarly, they initiated conversations with the local WIBs in order to get their planning started. The state in turn provided some training to the LWIBs consisting of one major meeting and weekly conference calls, principally focused on the summer youth program. For example, state staff helped one LWIB develop their recruitment approach.
Wisconsin	The start-up time was very short for the state with regard to learning about and beginning to spend Recovery Act funds. The time line was as follows: • 2/09 - Recovery Act passes; • 3/09 – USDOL informs states about funding, rules, and regulations for Recovery Act; • 4/09 – Wisconsin plans and begins to expend Recovery Act funds; • 6/09 – the state makes substantial expenditures of Recovery Act funds on WIA summer youth program. Prior to the Recovery Act enactment, the Governor pulled together his Cabinet to initiate planning for activities and rapid start-up (and expenditure) of stimulus funds; there was also a statewide committee, the Office of Recovery and Reinvestment was (ORR), formed which met beginning in December 2008 to begin planning Recovery Act activities and spending so the state "could hit the ground running." Two state staff persons were assigned to work full time to help plan and coordinate Recovery Act activities. The Department of Workforce Development established a cross-divisional steering committee with various internal workgroups, which planned activities and aimed at both maximizing funding and getting funds out the door as quickly as possible. The state staff accomplished this planning effort (under tight time constraints) without help from vendors.

Note: Exhibit is based on site visits conducted to states between December 2009 and June 2010.

their organizational structure, add new units or permanent staff, or build new infrastructure (except modernizing data systems) that would have required funding when Recovery Act support was no longer available. In addition, states already had the substantive experience within existing organizational units and programs to plan and implement Recovery Act-funded employment and training activities. A further impetus to maintaining organizational structure was that the Recovery Act did not create any new programs, and funding flowed directly to existing programs.

Despite making no discernable changes to organizational structures of their workforce systems, all states—and to varying degrees local workforce areas—used Recovery Act funding to add new staff to respond to Recovery Act mandates to provide additional/enhanced services (e.g., expansion or creation of Reemployment Services) and/or to meet the rapidly rising tide of newly unemployed or underemployed workers flooding One-Stop Career Centers. Because Recovery Act funding was temporary in nature, the main staffing strategy implemented by states and local areas was to bring on temporary staff to fill new positions. Hiring occurred at both the state and local levels. For example, states distributed much of the WIA Recovery Act funds by formula to local workforce investment areas, where hiring did occur, much of it by LWIBs or contractors (e.g., to staff resource rooms in One-Stops or to provide intensive/training services). The number of staff hired at the local level—particularly those hired by contractors—could generally not be estimated by state workforce agencies. Some hiring of new, usually temporary, staff also occurred at the state level. Often this staff was hired to augment state staff involved in administering Wagner-Peyser/ES activities, Re-employment Services, and Trade Adjustment Assistance (TAA). Often these temporary, Recovery Act-funded state Wagner-Peyser/TAA staff operated out of One-Stop Career Centers, providing direct customer services – staffing resource

rooms, conducting a wide variety of workshops (e.g., orientations, job readiness workshops, RES sessions, job clubs, etc.), and providing staff-assisted (case managed) services.

Several state and local workforce agencies indicated that they had experienced some difficulties or delays in bringing on new staff (even temporary staff hired with federal funding) due to state or local hiring freezes; this occurred in spite of requests from ETA to exempt from hiring freezes positions funded with federal Recovery Act fund.

Also, in some states, at the same time new hiring was occurring using Recovery Act funding, regular staff may have been experiencing furloughs or layoffs. State and local workforce officials were in agreement that given the very sizeable increase in the volume of One-Stop customers, the availability and use of Recovery Act funding to add additional staff to meet escalating demand for services at all levels (i.e., unassisted, staff-assisted, intensive, and training services) was critical. In some local areas, workforce agencies indicated that they needed even more staff than Recovery Act funding would permit to meet the surging number of customers. Additionally, some state and local workforce agencies indicated that mandates to spend WIA Recovery Act funding primarily on training cut down on their flexibility to add additional staff to work in the resource room and provide assessment and other intensive services required before individuals could enter training. Exhibit II-2 provides estimates (at the time when site visits occurred) of the number of staff added by the states with Recovery Act funding. Additionally, Exhibit II-3 provides additional detail to illustrate the approaches that states and local areas took toward staffing with added Recovery Act resources.

Exhibit II-2: Estimates of State-Level Hiring of New Staff with Recovery Act Funds

STATE	ESTIMATES OF STATE FULL-TIME EQUIVALENT STAFF ADDED DUE TO THE RECOVERY ACT (INCLUDING WIA-ADULT, WIA-DW, WIA-YOUTH, WP)
Arizona	Added 20 ES staff , 25 RES staff, and 7 TAA staff
Colorado	1 FTE (full-time Green Jobs Coordinator)
Florida	9 FTE (full time/temporary)
Illinois	53 FTE – RES/ES (full-time/intermittent/temporary)
Louisiana	11 FTE (for Youth, RES, WIA) + 60 FTE RES for Career Centers All temporary (note: state has hiring freeze includes federal funded positions)
Michigan	2 FTE (full-time Green Jobs Specialist and Summer Youth Coordinator)
Montana	23 FTE – WP/ES
Nevada	Added staff 7.5 temporary and 9 permanent RES staff
New York	194 FTE – (New staff for RES and Rapid Response activities)
North Dakota	Added 5 RES, 8.73 ES, and 4.63 WIA staff
Ohio	100 FTE – WP/ES (temporary)
Pennsylvania	110 FTE (permanent hires in state's planning, monitoring, fiscal, rapid response, grants, and performance management units) 50 FTE (permanent hires for RES using UI Recovery Act funds)
Texas	Added 325 ES staff
Virginia	18 FTE (state-level ES/UI temp, some rehires may be made permanent) 75-80 FTE (local ES/UI)
Washington	Added staff (No estimate)
Wisconsin	50 FTE (WP/RES; temporary) and 21 FTE (TAA)

Note: Exhibit is based on site visits conducted to states between December 2009 and June 2010. In Colorado and Michigan, the hiring of ES staff was at the local level. The figures provided in the exhibit are estimates provided during interviews and might not be precise.

Exhibit II-3: Examples of State Approaches to Hiring New Staff with Recovery Act Funds

STATE	STATE APPROACHES TO STAFFING USING RECOVERT ACT FUNDING
Arizona	Prior to the Recovery Act, Arizona was not struggling for workforce funds. State-level budget issues, however, restricted hiring, and DES was not able to fill many permanent positions, particularly in the ES. The Department was able to get UI positions exempted in order to handle the increased claims, but has had to request critical needs waivers from the state Department of Administration to spend Recovery Act funds on other staffing. The waiver process adds about one month to the hiring process. DES has been able to fill 20 seasonal ES positions that had been vacant. The department also added 25 temporary RES staff for the reemployment centers; these workers will be funded by formula ES funds when the Recovery Act expires. In addition, the department added seven Trade Counselors to the staff of five in order to handle the expected 35 percent increase in TAA activities. In all, DES added approximately 25 percent to its staff size. The WIA program still has vacancies to fill, but has not yet received a hiring freeze waiver.
Colorado	The state workforce agency did not add staff for Recovery Act planning and implementation; rather, the state used existing state staff (which had to work very hard and, in some cases, work overtime). The one exception was that the state hired a Green Jobs coordinator with Recovery Act funds to oversee the many green job initiatives ongoing and starting up in the state. Staff was overloaded at the state office for a while through planning and early implementation of the Recovery Act. Existing staff charged part of their time to Recovery Act administrative funding, allowing more non-Recovery Act funding to be released to workforce centers. The state had several other new grants to absorb some additional staff costs. Most staff with additional work demands was exempt from required overtime pay. Limited overtime was granted to non-exempt staff. The state (and some local areas) were involved in implementing the Recovery Act at the same time that the state was being very cautious about new hires and had furloughs. Recovery Act funding was dispersed to local workforce areas, in the form of "staffing grants." Local areas were encouraged to hire additional temporary staff to meet increased demand for services in the One-Stop Centers.
Illinois	At the state level, the Department of Commerce and Economic Opportunity added one new staff member to coordinate state level planning for and disbursement of WIA discretionary funds. LWIBs made staffing decisions on their own, though they were encouraged not to staff up with permanent hires given the one-time nature of the funds. In the Illinois Department of Employment Security, 52 additional staff was added to help administer and carry out Reemployment Services. These staff members were hired in an "intermittent" category – a job classification that limits hours to 1,500 under an initial contract, with the possibility to move into a permanent position. Intermittents can also be re-hired in a subsequent year for another 1,500 hours. RES hires were cross-trained to be able to provide ES services. No new ES, UI or TAA staff was hired.
Louisiana	The state was able to use some of the Recovery Act funds to hire additional staff that had been lost due to the WIA rescissions. They used the Recovery Act funds to hire 11 staff (for youth services, RES, and WIA programs). In addition, the state hired 60 new temporary staff with Recovery Act funds to handle RES in the career centers. The governor instituted a freeze in hiring except for those on federal funding. They may have to lay off or furlough some personnel. The Office of Workforce Development alone might lay off 40 or 50 staff of their 250 statewide total. Because of the constant reduction in WIA and WP funds, Recovery Act funding permitted them to postpone what the state would have had to do to respond to shrinking funding.
Ohio	Most WIA Recovery Act funds were distributed by formula to local workforce areas. Local areas were encouraged to use funding to support training rather than building infrastructure or hiring new staff. Many local areas faced hiring freezes of new staff that limited their ability to bring on new staff. Recovery Act Wagner-Peyser funding was used to hire 100 intermittent (temporary) ES/Wagner-Peyser staff, which was deployed throughout the state at One-Stops to handle increased volume of customers and to conduct Reemployment Services orientations. Some additional temporary staff was hired by local areas to administer and staff the Summer Youth program.
Wisconsin	About 50 new full-time workers have been added to the Wagner-Peyser ranks to provide RES. A total of 21 new state ES workers are being hired to provide TAA case management services. The overall approach to meeting staffing needs with regard to Recovery Act funding was to hire temporary full-time staff and authorize overtime (especially for UI). There was little contracting out and no outsourcing. The main challenge with regard to staffing has been to get new staff trained and productive on the job. After Recovery Act funding is exhausted, the state expects few layoffs within DWD. Finally, the state has imposed furloughs for all state staff – 8 days/year, which amounts to about a 3 percent pay cut.

Note: Exhibit is based on site visits conducted to states between December 2009 and June 2010.

C. Technical Assistance and Training in Response to the Recovery Act

With states and local workforce agencies under tight time constraints and intense pressure to plan and begin spending Recovery Act funding, they sought help in understanding Recovery Act requirements and in planning Recovery Act-funded activities from a variety of sources. In particular, states looked to ETA – both the national and regional offices – for guidance and technical assistance. In planning for Recovery Act implementation, states carefully reviewed ETA's Training and Employment Guidance Letters (TEGLs), Training and Employment Information Notices (TEINs), and Training and Employment Notices (TENs) as they were released. States also participated in a series of ETA-sponsored webinars that provided technical assistance on the Recovery Act guidelines (e.g., tied to the issuance of a TEGL). For example, of particular interest early on was the guidance and technical assistance provided on implementation of the Recovery Act-funded Summer Youth Employment Program. Some states reported that it was difficult to get clear guidance on countable activities as well as how to assign customers and activities to Recovery Act or formula funding.

Several state agency officials observed that ETA guidance related to reporting came out late in some instances, but these state agency staff understood that USDOL had very little time to produce this guidance given the short time frame between when the Recovery Act was enacted and when states and localities were to begin spending Recovery Act funding. State agencies also indicated that the guidance provided in TEGLs, TEINs, "Questions and Answers," and webinars was helpful. In addition, the ETA regional office staff was available (both in-person and by telephone to answer questions and provide additional guidance), and state workforce agencies to varying degrees relied upon these offices for help. State workforce agencies indicated that they had received useful guidance from national workforce associations (including the National

Governors Association and the National Association of State Workforce Agencies), as well as, in some instances, talking with other state workforce agencies. Overall, most states—particularly in light of the very tight time constraints that ETA (as well as the states) faced—believed the training and technical assistance provided was useful for implementing the Recovery Act requirements, but some states mentioned technical assistance as one of the overall challenges in implementing the Recovery Act. Some states indicated that they would have appreciated more timely guidance on fiscal reporting requirements.

Once state workforce agencies had received ETA guidance and attended training workshops, they provided guidance to local workforce areas. State workforce agencies passed along ETA guidance (e.g., TEGLs and TEINs) and made certain that local workforce agencies were aware of their existence and content. States also generally conducted webinars of their own for local workforce agencies, and they issued state policy guidance letters to local workforce areas on fiscal reporting, the summer youth employment program, and other related Recovery Act issues of importance. States also conducted technical assistance sessions with the One-Stop directors and operations managers, financial managers, and management information system (MIS) coordinators, as well as youth program coordinators. Finally, like ETA, state workforce agency officials were available at any time for technical assistance.

D. Plans for Spending Recovery Act Funds and Early Expenditures

During site visits, states both discussed their plans for spending Recovery Act funds and provided assessments of early expenditure patterns and, in a few instances, of actual expenditures. As noted previously, the site visits were spread over a fairly long period—December 2009 through July 2010—which was relatively early in the Recovery Act period.

About one-half of the states interviewed, seven of 16 states, experienced some delays in spending Recovery Act funds. Delays resulted from a range of factors including hiring freezes in place at the state level (e.g., Arizona) or local level (e.g., Colorado), delays by the legislature in approving spending of Recovery Act funds (e.g., Illinois and Montana), slow civil service hiring processes (e.g., Colorado, Illinois, and North Dakota), and ETA not renewing waivers that permitted states to transfer funds from the WIA Dislocated Worker program to the WIA Adult program (e.g., Colorado and Florida).[8] During the site visits, state and local areas were generally optimistic about their ability to spend the Recovery Act funds rapidly once they overcame the barriers mentioned above. In tracking spending of the Recovery Act funds, the Department of Labor finds 90 percent of the 20 states in the research sample are projected to achieve federal outlays of 70 percent or more of their WIA Adult Recovery Act funds by September 30, 2010, and 70 percent of the states are projected to have outlays of 70 percent or more of their Dislocated Worker funds by September 30, 2010.

[8] ETA staff indicated that waivers to transfer WIA funds from the dislocated worker program to the adult program were subject to greater scrutiny because of Congressional intent for the funds, the severe economic climate, and the large increase in dislocated workers.

CHAPTER III

WIA ADULT AND DISLOCATED WORKER PROGRAMS

The Adult and Dislocated Worker Programs under Title I of the Workforce Investment Act of 1998 are designed to provide quality employment and training services to assist eligible individuals find and qualify for meaningful employment, and to help employers find the skilled workers they need to compete and succeed in business.[9] The goals of the WIA program are:

- To increase employment, as measured by entry into unsubsidized employment;
- To increase retention in unsubsidized employment;
- To increase earnings received in unsubsidized employment for dislocated workers; and
- To enhance customer satisfaction for participants and for employers.

Services under the WIA Adult and Dislocated Worker programs are usually provided through One-Stop Career Centers. There are three levels of service: (1) core services – which include outreach, job search and placement assistance, and labor market information available to all job seekers; (2) intensive services – which include more comprehensive assessments, development of individual employment plans, and counseling and career planning; and (3) training services – where customers learn skills for job opportunities in their communities, through both occupational training and basic skills training. In most cases, customers are provided a voucher-like instrument called an "individual training account" (ITA) to select an appropriate training program from a qualified training provider. Supportive services, such as transportation, childcare, housing, and needs-related payments, are provided under certain circumstances to

[9] This description is based on background on the WIA program provided on the Department of Labor/Employment and Training website, at http://www.doleta.gov/programs/general_info.cfm accessed on January 20, 2011. This website includes additional background information and details about WIA.

allow an individual to participate in the program. "Rapid Response" services at the employment site for employers and workers who are expected to lose their jobs as a result of company closings and mass layoffs are also available.

States are responsible for program management and oversight, and operations are delivered through local workforce investment areas (LWIAs). Under the WIA Adult program, all adults 18 years and older are eligible for core services. Priority for intensive and training services must be given to recipients of public assistance and other low-income individuals when funds are limited. In addition to unemployed adults, employed adults can also receive services to obtain or retain employment that allows for self-sufficiency. States and LWIAs are responsible for establishing procedures for applying the priority and self-sufficiency requirements.

Under the WIA Dislocated Worker program, a "dislocated worker" is an individual who:

- Has been terminated or laid off, or has received a notice of termination or layoff from employment;
- Is eligible for or has exhausted UI;
- Has demonstrated an appropriate attachment to the workforce, but is not eligible for UI and is unlikely to return to a previous industry or occupation;
- Has been terminated or laid off or received notification of termination or layoff from employment as a result of a permanent closure or substantial layoff;
- Is employed at a facility where the employer has made the general announcement that the facility will close within 180 days;
- Was self-employed (including employment as a farmer, a rancher, or a fisherman) but is unemployed as a result of general economic conditions in the community or because of a natural disaster; or
- Is a displaced homemaker who is no longer supported by another family member.

The Recovery Act provided additional funding to support employment and training activities provided by states and LWIAs under WIA. The Act included funding aimed at helping states and local areas respond to increased numbers of unemployed and underemployed

customers entering the One-Stop system, as well as some specific provisions (discussed in greater detail later in this chapter) that were intended to enhance services provided under WIA. The sections below synthesize findings from site visits conducted to 16 states with respect to how key Recovery Act provisions have been implemented and affected WIA Adult and Dislocated Worker program services and operations. The following issues related to Recovery Act provisions are covered in this section: (1) assessment and counseling, (2) changes in training requirements and policy, (3) links to apprenticeship, (4) Pell Grant usage and issues, (5) relationships with institutions of higher education, (6) targeting on low-income individuals, (7) supportive services and needs-related payments, and (8) expectations when Recovery Act funding is exhausted. The findings reported in this chapter are based on site visits conducted between December 2009 and June 2010, and so reflect early implementation experiences of states and local workforce areas.

A. Assessment and Counseling

Under the Recovery Act, the workforce system is to place more emphasis on long-term training, reemployment, and linking workers to regional opportunities in high growth sectors. To this end, TEGL 14-08 advised states to consider how assessment and data-driven career counseling can be integrated into their service strategies to support WIA participants in successful training and job search activities aligned with areas of anticipated economic and job growth. The NASWA survey of all state workforce administrators on early implementation of the workforce provisions of the Recovery Act found that the Recovery Act has had some early effects on assessment and career counseling services provided by states and local workforce programs:

- Survey results suggest that the percentage of WIA and Wagner-Peyser Act customers receiving assessment and career counseling services has increased in the majority of states – about three quarters of states reported increases for the WIA Adult and WIA Dislocated Worker programs.

- The majority of states indicated they had made moderate or substantial enhancements to assessment and career counseling services provided to WIA and Wagner-Peyser Act customers – for example, nearly three-quarters of the responding states indicated they have enhanced their triage processes and tools; their skills assessment processes and tools; staff training in areas of triage, customer assessment, and skills transferability analysis; and the availability and use of labor market information.

As discussed below, a slightly different and perhaps more nuanced picture emerges from the site visits conducted under this study. Similar to the survey, a majority of states visited indicated that they had seen an increase in the number of individuals receiving assessment and career counseling. This increase, though, was only partially attributable to Recovery Act funding. Much of the increase in customers receiving assessment and counseling services was a function of the large increase in the numbers of unemployed and underemployed workers coming into the One-Stop system in search of job leads and training to enhance skill levels. Thus, the Recovery Act funds enabled the sites to respond to the increased demand for services.

In addition, the Recovery Act provided additional funding that states were encouraged to use to expand the number of individuals receiving both short- and long-term training (see Section B for details). In order to receive training, all states required WIA Adult and Dislocated Worker customers to first be assessed and to go through intensive services; hence, with the elevated numbers of customers coming into the One-Stops and greater numbers of WIA Adult and Dislocated Worker customers entering training, it is not surprising that a majority of states indicated (in the survey and during our site visits) that they had experienced an increase in the number of WIA participants receiving assessment and career counseling.

However, when asked whether they had experienced a change in the percentage of WIA Adult and Dislocated Worker customers who receive assessment and career counseling services, states generally indicated (during our visits) that there had been no change. In fact, several states indicated that because the system had been so deluged by unemployed and underemployed customers as a result of the recession, that they believed that the percentage receiving counseling and assessment may have declined slightly (though not due to the Recovery Act or a desire on the part of the workforce agency to decrease assessment and counseling activity).

During site visits, state workforce agency officials were asked, "Since enactment of the Recovery Act, has your state issued new policies or requirements on assessment and career counseling under the WIA Program?" Nearly all states indicated that they had not issued new policies or requirements on assessment or career counseling under WIA since receipt of Recovery Act funding. The states that issued new policies said that it was not a result of the Recovery Act, but rather was the product of recent or ongoing efforts to enhance assessment and career counseling. Several states indicated that in the year or two prior to the Recovery Act, they had initiated statewide efforts aimed at improving assessment services, usually around improving the testing methods used by local workforce agencies.

Exhibit III-1 provides examples of several states that had initiated changes in assessment and counseling procedures, though in each state these changes had been started before receipt of Recovery Act funds. State workforce agencies indicated that while the state typically set the tone with regard to assessment policies/procedures and provided guidance around possible assessment tests and procedures that could be used within the state, local workforce areas had considerable discretion around the specific tests used. A key observation of several state workforce agency officials was that the Recovery Act provided additional resources that helped

to continue and even expand or accelerate the use of new assessment procedures within their states. For example, several states—including Colorado, Louisiana, Michigan, Ohio, Pennsylvania, Washington, and Wisconsin—were at the time of receipt of Recovery Act funding already in the process of implementing or expanding use of *WorkKeys/KeyTrain* and *National Career Readiness Certification (NCRC)* to enhance assessment procedures. These efforts were aimed at providing workers an extra credential that would be recognized by employers. Several states indicated that they were disseminating information to employers to increase knowledge of NCRC and attempting to make such certification an increasingly important criterion upon which employers select workers to fill job openings.

Exhibit III-1: Examples of Assessment Policies and Procedures in States Visited

STATE	EXAMPLES OF ASSESSMENT POLICIES AND PROCEDURES IN STATES VISITED
Colorado	The state has issued no new policies or requirements on assessment and career counseling under WIA in response to the Recovery Act. Under WIA, the state (and LWIAs) have always placed strong emphasis on assessment, and WIA participants had to be carefully assessed to qualify for WIA training. Because of the emphasis in Colorado on local control/autonomy, there is quite a bit of flexibility with regard to how and when assessment is used by local workforce areas. Prior to the Recovery Act, the state had launched a statewide initiative to emphasize use of the Career Readiness Colorado Certification (CRCC), which is based on the *National Career Readiness Certificate (NCRC)*. The Recovery Act funding has helped to continue the state's and local workforce regions' emphasis on use and expansion of CRCC. Because more individuals are entering training using Recovery Act funds, in sheer numbers there have been more WIA participants assessed since Recovery Act funding arrived (a step that precedes entry into training). Overall, the Recovery Act has not brought about changes in assessment policies, procedures, or the overall percentage of individuals receiving assessment.
New York	In October 2009, the state issued revised policies relating to assessment and counseling. Current policy is that all One-Stop customers are to receive an initial assessment. The only exceptions are customers using self-help or informational services only and UI claimants who are "work search exempt" (e.g., part of a union with union hiring arrangements or those temporarily laid off or on seasonal layoff). The new policies were not issued as a result of the Recovery Act -- the state's position is that assessments should be conducted for all customers as a first step to determining which services should be offered.
Ohio	The state has issued no new policies or requirements on assessment and career counseling under the WIA program in response to the Recovery Act. Local workforce areas determine the specific assessment tests used and policies/procedures. Under WIA, prior to the Recovery Act, the state (and local workforce areas) placed emphasis on assessment, and WIA participants had to be carefully assessed to qualify for WIA training. Among the assessment tools used are the *TABE* and *WorkKeys* (which was the case prior to Recovery Act funding). State officials were unsure whether any local workforce areas had used Recovery Act funding to initiate new assessment procedures or tests. Overall, while assessment policies and procedures have not changed in response to the Recovery Act, because there has been an increase in the numbers of individuals receiving WIA training, the number receiving assessment has increased significantly within the state (though the percentage assessed has decreased slightly).
Pennsylvania	Prior to the Recovery Act, the state began working with the LWIAs to improve assessment activities. Two LWIAs began enhancing their assessment tools and were experimenting with *WorkKeys*, *KeyTrain*, and WIN. Another LWIA expanded efforts to assess the workforce needs of the economically disadvantaged. From the success of these local efforts, the state and the LWIAs recently agreed to jointly purchase *WorkKeys* to implement its use in assessment statewide. All staff, including WIA, RES, WP, and TAA, is being trained by one of the local WIBs to conduct the *WorkKeys* assessment and read and interpret results. Prior to the Recovery Act, the state also changed policy to ensure that eligible PA CareerLinks customers saw a career specialist and had a one-on-one assessment and counseling session. Customers previously participated in group counseling sessions or workshops. The nature of the customers coming into the PA CareerLinks has posed some challenges for assessment and counseling. First, getting customers, especially UI claimants, in the door can be challenging. Many wait to exhaust their benefits before seeking assistance. Second, many customers are resistant to participating in training activities. They often just want a job and do not like school. Many customers have basic education needs and have to take prerequisite classes before being able to enroll in a training program. However, WIA does not cover the prerequisites to enter into a training program.
Washington	In Washington, the majority of core services are delivered by ES staff using mostly WIA funding; however, local areas make decisions on resources, money, design, etc. The *Framework Initiative* is intended to eliminate some of the confusion that is created by having so many variations. New policies exist around basic front-end triage to determine immediate needs using an initial assessment. The initiative has included training staff on assessment tools and developing local service targets. Very little of the policy development was directly related to the Recovery Act; however, as the changes were already underway when the funding became available. Recovery Act funds simply pushed the changes farther along than they would otherwise have been at this point given the lack of other resources. Recovery Act funds were used to make the *KeyTrain* assessment available for statewide use in the One-Stop centers. The only mandated assessment tool is CASAS (Comprehensive Adult Student Assessment Systems) for ABE and youth. CASAS was selected as it is the tool used for ABE students in the community college system. The biggest impact on the system has been the increased numbers of customers due to the recession. The number being served and the number referred to training are up substantially.

Note: Exhibit is based on site visits conducted to states between December 2010 and June 2010

B. Changes in Training Requirements and Policy

Under the Recovery Act, states are expected to use the additional workforce funding to substantially increase the number of customers served and to substantially increase the number and proportion of customers who receive training. Training services provided with Recovery Act funds include occupational skills classroom training, on-the-job training (OJT), programs that combine workplace training and related instruction including registered apprenticeship, training programs operated by the private sector, skills upgrade and retraining, entrepreneurship training, job readiness training, adult education and literacy training, and customized training. These funds can also be used to support adult basic education (ABE) training, including English as a Second Language (ESL) training. The NASWA state survey probed states on several issues related to how Recovery Act funding may have affected training policies and practices. Findings from the NASWA survey with respect to training include the following:

- Every state reported encouraging or requiring local areas to increase investments in WIA funded training – with two-thirds of states reporting significant staff efforts to encourage training.
- About one-half the states reported having set aside or requiring LWIAs to set aside a certain percent of WIA Recovery Act funds for training.
- Nearly three-quarters of states reported substantial increases (greater than 10 percent) in the number of customers enrolled in training through the WIA Adult and WIA Dislocated Worker programs.

The site visits to states confirmed these key findings and provided some additional depth and examples of how Recovery Act funding affected training policies, number trained, and types of training provided under the WIA Adult and Dislocated Worker Programs.

All state workforce agencies visited as part of this study indicated that they had encouraged (in their guidance, technical assistance, and discussions) LWIAs to use WIA Recovery Act funding specifically to support and expand training for unemployed and underemployed workers served under both the WIA Adult and Dislocated Worker programs. In their discussions with local workforce agency staff, state workforce agency officials typically underscored the fact that WIA Recovery Act funding was a one-time event (i.e., temporary in nature), should be spent quickly and prudently, should not be used to build infrastructure or permanent staff, and should be devoted to training. For most states, the Recovery Act funding represented additional funding to support training and other WIA activities. In a few states, however, a portion of the WIA Recovery Act funding replaced funding that had been lost due to a recent decrease in the state's WIA Dislocated Worker formula allocation. Wisconsin, for example, indicated that the Recovery Act WIA Dislocated Worker funds primarily brought the state back to its prior level of funding.

In most states, local workforce agencies were encouraged to obligate and spend Recovery Act funds to the extent possible within the first program year (of the two years for which Recovery Act funding was available). Obligating funding to support training activities was generally not an issue or challenge for most workforce areas, as many One-Stops were overwhelmed with customers who were both interested in and met requirements for training assistance. A few state agencies indicated that expenditures of Recovery Act funding on training lagged in some local workforce areas (mostly for the WIA Dislocated Workers program) because (1) some unemployed workers were primarily interested in finding work and were reluctant (at least until their UI benefits were exhausted) to enter training; (2) there were waiting lists (sometimes lengthy ones, especially for training for certain occupations in health careers) that

made it difficult to get some individuals into occupational training that related to their interests; and (3) faced with very high customer volume in One-Stop Career Centers, some One-Stops lacked staffing and resources to provide the assessment and other intensive services required prior to approval of training.

It should also be noted that several states had waivers in place that allowed for the transfer of 100 percent of funds between the WIA Adult and Dislocated Worker programs in prior years, which had allowed for substantial flexibility in terms of how funding was actually spent on training between these two programs; several states indicated that ETA limited their ability to transfer funds from the Dislocated Worker program to the Adult program for the Recovery Act WIA funds.[10]

As shown in Exhibit III-2, states adopted varying policies – some more explicit – to encourage local workforce agencies to allocate resources to training versus other allowable activities under WIA. States implemented four basic approaches to encouraging use of Recovery Act funding for training activities: (1) set no specific threshold or percentage that local workforce areas had to spend on training, but encourage (through guidance, technical assistance, and ongoing discussions) LWIAs to use Recovery Act funding for training (e.g., states such as Michigan and Washington used this approach); (2) require local workforce agencies to spend at least as much on a percentage basis on training with Recovery Act funding as they have spent in the past with their regular WIA

[10] USDOL staff indicated that the waiver policy was changed in PY 2009 to ensure that the needs of both low-income workers and dislocated workers were being met while still giving states and locals some flexibility to tailor their programs to their local needs. USDOL allowed all states to transfer up to 30 percent of their Recovery Act and WIA formula funds between the Adult and Dislocated Worker programs, and allowed states with a waiver to transfer up to 50 percent of WIA formula funds.

Exhibit III-2: Examples of Varying Approaches by States to Encouraging Use of Recovery Act Funds on Training

STATE	STATE POLICY GUIDANCE ON USE OF RECOVERY ACT FUNDS FOR TRAINING
Arizona	Local areas in Arizona have considerable autonomy in setting training standards and determining training expenditure levels. Prior to the Recovery Act, training was not a high priority in most local areas. Under the Recovery Act, Arizona has encouraged local areas to do more training but did not establish a statewide standard or target for training expenditures. Some local areas identified an increased training emphasis in their local plan modification, but not all. One change as a result of the Recovery Act is that individuals can access training more quickly, after only a brief connection with core and intensive services. Each local area also sets its own ITA spending cap for individuals. In larger areas, such as the City of Phoenix, the training cap is set at $4,000 per person and also requires a participant in-kind match, which might include a Pell Grant, federal student loan, or personal savings.
Colorado	The state requested that local workforce regions spend a higher percentage of Recovery Act WIA funds on training activities than had been spent in the past for WIA formula funds, but the state did not specify a specific percentage. The WIA Recovery Act funding for WIA Adult and Dislocated Workers represented about the same level of funding as had been received by local workforce areas under the formula program.
Illinois	The state implemented its own policy in 2007 that required local areas to spend at least 40 percent of their Adult and Dislocated Worker allocations on training. This policy provided incentive funds to those local areas meeting this requirement and imposed sanctions on those that did not meet them. Initially there was a period of negotiations for lower limits for some of the local areas, but as of PY 2009, all LWIAs are required to meet the 40% minimum. This policy was continued and reinforced with Recovery Act funding. Illinois reports it has seen a dramatic increase between 2007 and 2009 in the overall percentage of WIA funds spent on training, as well as the number of LWIAs that have been able to meet the minimum levels.
Michigan	There is no state policy requiring a certain percentage of Recovery Act funds be used for training – it is left to local areas to determine what portion of Recovery Act funds are used for training. The state let it be known that a high proportion (if not all) Recovery Act funds should be used for training (in the form of ITAs) and that local areas should not use Recovery Act funding to build staff or infrastructure. Local areas were also told to spend money quickly and prudently. The state has also placed a strong emphasis on providing long-term training and assisting workers to obtain certificates and associate's, bachelor's, and post-graduate degrees. Additionally, the state's No Worker Left Behind initiative, which is funded in part by the WIA program and ARRA, provides for up to 2 years of training for anyone in the state with family income below $40,000 at a community college or 4-year institution, with a cap of $10,000. The state has also used ARRA funding to establish the "No Worker Left Behind (NWLB) - Greens Jobs Initiative." The goal of this ARRA-funded initiative is to focus on high demand/high growth occupations with an emphasis on green jobs. As a result of the ARRA, the NWLB Green Jobs Initiative is enabling One-Stop customers to gain increased access to training opportunities in a range of renewable energy and energy efficiency programs focused on: alternative energy production and efficiency, green building construction and retrofitting, and organic agriculture and natural resource conservation.
Pennsylvania	The state has strongly recommended that LWIAs spend at least 60 percent of their Recovery Act funds on training. Workforce Guidance Memo #3 states that spending 30 to 40 percent on training is unacceptable. The memo also notes that the ultimate goal for training must be a recognized skills certification, academic credential, and/or employment and that the state agency recommends that all Recovery Act funding be used to prepare and move customers into demand-driven training, post-secondary education, and/or employment. It also urges LWIAs to keep administrative costs to a minimum.
Texas	Texas has mandated that 67 percent of Recovery Act funds be spent on training, including expenditures on support services and needs-related payments. Due to the emphasis in the Recovery Act legislation that the "majority" of the funds be spent on training, and because USDOL did not establish a specific standard, TWC determined that 67 percent would provide an aggressive focus on training while still allowing the Boards to meet other needs with Recovery Act funds. Unlike formula funding, Recovery Act funding specifically defined the activities that count as a training expenditure.
Wisconsin	The state policy requires that 70 percent of Recovery Act WIA Dislocated Worker and Adult funds be spent on training. This is double the expenditure requirement for training for regular WIA formula funds (set at 35 percent). State officials noted that Recovery Act funding was mostly a substitute for the 40 percent reduction in WIA Dislocated Worker funding that hit the state this year. State officials expect that it will be difficult to maintain the 70 percent expenditure requirement once Recovery Act funding is exhausted. Most likely, the state will maintain the 35 percent requirement for regular WIA formula funds – though a lot will depend on when and if WIA is reauthorized (and requirements set forth in WIA reauthorization should it be enacted).

Note: Exhibit is based on site visits conducted to states between December 2010 and June 2010.

formula funds (e.g., Colorado); (3) apply the same threshold requirement being mandated for regular WIA formula funds (e.g., that 50 percent of WIA formula funds be spent on training) for the Recovery Act funds (e.g., Illinois and Florida); or (4) mandate that local workforce areas expend at least a minimum percentage of Recovery Act funds received (ranging as high as 70 percent in states visited) on training or on training and supportive services (e.g., Montana, Texas, and Wisconsin).

For example, Texas mandated that 67 percent of Recovery Act funds be spent on training, including expenditures on support services and needs-related payments. Due to the emphasis in the Recovery Act legislation that the majority of the funds be spent on training, and because USDOL did not establish a specific standard, the Texas Workforce Commission (TWC) determined that 67 percent would provide an aggressive focus on training while still allowing the local boards to meet other needs with Recovery Act funds. TWC has examined data on expenditures and customers served monthly to ensure that local boards are meeting training and expenditure benchmarks.

During site visits, states were asked whether they anticipated a "change by the end of 2009 in the number and/or percent of WIA Adults and Dislocated Workers receiving training as a direct result of the Recovery Act funding and policy." At the time of the visits, states had completed only a portion of the first year of Recovery Act experience (and in some of the early visits, fewer than six months). As a result, states could not provide a definitive response to this question – some provided qualitative assessments of the estimated numbers of customers receiving training services, and others were able to provide some early data comparing the first few quarters of the current program year (ending in June 2010) with the first few quarters of the previous program year. In their more qualitative assessments of the number of individuals

receiving training services, similar to the results of the NASWA survey, states indicated that they had increased the numbers of individuals in the WIA Adult and Dislocated Worker programs entering training. In the states where it was possible to obtain some very preliminary estimates of the number of WIA participants entering training, the numbers entering training were considerably above what had been reported the previous year or when added to the numbers trained under formula funds represented a substantial increase. For example, Ohio was able to provide some preliminary counts of WIA participants entering training; the numbers revealed about a one-third increase in the number receiving training over what the state was able to train under its WIA formula funds. State officials observed that because of a lack of job openings, job seekers were more open to training – some customers were in a sense buying time until the job market became more favorable. Over a one-year period (between March 2009 and February 2010), across the 20 local workforce areas in Ohio, stimulus funding paid for training for 5,849 WIA Adult and Dislocated Worker participants (which compares to 16,289 WIA Adult and Dislocated Worker participants receiving training funded by formula funds). Ohio workforce officials noted that though there was about a one-third increase in the number of participants receiving training services (so far) versus the numbers trained using regular formula funds, the percentage of WIA participants receiving training did not change much (about one-half of all WIA Adults and Dislocated Workers received training – 51.6 percent during this period).

Overall, it is too early (based on the site visit results) to determine the extent to which Recovery Act funding has affected the proportion of WIA participants going into training, but early and anecdotal evidence suggests that states have increased (and in some instances, substantially increased) the number of WIA participants entering training. The next round of site visits, which will enable analyses of participant data for an entire program year, will provide

more definitive results on both the number of WIA participants trained and the types of training provided.

During site visits, states were also asked to identify the types of training provided with Recovery Act funding and whether the Recovery Act has made a difference in moving state and local workforce areas to offer new and improved types of training. The NASWA survey results suggest that Recovery Act funding has been used to provide a variety of types of training, with a particular emphasis on using individual training accounts (ITAs) to provide classroom training. For example, survey results indicated states used Recovery Act funds to provide the following types of training under the WIA Adult program (with similar percentages reported for the WIA Dislocated Worker program): individual training accounts (95 percent of states); contracts with community or technical colleges (69 percent); on-the-job training (67 percent); registered apprenticeships (49 percent); contracts with community-based organizations (31 percent); customized training (31 percent); and contracts with four-year institutions (15 percent). Generally, the site visits confirmed the general findings of the NASWA study with respect to the types of training being provided and suggested that some states were using Recovery Act funds to emphasize (and expand) use of certain types of training, including OJT and customized training. Exhibit III-3 provides several illustrations of the ways in which states have utilized Recovery Act funds for training. States indicated that Recovery Act funding was being used in most instances to support the same types of training – particularly ITAs for classroom training – at similar training institutions (off the state's eligible list of providers) as were being used under the regular (formula) WIA Adult and Dislocated Worker programs. It should also be noted that some states have used Recovery Act funds to expand training opportunities – particularly with

respect to providing increased OJT and customized training (for example, see Wisconsin in Exhibit III-3).

Exhibit III-3: Examples of State Approaches to Using Recovery Act Funding to Support Training Activities

STATE	VARIOUS STATE APPROACHES TO USE OF RECOVERY ACT FUNDS TO SUPPORT TRAINING
Arizona	Arizona is continuing to use the same Eligible Training Provider List (ETPL) for both Recovery Act and formula funding. State workforce staff held a training conference to help establish new relationships between the local area staff and training providers on the ETPL. The intent was to improve connections between the workforce system and local training providers, with the ultimate goal of fostering more training approvals in some local areas. There have also been sessions for One-Stop directors to encourage more diversity in terms of providers and types of training offered.
Florida	The majority of training funds in Florida are used for ITAs, and the number of ITAs has increased substantially because of Recovery Act funding.
Illinois	Illinois used Recovery Act funds to support all of its training services and placed special emphasis on: (1) class size training contracts to increase the capacity of training institutions to provide sector-based training for customers; (2) bridge training programs to prepare low-education/ low-skill customers for degree/certification based training programs by bridging the gap between their current knowledge base and the expectations and requirements necessary to enter a degree/certification training program; and (3) strengthening its incumbent worker program (keeping people in jobs and advancing their careers).
Michigan	The state has placed a strong emphasis on providing long-term training and assisting workers to obtain certificates or associate's, bachelor's, and post-graduate degrees. The Recovery Act funding mostly has been spent on ITAs – and there has been very little difficulty spending all of the Recovery Act resources rapidly (and mostly on training) because of the very high level of need for training and re-training throughout the state.
New York	Most of the Recovery Act funds spent on training are for Individual Training Accounts (ITAs). Many LWIAs were able to increase their ITA amounts due to the extra funding available under the Recovery Act. LWIAs are also funding non-ITA training such as on-the-job training and customized training. Although the Recovery Act permits states and localities to enter into contracts for classrooms of training with higher education providers or other providers on the Eligible Training Provider List as long as customer choice is not limited, there was not a strong response to this flexibility, in large part due to the recession. State workforce officials noted that there are not many industries or sectors seeking enough newly trained workers in an occupation to fill a classroom. Funding classes through the community colleges was considered to be a good idea for growth sectors such as healthcare, but because Recovery Act money will expire and likely not be replaced, developing a curriculum and hiring staff appear to be a roadblock at the community college level. In addition, flexibility in program design and timing varies from school to school across the state
Ohio	State officials indicated that there have been no changes in the types of training provided due to Recovery Act funding. There is emphasis on providing ITAs, but other types of training are also provided. The caps on ITAs (the same for Recovery Act or regular formula funding) are set by LWIBs (and range from $5,000 to $20,000, with an average of $13,000). One concern of the state is that many LWIBs have had to establish waiting lists for entry into training even with the additional Recovery Act funding. As of February 22, 2010, 35 of Ohio's 88 counties had waiting lists for adults and dislocated workers of 25 or more customers – the total on waiting lists within the state for WIA Adult and Dislocated training was 4,493 customers (2,703 Adults; 1,790 Dislocated Workers). There is some concern that with economic conditions only slowly improving and UI claimants exhausting their extensions, there will be increasing demand for training in the coming months.
Texas	Texas officials noted an expansion of training in terms of the number of contracts, the types of training, and the industries of focus. Recovery Act money has supported training in renewable energy, increased nurse training capacity, and facilitated regional collaborations. For example, the Concho Valley Board used Recovery Act funds to implement a training program at Howard College that was previously unavailable due to a lack of work stations. Concho Valley's contract for classroom training provided the resources needed to purchase the necessary equipment. This purchase also improves the college's capacity to provide similar training in the future.
Wisconsin	The Recovery Act funding has been mostly spent on ITAs, though there has also been a recent push by local areas to use Recovery Act funding to sponsor classroom-size training programs. This is in part because there has been an onslaught of unemployed individuals that have sought out training at the state's technical colleges and community colleges – creating waiting lists for entry into some training programs. In addition, classroom-size training has the advantage of being flexible in terms of when training begins and ends (i.e., it does not need to be timed to semester start dates/end dates), offers the possibility of shortening training periods and tailoring curriculum to needs of employers and workers, and results in rapid expenditure of funds over the short term (without future commitments to fund training in the next program year).

Note: Exhibit is based on site visits conducted to states between December 2010 and June 2010.

C. Links to Apprenticeship

One training strategy suggested by USDOL in TEGL 14-08 was for states and LWIAs to use Recovery Act funding for establishing new linkages and to expand existing linkages between WIA and registered apprenticeship programs. The site visits conducted under this study indicated that the availability of Recovery Act funding had, as yet, little or no effect in terms of fostering new linkages between WIA and registered apprenticeship programs. A number of state workforce agencies indicated that while they had tried to establish or expand linkages with apprenticeship programs, such efforts in the face of the recession proved to be largely fruitless. An important factor underlying the difficulties in increasing ties to apprenticeship stems from the steep declines in employment in the construction sector, which accounts for an important share of apprenticeship opportunities. The experiences of several of the states in attempting to link with apprenticeship programs suggests that while efforts at such linkages have not been met with tangible results, when economic growth returns (especially within the construction sector) partnering efforts may be met with improved success:

- **Colorado.** With regard to apprenticeship, the Recovery Act has not fostered new linkages with registered apprenticeship programs to date. However, the state has been promoting apprenticeships. The state has built a website (not with Recovery Act funding) that provides staff, employers, and job seekers with easy access to all registered apprenticeships in the state. The state has used Recovery Act funding to create a brochure that promotes apprenticeship. Finally, several of the green jobs initiatives funded under the Recovery Act had links to apprenticeship programs.

- **Michigan.** The state has set aside $1 million in Recovery Act funds for training provided in registered apprenticeship programs. Because many within the construction industry are unemployed, there is not a lot of recruitment or hiring of apprentices. Spending of Recovery Act funds on apprenticeships has been slow. If expenditures of Recovery Act funding on apprenticeships continue to lag, the funds will be used to support other types of training.

- **Ohio.** The availability of Recovery Act funding has had little or no effect on linkages with registered apprenticeship programs to date (though such links existed prior to the Recovery Act). However, a portion of the Governor's 15 percent discretionary Recovery

Act funds has been used to fund a pre-apprenticeship program for youth, an initiative called "Constructing Futures." The goal of the Constructing Futures Initiative is to train Ohioans of historically underrepresented populations in the building trades so that they may excel in a career in construction, ultimately leading to a family-sustaining wage and occupation. The state is using $3.2 million from statewide Recovery Act workforce funds to award grants to provide pre-apprenticeship training. Funded programs are required to help trainees attain careers in construction occupations by preparing them to enroll and succeed in registered apprenticeship programs in those occupations. A competitive request for proposals was released statewide to workforce investment boards (allowing for two or more workforce boards to apply together). Grant awards ranged from $400,000 to $1,000,000 to four organizations from Cincinnati, Columbus, and Toledo, with programs running from January 2010 to June 30, 2011. Eligible activities for grant funds include outreach to targeted populations, supportive services (including both pre-apprenticeship and during apprenticeship), basic literacy and GED attainment through University System of Ohio institutions, training stipends for pre-apprentices while in classroom work, and eligible tools and equipment.

D. Pell Grant Usage and Issues

Under the Recovery Act, to maximize the reach of WIA Adult formula funds, One-Stop Career Centers are to help eligible customers take advantage of the significant increase in Pell Grant funds also included in the Recovery Act. Also, subsequent to passage of the Recovery Act, the Administration sent guidance to the states[11] encouraging them to notify UI beneficiaries of their potential eligibility for Pell Grants by letter, and to broaden their definition of "approved training" for UI beneficiaries during economic downturns (UI beneficiaries con continue to receive UI benefits while in training if the training is considered "approved training" under state laws and policies).

[11] U.S. Department of Labor, Employment and Training Administration, Training and Employment Guidance Letters (TEGLs) 21-08 (May 8, 2009) and 2-09 (August 26, 2009).

1. Results from NASWA Survey on Pell Grants and Approved Training for UI Claimants

As part of a NASWA 50-state survey[12] conducted after the Recovery Act and the Administration's guidance, state workforce agencies were asked about their experiences with respect to sending out a "model" letter (developed by USDOL) to UI claimants to inform them about the Pell Grant program and explaining that beneficiaries could continue to receive UI benefits while in training with the state's approval. They also were asked about changes to their policies on approved training for UI. Key findings from the survey were the following:

- Thirty-nine of 49 states (80 percent) reported sending Pell Grant letters to claimants. One additional state was about to send out letters, and four other states wrote they provided the information in a different format. Of the remaining 5 states, 1 state reported current workloads prohibited sending the letter, 3 reported current UI policies on degree track programs were inconsistent with the Pell Grant initiative, and 1 reported an insolvent trust fund prohibited a benefit expansion. Few states measured response rates, but roughly 10 states reported a heavy response.

- The types of actions states took to implement the initiative included: partnering with higher education to provide workshops; bringing in community college personnel to give staff and customers a better understanding of the Pell Grant process; hosting a special phone line to answer general questions regarding school attendance and UI; hosting a designated training session for local UI staff; contracting with a nonprofit to provide workshops and Pell Grants and financial aid through the Career One-Stops; and phasing the mailing of letters.

- States also provided some feedback about the "model letter" provided by USDOL to assist states in informing UI claimants about Pell Grants, including: suggestions to craft the letter to make it clear that no additional UI benefits would be received as a result of training and no financial aid was guaranteed as a result of the letter; suggestions the letter was too general and did not include enough substance; and suggestions to stagger mailings.

- Forty percent of the states reported expanding the definition of "approved training" through law or interpretation since the Recovery Act.

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[12] National Association of State Workforce Agencies, *"NASWA Survey on Pell Grants and Approved Training for UI: Summary and State-by-State Results,"* March 22, 2010.

2. Findings from Site Visits

Overall, during our site visits, states reported little change in policies or use of Pell Grants as a direct result of the Recovery Act, mostly because local workforce areas were already working under requirements that they make WIA training participants aware of and help them apply for Pell Grants. Similar to the findings of NASWA's state survey, during site visits some states indicated that they had experienced challenges with respect to the "model" letter they distributed to UI claimants informing them about Pell Grants (see below).

Prior to ARRA, several state workforce officials observed, the WIA program had a requirement that WIA participants enrolling in training apply for Pell Grants and use such grants first to pay for training expenses. Under program requirements, the WIA program is to be the last payer for training after Pell Grants and other forms of student assistance. Workforce agency officials noted that while LWIA program staff notifies WIA participants of the need to make application for Pell Grants (if they are attending institutions that are qualified to receive such grants), they do not usually get involved in the application or processing of Pell Grants. In some One-Stop Centers visited as part of this study, community college staff was out-stationed full-time or part-time to the One-Stop Center, which greatly facilitated WIA participants' application to both the community college and for Pell Grants. Local workforce agency officials indicated that they are apprised of the results of Pell Grant applications by schools after a decision is made. When the educational institution reports back on whether an individual is to receive a Pell Grant and the amount of the grant, the tuition portion of the Pell Grant is offset against the amount of tuition paid by the WIA program. From the perspective of local workforce agencies, the receipt of Pell Grants helps to spread what are often limited WIA funds so that it is possible to serve additional WIA participants (than would otherwise have been served). Several examples of state workforce agency experiences with Pell Grants are provided in the examples below:

- **Michigan.** Prior to ARRA, the WIA program already had a mandate that WIA participants should apply for Pell Grants and use such grants first to pay for training expenses. WIA funds are to be used as the last resort for paying for training (i.e., after Pell Grants and other sources). The WIA programs (and local workforce development agencies) are very closely linked with community colleges and other educational institutions. Many One-Stops have community college representatives co-located at the One-Stop – these representatives conduct recruitment of WIA (and other One-Stop customers) into their schools and can help customers prepare applications for enrollment and Pell Grants right at the One-Stop Centers. With regard to Pell Grants, the state does not have readily available data on the number or percentage of WIA participants receiving such grants.

- **Montana.** There is a sense that Pell Grants have been more widely used than prior to the Recovery Act in combination with WIA funds to cover both tuition (for which the preference is to use WIA) and living expenses (using Pell Grants).

- **New York.** One-Stop customers are routinely provided information about how and where to apply for Pell grants. Counselors in One-Stop Centers identify Pell grants as a source of educational assistance for qualifying postsecondary education programs and include it in an individual's training plan for approval. In addition, UI customers are mailed letters encouraging them to consider training and highlighting the recent changes regarding Pell Grant eligibility.

- **Ohio.** With regard to Pell Grants, the WIA program already had a requirement that WIA participants should apply for Pell Grants and use such grants first to pay for training expenses. The process of applying for Pell Grants is largely under the purview of the educational institutions individuals attend, so local workforce areas do not usually get that involved in the process. Community colleges outstation staff to comprehensive One-Stop Career Centers in the state, which facilitates application both to training programs held at community colleges and for Pell Grants.

Finally with respect to Pell Grants, several states visited indicated they had encountered some challenges with respect to the model letter developed by ETA (and sent to states for dissemination) that was intended to notify UI claimants of the availability of increased Pell Grant funds and new rules pertaining to dislocated workers that provide for a potential reconsideration of income (i.e., providing for a "look forward," rather than a "look back" at earnings that could potentially help dislocated workers qualify for Pell Grants). For example, according to one state

agency, when it was distributed to UI claimants this model letter resulted in some confusion and difficulties for UI claimants. Some dislocated workers called the UI office to inquire about the possibility of obtaining Pell Grants to offset costs for education/training they were currently enrolled in – which set off questions about being "ready and available" for work. This, in turn, set in motion reconsiderations for UI benefits for some claimants, and potential eventual loss of UI benefits (and need to repay benefits that had been paid out to the claimant). Several state agencies indicated that before sending this letter out they had made some relatively minor modifications to clarify language and make sure claimants fully understood Pell Grant changes.

E. Relationships with Institutions of Higher Learning

Under the Recovery Act, to increase state, regional, and local training capacity, the Act gives states the authority to enter into contracts with institutions of higher education, such as community colleges, to facilitate training in high-demand occupations, so long as the contract does not limit customer choice. About one-third of the 16 states visited indicated that they had awarded additional contracts to institutions of higher learning since receipt of Recovery Act funding. Seattle-King County Workforce Development Council officials noted that the contracted classroom training "has been the most exciting, frustrating, and likely most impactful aspect of the Recovery Act. This was a real change to the system." At the time of the site visit, 10 classes with approximately 200 adults had gone through class-size training. In addition, the Washington State Legislature provided incentives for use of Recovery Act funds for class-size training by awarding WDCs seventy-five cents for every Recovery Act dollar spent on this type of training.

For the most part, state and local workforce agencies indicated that relationships with institutions of higher education were well established prior to the Recovery Act. Because local workforce agencies issue ITAs for WIA participants for coursework at these institutions, the primary linkages with institutions of higher learning occur at the local level. Several states used Recovery Act funding to create customized, class-size training programs at community colleges or technical schools, which featured more flexible scheduling (i.e., not always tied to a semester or term schedule) and careful tailoring of curriculum to the needs of employers in high growth industry sectors. Such class-size programs generally led to some form of certification. Exhibit III-4 provides examples of how linkages between WIA programs and institutions of higher education have been affected by availability of Recovery Act funds, including several examples of special training initiatives undertaken in collaboration with educational institutions.

Exhibit III-4: Examples of Approaches of WIA Programs Linking with Institutions of Higher Education

STATE	VARIOUS APPROACHES TO LINKING WITH INSTITUTIONS OF HIGHER LEARNING
Colorado	The relationship between the state's community colleges and the workforce system pre-dates the Recovery Act, and there has been no real change in linkages as a result of the Recovery Act. The state has issued sector-based training grants using some Recovery Act funding. A $1.1M sector training RFP was issued, under which training provided must be in high growth industry sectors and the curriculum/training used must be industry driven. Recovery Act funding has also been used to provide scholarships for distance learning -- payments of up to $3,000 per class are made for training that is provided remotely (via distant learning) that leads to industry approved-certification, for example, in nursing and various IT certifications.
Illinois	Illinois state workforce staff report that they have had a strong relationship with institutions of higher education, especially around their sector-based efforts. With the Recovery Act, some local areas have entered into class-size training contracts. Illinois has plans to continue its class-size training beyond the Recovery Act.
Montana	At the state level, Montana made no special arrangements with training providers or other institutions of higher learning to increase their offerings and/or size. At the local level, the Helena Center for Technology offered a 50 percent reduction in tuition for dislocated workers on a seat-available basis. In Kalispell, the Flathead Valley Community College increased both its class offerings and its class sizes. It also began a special welding track in conjunction with Stinger Welding in Libby, Montana where an expected 250 jobs are opening up.
Ohio	The relationship between the state's community colleges and the workforce system pre-dates the Recovery Act and has been strong. Community colleges are particularly involved in providing ITA-funded training and also are part of several special training initiatives funded with Recovery Act funds, including the Recovery Act-funded Project Hometown Investment in Regional Economies (HIRE). Project HIRE provides enhanced job matching strategies linking employers and job seekers. Project HIRE includes hiring fairs and other outreach activities which bring employers and dislocated workers together. State and local workforce investment specialists coordinate Project HIRE events and activities. Ohio Learning Accounts (OLA) are flexible training accounts of up to $6,000 for eligible dislocated workers who require training or certification as a condition of accepting a bona fide job offer in a targeted industry or demand occupation. Training may be in the classroom at an institution of higher education (e.g., community college), at the workplace, or a combination of both. Up to $7 million is available to match 1,400 One-Stop Center customers with hiring employers. Customers are enrolled in learning accounts once there is a commitment to employment and the customer requires additional short-term training as a condition of the employment.
Virginia	Moving the responsibility for WIA from the Governor's office to the Community College system is expected to eventually improve the coordination between the workforce system and the community colleges. The transition at the state level is still in process, however. The new On Ramp Career Pathways initiative is also expected to improve coordination and collaboration. State Recovery Act 15% funds are being used to fund the On Ramp initiative, including establishing some new staff positions for Career Pathways Counselors. There is a recognition that the priority in One-Stop Centers has long been on employment and reorienting the system to training will take time. Community colleges have struggled with understanding the workforce system and knowing how to connect to that system. The Recovery funds have allowed the state agency to speed up and enhance the direction that was already beginning to place more emphasis on training and credentials.
Washington	The state legislature wanted to emphasize the importance of training, enacting the Washington State Engrossed Senate Substitute Bill (ESSB) 5809, which set aside $7 million in general revenue funds to incentivize local councils to use Recovery Act funds for training, particularly "cohort training." For every $1 a council invested in cohort training, it leveraged $0.75 from the state. For every $1 invested in an ITA, the council leveraged $0.25 from the state. After the legislature established this seed money, the Governor also used Recovery Act funds to make an additional $5.5 million available for training incentives. This created intense interest in training across the state. The Recovery Act has had a particular impact on the system's relationship with the community colleges due to the implementation of "cohort training." Prior to the Recovery Act, the biggest area of coordination with the community colleges was for incumbent worker training. To date, there have been approximately 100 cohort classes statewide in a range of industries – healthcare, business administration, IT, manufacturing/construction, energy/green energy, and forestry—much of which is using the I-Best model that contextualizes basic and occupational skills. Through March 2010, 1,258 individuals participated in cohort training (and more than 7,800 have been trained overall using Recovery Act funds).

Note: Exhibit is based on site visits conducted to states between December 2010 and June 2010.

F. Targeting on Low-Income Individuals

Under the Recovery Act, priority use of WIA Adult funds must be for services to recipients of public assistance and other low-income individuals. States are particularly encouraged to provide training opportunities to these individuals. The NASWA state survey found that the vast majority of states reported that recipients of public assistance and other low-income individuals receive priority of service for WIA Adult services, including training. The visits to states and LWIAs confirmed this survey finding. During interviews with state and local workforce agencies, officials in nearly every office indicated that the Recovery Act did not usher in much of a change with regard to providing services for low-income individuals because there had always been emphasis on providing priority of service for low-income individuals within the WIA Adult program.

State workforce agencies passed along Recovery Act requirements with regard to providing priority for low-income individuals and requested that local plans reflect this priority. States typically left it up to local areas to set their own specific policies with regard to when priority of service requirements for low-income came into effect. However, some states were more prescriptive about such policies. For example, in Illinois, prior to the Recovery Act, the state required that 51% of WIA funds be spent on low-income individuals. With the Recovery Act, Illinois issued a state policy requiring local areas specifically to include plans to address the workforce training and placement needs of low-income, low-skilled and other target populations.[13] Several other states had state policies that were explicit about providing services to low-income individuals, but differed from the Illinois policy – for example, in North Dakota,

[13] Policy Letter 08-ARRA-02, Local Plan Modifications Related to the American Recovery and Reinvestment Act of 2009.

once 70 percent of WIA Adult funds are obligated, the remaining funds must be used for providing services to low-income individuals.

In most states visited, the specific policies on serving low-income individuals were left to local workforce areas to determine. Prior to the Recovery Act, local workforce areas already had such policies in place, which usually established priority for low-income individuals when funding became "limited" under the WIA Adult program for intensive and training services. Most state and local workforce officials indicated that such policies changed little or not at all in response to the Recovery Act, though in some states more funding became available, which allowed for providing WIA-funding services targeted on more low-income individuals. Several state and local workforce officials noted that co-locating TANF and Supplemental Nutrition Assistance Program (SNAP) employment and training programs at One-Stops can make a difference in terms of facilitating and expanding enrollment of low-income individuals into the WIA Adult program.[14]

Overall, as reflected in Exhibit III-5, state workforce agencies viewed the Recovery Act as not leading to much change in policies or practices at the state or local workforce levels related to serving low-income individuals—WIA Adult programs already were targeted on and serving substantial numbers of low-income individuals. One exception is Montana, which raised the income cutoff for being considered low-income to 100 percent of the state's self-sufficiency standard to assure that the state could spend its WIA funds. The Recovery Act did, however, bring additional resources to WIA Adult programs, which enabled local workforce areas to serve (at least temporarily) more low-income customers and/or to fund special initiatives focused on disadvantaged individuals.

[14] SNAP was formerly called the Food Stamp Program.

Exhibit III-5: Examples of State Approaches to Targeting WIA Adult Services on Low-Income Individuals

STATE	VARIOUS STATE APPROACHES TO SERVING LOW-INCOME INDIVIDUALS
Arizona	In Arizona, local areas determine the emphasis on services to low-income individuals. In those areas where TANF Employment & Training is co-located in the One-Stop Center, there is a higher emphasis on serving low-income customers. Local plan modification guidelines required Boards to declare either limited or unlimited funding status. With limited funding, Boards are required to focus on and provide priority to low-income individuals, while with unlimited funding Boards have more service flexibility. In an environment that emphasizes meeting performance measures and qualifying for incentive funds, there can be a disincentive to serving low-income customers.
Florida	Recovery Act funds give priority to low-income individuals and welfare recipients, and the regions were specifically notified of that. Otherwise, there are no target goals for serving low-income individuals. Florida has a federal waiver that allows WIA staff (rather than human services agency staff) to provide services to SNAP recipients as well as TANF recipients including eligibility determination and application for additional programs.
Michigan	In Michigan, there has always been priority of training services for low-income customers when funding becomes scarce. Many LWIBs face scarcity of funds and so target WIA Adult intensive services and training on low-income individuals. Because One-Stops are service locations for the TANF employment and training program, sizable numbers of TANF recipients are co-enrolled in WIA. The Recovery Act has not had any overall effect on the extent to which low-income individuals are served under the WIA program.
Montana	Prior to the recession, Montana had prioritized WIA Adult services to those customers who fell below 80 percent of Montana's self-sufficiency standard. With the Recovery Act, Montana raised this threshold to 100 percent of the self-sufficiency standard to make more people eligible for training. Montana set up a separate program that it called WIA Adult Recovery Act for these enrollments. Montana officials also sought to co-enroll eligible participants in both what it called its Recovery Act program and its regular Adult and Dislocated Worker programs in order to carry customers through training and supportive services once the period of the Recovery Act had ended.
Nevada	The implementation of the Recovery Act has not changed the priority of service to low-income individuals. There is enough money currently to meet all training needs that have a good possibility of employment.
New York	Since 2008, the provision of services to low-income workers has been a priority for New York; therefore, the implementation of the Recovery Act has not changed that priority, although the additional funding resources have allowed the state to expand those opportunities. The state was already actively engaged in assisting this group through the WIA Adult program and through a variety of state-sponsored initiatives like the weatherization project funded through the State Office of Temporary and Disability Assistance (OTDA) and the Emerging and Transitional Worker Training program. Low-income workers are targeted in most of the other economic development training programs supported by state and federal grants. Local workforce areas were advised of the Recovery Act -mandated priority of service for the WIA Adult program through local planning guidelines and were required to explain how they were implementing the delivery of intensive and training services for low-income individuals.
Ohio	There has been no change with respect to providing services to low-income individuals in the WIA Adult program. There is a "limited funds policy" whereby after local areas hit a certain percentage of expenditure of WIA Adult funds, low-income individuals have priority for training and intensive services. There is a strong commitment to targeting training on low-income adults and youth; for example, one program implemented with Recovery Act funding is the Urban Youth Works program. The state workforce agency awarded $6.7 million of Recovery Act funding for urban youth programs as part of the Urban Youth Works competitive grant program. The grant addresses the needs of urban youth to successfully participate in education and training programs that will ultimately lead to a self-sufficient wage and occupation based on labor market demand. Grantees include 15 organizations representing 12 nonprofit organizations, two local workforce investment areas, and one state agency. Organizations represent low-income youth in seven counties: Cuyahoga, Franklin, Hamilton, Lucas, Mahoning, Montgomery, and Stark. More than 1,500 youth will be served from October 2009 to December 31, 2010.

Note: Exhibit is based on site visits conducted to states between December 2010 and June 2010.

G. Supportive Services and Needs-Related Payments

The Recovery Act emphasizes the authority to use Recovery Act funds for supportive services and needs-related payments to ensure participants have the means to pay living expenses while receiving training. Supportive services include transportation, childcare, dependent care, housing, and other services that are necessary to enable an individual who is unable to obtain the services from other programs to participate in activities authorized under WIA. Needs-related payments may be provided to adults who are unemployed and do not qualify for or have ceased to qualify for unemployment compensation, for the purpose of enabling such individuals to participate in training. LWIAs can take advantage of the availability of these payments so that customers can pursue their career goals, rather than their short-term income needs determining the length of their training.

In the NASWA survey of states, many states reported moderate (up to 10 percent) or substantial (10 percent or more) increases in WIA-related spending on supportive services since the Recovery Act on the following types of services: transportation (81 percent of states reported a moderate or substantial increase in expenditures); child care (81 percent); housing (39 percent); dependent care (36 percent); and other services necessary for participation (78 percent). In comparison to supportive services, far fewer states provided needs-related payments (45 percent) before the Recovery Act. According to this survey, slightly fewer than half the states reported increasing funding moderately or substantially under the WIA program for needs-related payments (45 percent of states for the WIA Adult program and 47 percent for the WIA Dislocated Workers program).

Site visits to states indicated that states and local workforce areas had made little change in policies with respect to supportive services or needs-related payments in response to the

Recovery Act. Exhibit III-6 provides several illustrations of the varying policies with regard to supportive services and needs-related payments across the states visited as part of this study. At the time the site visits were conducted, it was too early to determine whether there have been increases in expenditures for supportive services or needs-related payments as a result of the Recovery Act. Anecdotal evidence from the site visits suggests that in some states, because of an increase in number of participants flowing through One-Stop Career Centers and the WIA program (as a result of the recession and availability of Recovery Act funding) there has been at least a modest increase in expenditures on supportive services. State and local workforce agencies indicated that amounts spent on supportive services and needs-related payments both before and since receipt were a relatively small part of overall WIA expenditures (and represent only a fraction of total amounts expended on training and intensive services).

State agencies for the most part allowed local workforce agencies considerable discretion with respect to setting supportive services and needs-related payments policies and procedures. For example, in terms of types of supportive services, local workforce agencies could to a large extent determine which supportive services are offered, under what circumstances such services would be provided and to whom, caps on such services, and overall amounts of funding that would be devoted to supportive services. State workforce agencies required local workforce areas to document in their local plans policies on providing supportive services and needs-related payments. In most states and local areas visited, most of the budget for supportive services covered expenses related to transportation, childcare, clothing/tools, rent, and other emergency payments. Local workforce agencies also looked to One-Stop partners and other human service agencies where possible to pick up costs related to supportive services in order to devote limited WIA funding primarily to provision of training and other intensive services.

Regarding needs-related payments, there was little evidence of change in policies or procedures at the state or local levels in response to the Recovery Act. State agencies made needs-related payments an option available to local workforce areas. In many of the states visited, because of limited WIA funding, local workforce areas elected not to offer needs-related payments, or if they did make them available, to spend very few resources for such payments. Some local workforce agency officials indicated that such payments could quickly dissipate available WIA funding and that there were clear trade-offs between providing training (and other intensive services) versus making available needs-related payments to cover living expenses. Local workforce officials indicated that they mostly looked to other programs and partnering agencies to cover needs-related payments. For example, in some instances, individuals entering training had Pell Grants to cover living expenses, had remaining weeks of UI, or could obtain temporary assistance from TANF, SNAP, housing programs, or other human service programs.

Overall, both with regard to supportive services and needs-related payments, state and local workforce agencies changed little with respect to policies and the types or extent of assistance provided to WIA participants.

Exhibit III-6: Examples of State Approaches to Providing Supportive Services and Needs-Related Payments

STATE	VARIOUS STATE APPROACHES TO SUPPORTIVE SERVICES AND NEEDS-RELATED PAYMENTS
Arizona	In Arizona, the array of supportive services prior to the Recovery Act included transportation and emergency assistance. Since the Recovery Act, housing and needs-related payments have been added to the options, though not all local areas are participating. The state has started to emphasize a wrap-around approach to addressing a customer's multiple needs.
Colorado	Within Colorado, there has been no change since the Recovery Act in the types or amounts of WIA funds spent on support services. Workforce regions have considerable autonomy with respect to setting policies and payments on support services, which can cover a wide range of supports (e.g., transportation, tools, work clothes, childcare, etc.). It is anticipated that supportive services will be cut back in some workforce regions in the coming year (PY 2010), because Recovery Act funding will be largely exhausted. Both before and after the Recovery Act, there were and continue to be no expenditures made for needs-related payments.
Florida	There has been no policy change with regard to supportive services or needs-related payments under the Recovery Act. The state has encouraged regional directors to provide supportive services, but they have gotten little response because the directors want to avoid such services becoming viewed as an entitlement, and many are reluctant to set a precedent since after the Recovery Act they will not be able to afford generous services. The state has discussed needs-related payments with local WIBs, but that is at local discretion and most have chosen not to provide needs-related payments, mainly because of limited funding.
Michigan	There has been no change since the Recovery Act in the types or amounts of WIA funds spent on support services. LWIBs within the state may cover any allowable support services, and what is covered is left to local workforce areas to decide. The state reports that there has been no discernable change in expenditure patterns with regard to support services. The decision of whether to provide needs-related payments is left to local workforce areas. Only a few local areas provide needs-related payments.
Montana	Montana has always allowed supportive service and needs-related payments but has not used them often, finding them too costly. With the extension in UI benefits during the recession, there has not been as strong a demand for such payments, though local One-Stops have issued them on an occasional case-by-case basis. There is no set cap to the amount of dollars a person might be able to draw down.
Ohio	There has been no change since the Recovery Act in the types or amounts of WIA funds expended on support services. LWIBs provide the support services as appropriate, including transportation, work clothing, tools/equipment, and childcare. Officials estimated that about 10% of WIA funding was spent on support services (compared to about 50% on training). Both before and after the Recovery Act, there were virtually no expenditures of WIA funding on needs-related payments within the state. The problem with needs related payments is that they consume available funding quickly and, as a result, less is left to provide training and other services. Only one or two LWIBs in the state have ever provided needs-related payments.
Washington	Washington emphasized the need for local areas to leverage community supports in addition to federal and state resources available to provide wrap-around services to customers. Most of the local programs have long-term relationships with community organizations and resources for supporting customers. The only new guidance as a result of the Recovery Act was to clarify the policy on needs-related payments; however, few areas are offering that service. Only the Northwest Workforce Development Council (located in Bellingham, WA) is offering needs-related payments, which they also offered prior to the Recovery Act. One issue in Washington is that needs-related payments are calculated against UI benefits, while other support services are not. Another issue is that most LWIAs do not have the capacity to issue weekly checks; they are better set-up to manage emergency payments.
Wisconsin	Within Wisconsin, there has been no change since the Recovery Act in the types or amounts of WIA funds expended on support services. LWIBs within the state spend only a very small proportion of their WIA allocation on support services such as transportation, childcare, dependent care, and rent. Data is not tracked at the state level on expenditures for various categories of support services. Both before and after the Recovery Act, there were and continue to be no expenditures made for needs-related payments. Only one LWIB within the state has made provision for payment of needs-based payments for WIA participants, but this LWIB has not had the available funds to make such payments. Sometimes Pell Grants that WIA participants receive cover needs-related expenses.

Note: Exhibit is based on site visits conducted to states between December 2010 and June 2010

H. Expectations When Recovery Act Funding Is Exhausted

Even though at the time of the visits states were less than half way through the two-year period available to spend Recovery Act funds, they were already anticipating and planning for when this temporary source of funding would no longer be available to support training and other activities within the state. One of the main concerns expressed across states is that Recovery Act funding will be winding down at a time when unemployment rates still are likely to be elevated, so One-Stop Career Centers (and the various employment and training programs, especially WIA and Wagner-Peyser) likely will continue to be flooded with unemployed and underemployed workers and may lack adequate resources to meet the employment and training needs of these workers. As shown in Exhibit III-7, most states indicated that once Recovery Act funds are exhausted, WIA participant and expenditure levels would likely revert to pre-Recovery Act levels. Nearly all states and local workforce agencies indicated that they had not built new infrastructure, or had added few (if any) permanent workers to avoid laying off permanent staff. However, in some instances, Recovery Act funds have been used to fund temporary workers to staff One-Stop resource rooms and otherwise provide services for WIA customers. State and local workforce agencies were hopeful that at least some of these temporary staff would be absorbed as permanent staff retired and through normal attrition. None of the states or localities visited envisioned substantial layoffs of permanent staff after the Recovery Act. A key concern, though, was whether adequate levels of resources would be available to both staff resource rooms and meet what is still expected to continue to be very high levels of demand for services and training. There was also some concern that funds could become scarce to support long-term training started with Recovery Act funds. Several states also expressed concern that WIA funding could remain flat or even be cut back – with particular concern for WIA Dislocated

Worker funding (which can fluctuate much more year-to-year because there is no hold harmless clause as there is under the WIA Adult program). Several states indicated hope that other funding sources might quickly fill in the gap left by loss of Recovery Act funding, for example, added funds from an ETA competitive grant or a National Emergency Grant (NEG). Several of the concerns and challenges for the future expressed by state workforce agencies are highlighted below in Exhibit III-7.

Exhibit III-7: State Expectations of What Will Happen to the WIA Program When Recovery Act Funds Are Exhausted

STATE	STATE EXPECTATIONS OF WHAT WILL HAPPEN TO THE WIA PROGRAM WHEN RECOVERY ACT WIA FUNDS ARE EXHAUSTED
Arizona	Return to pre-Recovery Act levels.
Colorado	Return to pre-Recovery Act levels.
Florida	Return to pre-Recovery Act levels.
Illinois	Return to pre-Recovery Act levels -- Illinois officials, particularly those in Chicago where nearly all WIA money was spent by March 2010, are very concerned about what happens when Recovery Act funding is exhausted and no other funding source is available to replace it.
Louisiana	Concern that they will return to pre- Recovery Act staff levels, hence program levels off when money ends, but needs continue to increase because they will still have high unemployment.
Michigan	Return to pre-Recovery Act levels -- with uncertainty about the upcoming year's WIA formula allocation (and Recovery Act funding already largely obligated or spent), there is concern funding will not be available for a second year of training for customers in long-term training.
Montana	Because of the large number of job losses in timber and related industries, Montana is expected to receive a 25 percent increase in WIA Dislocated Worker funding for 2011, though this will not come close to keeping pace with recession-related demands for service. Montana officials are particularly worried about having to "close the front door" to new registrants (whose numbers have yet to slow) as additional funding will be needed to continue to support those already registered and receiving training (and who are staying in services longer than in the past). One official noted: "We're concerned about what happens come July 1, when we have folks currently enrolled in training and will have to carry them; this may mean we have to take fewer numbers at the front end."
Nevada	Given the economy in Nevada, they anticipate that formula funding will be significantly higher than in pre-Recovery Act periods so they will be able to continue to serve increased numbers of WIA Adult and DW customers.
New York	Return to pre-Recovery Act levels.
North Dakota	Return to pre-Recovery Act levels or lower given that funding does not account for state cost of living increases for workers.
Ohio	Return to pre-Recovery Act levels -- There is concern Recovery Act funding will run out with a continued surging demand for services at One-Stop Career Centers. State administrators noted that not only would Recovery Act funding end, but the state's allocation for formula funds (particularly for WIA Dislocated Worker funds) the coming year would be cut (note: WIA formula funds to the state were cut from $140M in PY 2009 to $127M in PY 2010).
Pennsylvania	Keep new staff; work with state legislature to fund grant projects and Industry Partnerships; maintain one-on-one counseling and assessment.
Texas	Return to pre-Recovery Act levels.
Virginia	Many functions of new VEC offices may be incorporated into One-Stops or VEC Workforce Centers – some new offices will continue for a while if possible.
Washington	Return to pre- Recovery Act levels.
Wisconsin	Return to pre- Recovery Act levels -- State officials expect that it will be difficult to maintain the 70 percent training expenditure requirement once Recovery Act funding is exhausted. Most likely, the state will maintain the 35 percent requirement for regular WIA formula funds – though a lot will depend on when and if WIA is reauthorized (and requirements set forth in WIA reauthorization should it be enacted).

Note: Exhibit is based on site visits conducted to states between December 2010 and June 2010.

CHAPTER IV

WAGNER-PEYSER EMPLOYMENT SERVICES

A. Background

The Wagner-Peyser (WP) Act of 1933 established the Employment Service (ES), sometimes called the Job Service, which provides labor exchange services for workers and employers. Services for workers include job search assistance, placement assistance, job fairs, and labor market information. Services for employers include labor market information, employee recruitment, job fairs, development of job descriptions, and assistance during layoffs and closings. The Employment Service has also traditionally provided job search assistance for UI claimants, and served migrant and seasonal farm workers, youth, individuals with disabilities, ex-offenders, older workers, and other special populations. In 1998, the Act was amended to make the Employment Service part of the One-Stop delivery system with the objective of having all workforce development activities easily accessible and often in the same location.[15]

Prior to enactment of the Recovery Act, the Employment Service functions had steadily diminished due to sustained periods of federal funding cuts and steady state funding. The ability of the WP- funded staff to provide one-on-one assistance to all job seekers had all but disappeared in the early 1980s. To continue to serve job seekers, innovative modes of service delivery were developed. Today there are resource rooms for self-directed services, allowing customers to use computers with Internet access for reviewing job listings, developing resumes, and researching labor market information for any area in the country. In cases where customers

[15] http://www.doleta.gov/programs/wagner_peyser.cfm

are less skilled in the use of Internet tools, a second level of service includes the service of a resource room attendant. One-on-one services are available to customers needing an assessment of skills, abilities, and aptitudes, as well as career guidance or counseling if a career change is being considered. In addition to these kinds of services, many Employment Service offices and One-Stop Career Centers with ES services offer workshops where job search techniques are discussed or where resume preparation assistance is provided. Customers seeking job training are often scheduled into workshops where different training programs are discussed and eligibility requirements are explained.

B. Operating Policies/Changes as a Result of the Recovery Act

1. General Operational Structure

State agencies administer ES services, and those services are provided by state employees in all but two states in the study**,** Colorado and Michigan, which operate demonstrations approved by USDOL that allow non-state public employees to deliver Wagner Peyser services at the local level. The majority of study states have all ES services integrated into their One-Stop systems. Of the 16 states visited prior to June 1, 2010, 11 did not have any separate ES offices, and all WP services were delivered in a One-Stop setting. One-Stops in several of these states were managed by the Employment Service, with WIA being a partner. In the remaining 5 states, there were some with stand-alone ES offices, but all of these states have One-Stop operations with ES, WIA, TAA, and other workforce development programs under one roof in at least one One-Stop Career Center in each local workforce investment area, as required by the WIA statute.

Colorado and Michigan have longstanding demonstrations in which ES/Wagner-Peyser staff is not required to be state employees. Under the demonstration rules, ES staff can be

employees of local public agencies such as local education authorities, city government, or community colleges. In addition to providing Wagner-Peyser services (including staffing of One-Stop resource rooms), staff in these states is responsible for providing direct customer services under the Trade Adjustment Assistance (TAA) and Reemployment Services (RES) programs.

With the advent of the Recovery Act, no states reported any changes to their existing ES service delivery structure. However, Arizona and Virginia opened new offices with Recovery Act funds to accommodate increased need. There was also no change in services offered in these new locations, but because of additional staff, it was possible to reduce wait times for services.

2. Co-Enrollment Policies

A majority of states do not automatically co-enroll ES customers in WIA. Customers coming into the One-Stop or Employment Service Office are normally first offered core services in the self-help resource rooms where they are enrolled in ES. If customers are only seeking more self-directed services such as research on labor market information, information on available jobs, or assistance in the development of a resume, enrollment in WIA is typically not automatic. Because this is the primary pattern of service across the states visited, most WIA customers are co-enrolled in ES as ES services are the first offered to visitors to ES or One-Stop offices.

3. Assessment and Counseling

All 16 states visited reported that they did not change their policies on assessment and counseling as a result of the Recovery Act. According to some states, the addition of staff in the local offices, often hired using Recovery Act funds, resulted in more customers being encouraged to complete enrollment documents and consider utilizing the assistance of staff

because the wait time for assistance in the resource room and for counseling was less daunting. Several states reported that at the beginning of the recession, there were lines of people out the door waiting to start the process and that using the resource room had to be on a scheduled basis. Where possible, some One-Stop offices had evening hours to accommodate the demand.

In the NASWA Survey on the Workforce Provisions of the Recovery Act, 75 percent of states reported an increase in the number of customers being assessed or counseled. This number is consistent with comments made during the site visits, but in the site visits the increase was attributed to an increase in customer demand and not a change in policy. It is the policy of most states to do an assessment and offer counseling if needed, but the availability of staff to conduct these services was limited, sometimes resulting in customers not taking advantage of the service. Increased assessment and counseling numbers can also be partly attributed to the services provided as a result of Reemployment Services (RES) funding rather than WP increases. A full discussion of RES services is covered in the next chapter of this report.

Several states enhanced their assessment and counseling activities by purchasing proprietary programs to assist in determining customer skills, knowledge, and abilities for career counseling and job placement. Some of the systems mentioned were:

- ***WorkKeys***[16]: a three-step assessment and training program matching individuals to jobs and training. The first step includes assessments to measure cognitive abilities such as applied mathematics, reading for information, and locating information (foundational skills), and assessments to predict job behavior (personal skills). The second step is conducting a job analysis, and the third step is training. The training module matches the skills of the worker with selected occupations to determine if there are gaps which can be addressed by training. This final step includes *KeyTrain*, which offers curriculum details to address the skills gaps. Once a customer has completed the assessment, a certificate of proficiency is obtained from *WorkKeys* that is then used to facilitate job search activities.

[16] This is based on http://www.act.org/workkeys/ accessed July 15, 2010.

- ***TORQ***[17]: the Transferable Occupation Relationship Quotient is a single measurement that defines "transferability" of an individual's skills between occupations. The tool links occupations based on the abilities, skills, and knowledge required by workers in occupations using the O*NET database. This is both a job search and counseling tool.

- ***Smart 2010***[18]: artificial intelligence software used in New York that analyzes a customer's resume for skills, work experience, and related talents. The software compares the content in resumes submitted against the content in job orders, sorting through words and similar themes. The system then recommends a number of job leads drawn from the New York State job bank. These job leads are emailed directly to the customer by One-Stop staff. The appeal of this tool is that it continues to generate job leads until the resume is removed. Changes can be made to the resume, which, in turn, will change the focus of the search.

- ***Job Zone***[19]: an online resource that includes a career exploration section, a self-assessment section, and resume preparation assistance. The user may view occupations, training program information, and information on colleges. The self-assessment includes a review of career interests and work values as well as skill surveys. The resume preparation section not only includes information on how to construct a resume, but allows the user to develop and store multiple resumes that can be used for different occupations. The system also includes a job search journal.

Some states had already implemented these programs prior to the receipt of Recovery Act funding, but Recovery Act funds allowed for increased customer usage because some assessments such as *WorkKeys* have per-person charges. The states also reported that having these systems in place will be very useful once Recovery Act funds for staffing disappear.

4. Staffing

According to the states visited, planning for Recovery Act implementation for WP/ES was conducted by existing staff. States generally elected to use the majority of the Recovery Act funding to increase staffing at the One-Stops or local ES offices. When central office staff was hired using Recovery Act funds, generally the functions performed included program oversight, labor market information development, or special projects such as Recovery Act liaison, business

[17] Source is See http://www.workforceassociates.com/torq.html accessed July 15, 2010.
[18] Information on SMART 2010 is based on interviews with state and local respondents.
[19] Source is http://www.labor.state.ny.us/stats/PDFs/jobzone_fact_sheet.pdf accessed July 15, 2010.

development, or green jobs. States generally hired temporary full-time, part-time, and intermittent workers, so Full-Time Equivalent (FTE) information does not tell the whole story regarding numbers of new people working in WP/ES. Because the WP/ES implemented RES in all but one state visited, hiring statistics cited by the states often comingled the numbers for RES and WP/ES. The following are examples of WP/ES hires reported by the states:

- Arizona filled 20 seasonal ES positions and added 25 temporary RES staff. These workers will be funded by formula ES funds when the Recovery Act funds are exhausted for at least one additional year.
- Texas hired 325 temporary ES staff to help meet the demand for services at One-Stop centers.
- Colorado staff stated that the Recovery Act provided extra resources that enabled some workforce regions to hire and deploy additional staff to One-Stop resource rooms to deal with the surge of job seekers coming into One-Stops for assistance.
- Florida hired four staff for monitoring and performance measurement in WP/ES who they hope to move into permanent positions.
- Michigan's Department of Energy, Labor, and Economic Growth officials observed that Recovery funding was spent through existing programs (such as WIA and the ES) and distributed via formula as quickly as possible to the 25 local areas spread across the state. The state agency urged local areas to spend Recovery Act funds quickly (within the first year), and not to build infrastructure or hire permanent staff.
- Montana's Department of Labor and Industry added 23 temporary employees to meet increased demand for WP/ES services. They plan to move these employees into permanent positions through vacancies and attrition.
- Virginia hired 4 statewide coordinators and 12 regional specialists for newly established Business and Economic Development Specialist positions. They also hired 2 staff in the Registered Apprenticeship program agency.

In states such as New York, Texas, and Florida where there is full program integration between WIA and ES, core services traditionally associated with WP/ES may be carried out by WIA funded staff, so making a distinction regarding WP and WIA staffing (and funding for ES services) is almost impossible.

The challenge facing states related to WP/ES staffing is that the WP/ES positions are generally covered by state civil service. According to some states, this meant that the hiring

process for positions could take several months. For a program with a one-year duration, four months could be spent in the hiring process, not to mention the additional time needed for training. If there was a vacancy toward the end of the program year, there was no point in attempting to refill the spot. Many of the states also faced hiring freezes, and although they were ultimately able to move forward with recruitment, getting waivers from the appropriate state authority added additional time to the process. Some states were able to promote ES staff to fill higher level positions for one-on-one assessment and counseling and hire temporary staff to provide some staff-assisted services.

In states with high unemployment rates, finding quality staff was relatively easy, whereas in low-unemployment states like North Dakota, the state was in competition with a healthy private sector, which could often offer better pay and benefits. Several state officials mentioned that the recession had helped them attract better quality staff than in periods of full employment because of the larger pool of available high-skilled workers.

C. Challenges

Not surprisingly, the major difficulties faced by the states in the ES/WP program were staffing and turnover. As mentioned earlier, the challenges were due to operating within the confines of civil service requirements and dealing with hiring freezes. Exhibit IV-1 provides a sample of challenges cited by the states.

Exhibit IV-1
Challenges in Implementing Wagner-Peyser Programs Under the Recovery Act

CHALLENGES	STATE COMMENTS
Staffing	**Arizona** – The hiring freeze required the agency to obtain specific waivers to spend Recovery Act funds on ES staff, adding about a month to the process. **Florida –** Hiring additional WP/ES staff was a challenge, as was the need to train new staff. **Illinois –** There were hiring delays for new, intermittent WP/ES staff, and once hired, the staff could only work for 1,500 hours. **Montana –** Bringing on and training new WP/ES staff at the same time Job Service was deluged with new claimants was very difficult. **North Dakota –** At the same time North Dakota was attempting to increase the number of WP/ES staff, their Human Resources Department experienced 100 % staff turnover. In addition, North Dakota's unemployment rate is the lowest in the nation which means that finding people willing to accept temporary work, or keeping temporary staff on, is more problematic than in most other states. **Ohio –** Bringing on 100 intermittent staff was inherently difficult. (WP and RES staff) **Pennsylvania –** The hiring process was challenging for the state because they had to obtain exceptions to the hiring freeze and hire permanent merit staff, which was a lengthy process. **Texas** – The state had difficulty in hiring and experienced turnover in the temporary ES positions funded by the Recovery Act. **Virginia** – The state experienced delays in bringing on new WP/ES staff which, when coupled with the need to train all new staff, resulted in staff shortages at the local level. The state cited background checks as a problem in the hiring process. **Washington** – Hiring and training of WP/ES staff was a challenge for the state.
Funding	**Illinois –** Respondents were concerned about what will happen once Recovery Act funds are spent, especially as the need for WP/ES services has not abated. **Louisiana –** State officials expressed a need for additional funding for more staff development to deal with harder to serve populations and continued long-term unemployment.
Office Space	**Florida –** The state needed to find space without opening new centers to deal with an increase in customers. **New York** – Customers at some centers experienced wait times to access computers in resource rooms, waits for appointments with counselors, and crowded orientation meetings. Some locations were able to secure donated space or short-term leases for

CHALLENGES	STATE COMMENTS
	temporary extra space, but in some areas of the state such arrangements were not possible. The major issue was that given the temporary nature of Recovery Act funding, long-term lease arrangements were not possible.
Other Issues	**Illinois –** State procurement process in purchasing new automated labor exchange program is cumbersome. N**evada –** Serving large numbers of clients—10,000 as of 4/30/2010. **New York –** Not only were there large increases in the numbers of customers coming into the One-Stop, but the characteristics of ES customers have changed. Individuals with long work histories but little experience in job search activities tended to need more assistance searching for a job and in some cases demanded more attention. **North Dakota –** Serving large numbers of clients is a major challenge. **Texas –** Officials were concerned about the impending layoff of workers on Sept. 30, 2010.

D. Major Achievements

The major achievement cited by most of the state and local respondents was their ability to serve many more customers. Some states reported that they were better prepared to meet this challenge because of changes to policies (e.g., co-enrollment in WIA) or their workforce systems (e.g., integrating ES and WIA services, computerized self-assessment tools) they had implemented prior to the Recovery Act. For example, New York officials reported that the state's integration of programs at the state agency and at One-Stop offices allowed them to scale up to serve the increased number of customers. The state has cross-trained all One-Stop staff, so ES and WIA staff could be deployed where needed. Other major accomplishments included improving business services and the introduction of additional labor market and assessment tools. Exhibit IV-2 provides a sampling of the accomplishments cited by the states.

Exhibit IV-2
Achievements in Implementing Wagner-Peyser Programs under the Recovery Act

ACHIEVEMENTS	STATE COMMENTS
Serving More Customers	**Colorado** – The Recovery Act provided extra resources to hire and deploy additional WP/ES staff to One-Stop resource rooms to deal with the surge of job seekers. **Montana –** The Recovery Act enabled the state to have a major expansion of services without increasing the "size of the business." **Nevada –** Lines, which had once snaked around the buildings, were eliminated due to additional WP/ES staffing. **Ohio** – The hiring of 100 intermittent WP/ES staff helped One-Stops deal with huge surges in customers and expand RES orientations for UI claimants. **Pennsylvania –** The Recovery Act funding allowed the Department of Labor and Industry to become more strategic in how they focused their workforce development investments. The key was to invest in increasing the service level (e.g., increased staffing, one-on-one assessments), not in facilities, equipment, or websites. There were greatly increased service levels because of Recovery Act money. **Virginia** – New Virginia Employment Commission and UI express offices increased the number of access points for ES customers and returned to one-on-one assessments.
Program/Service Enhancements	**Washington** – The state implemented a new approach to business services with Recovery Act funding. The vision has shifted from engaging employers in the One-Stop to actively working with employers to find jobs that match the inventory of skills of the customers in the system. **New York** – Use of technology tools enabled the state and LWIAs to manage workforce and UI programs and better serve customers. The SMART 2010 technology was appropriate for serving customers with Internet access, and JobZone has been successful for career exploration by adults, especially for those who may need skills upgrades and need to plan for training. **North Dakota** – Purchased TORQ software which is used to develop STA (Skills Transferability Analysis) reports for those occupations affected by layoffs. These were provided to One-Stop Offices to be used in rapid response events and working with laid off workers.
One Stop Enhancements	**Arizona** – Used ES funds to improve the infrastructure of One-Stops including redesigning lobbies and resource rooms, increasing the size of some locations, and adding new television screens for videos and looped information. **Texas** – Opened new One-Stop centers in Dallas, Tarrant County, and Alamo
Other Successes	**Nevada** – Officials believed they were in a better position to implement the Recovery Act due to the existing structures in place in JobConnect Offices and in the LWIB structure. They did not feel the need to change procedures to accommodate Recovery Act demand. **Nevada** – Being able to direct Recovery Act resources into business services which have the potential to enhance job opportunities

E. After the Recovery Act

Many states are not optimistic about their ability to maintain the level of services established with Recovery Act funding. Most states hired temporary or intermittent staff for ES positions, knowing that once the Recovery Act funds were spent, the formula monies would not be sufficient to support the additional positions. In most cases, states did indicate that they would keep staff if positions became available through normal attrition. Three states were somewhat positive about retaining staff after Recovery Act funding was exhausted. Pennsylvania hired staff in "permanent" positions, which further demonstrated their commitment to retain staff. Three other states were more pessimistic about retaining any staff past the initial funding cycle. Those states that have implemented additional self-help tools believe that they will be able to continue to support those activities.

CHAPTER V

REEMPLOYMENT SERVICES

This chapter presents findings on Reemployment Services (RES) from site visits conducted in 16 states and 32 local areas between December 2009 and June 2010. Following a brief introduction to Reemployment Services and the changes introduced in the Recovery Act and TEGL 14-08, the chapter summarizes policy and operational changes, staffing, and reporting in the 16 states visited.

A. Introduction

Reemployment Services (RES) funded under the Wagner-Peyser Act typically are provided by the Employment Service (ES) to UI claimants to accelerate unemployed workers' reconnection in the labor market.[20] Services available include targeted job search assistance, counseling, assessment, and employment referrals, as well as other ES activities normally funded by the Wagner-Peyser Act. RES funds may be used to provide more one-on-one, intensive case management than is allowed under ES funding. Specific grants for RES were last distributed to the states in Program Year (PY) 2005.

Through the Worker Profiling and Reemployment Services (WPRS) system, states have developed a range of models, statistical and other, to identify specific groups of UI claimants targeted for Reemployment Services. Under the 1993 Amendments to the Social Security Act contained in P.L. 103-152, claimants who are identified as most likely to exhaust UI benefits and

[20] The description in this section is based on background information available on the ETA website at http://www.doleta.gov/programs/Wagner_Peyser.cfm and http://www.doleta.gov/programs/wprs.cfm (last accessed 06.30.10) as well as TEGL 14-08.

who are most in need of Reemployment Services to transition to new employment are targeted for RES. Some states have developed models to target RES at other groups of claimants, such as those most likely to find new employment quickly. Most states provide RES in One-Stop Centers and/or at state ES offices.

1. RES and Reemployment and Eligibility Assessment Grants

Beyond RES, many states have received *Reemployment and Eligibility Assessment* (REA) grants from ETA. The program, which began in 2005 and has 34 active grantees in 2010, targets services at UI claimants based on a range of factors including benefit week, location, likelihood to exhaust, and others. [21] Claimants receiving REA services were originally required to "attend one-on-one interviews in person, [including] a review of ongoing UI eligibility, provision of current labor market information, development of a work-search plan, and referral to Reemployment Services and/or training."[22]

The Employment and Training Administration expanded REA requirements in 2010. Targeted claimants are now required to participate in REA activities, including: developing a reemployment plan (rather than work-search plan) and completing work search activities (e.g., accessing services at a One-Stop center, attending an orientation, registering with the state job bank). Thus, REA grants have stronger requirements for claimants than the RES requirements in the Recovery Act. REA and RES activities often aligned during the Recovery Act period and are noted below as appropriate. Of the states visited, Florida, Montana, Nevada, and North Dakota

[21] The description in this section is based on the Jan. 2010 *Reemployment and Eligibility Assessment* webinar, available at http://www.workforce3one.org/view/5001002247077825152/info. (Last accessed 07.08.10).

[22] Benus, Jacob, Eileen Poe-Yamagata, Ying Wang, and Etan Blass. Reemployment and Eligibility Assessment (REA) Study, FY2005 Initiative: Final Report. Impaq International: March 2008, p. i.

have REA grants that were described as linked with Recovery Act RES activities. Arizona noted that its REA grant was starting after the project site visit.

2. Reemployment Services in the Recovery Act

In the Recovery Act, a total of $250 million was allocated for Reemployment Services activities. In Training and Employment Guidance Letter (TEGL) 14-08, ETA described expectations for RES. Allowable activities for RES funds include "job search and other employment-related assistance services to UI claimants" (p. 19). States are also advised to explore technological improvements that might increase their capacity to serve UI claimants. Recommended RES strategies include increased collaboration between the ES, UI, and labor market information (LMI) offices at the state and local level. Another recommended strategy is to provide access to a full Recovery Act array of services including activities funded by WIA, such as job clubs, targeted job development, identification of transferrable skills, development of individualized reemployment plans, and soft skills training. ETA also advised states to institute or expand statistical worker profiling models to "identify the most effective mix of interventions and services for different groups of UI claimants," including claimants most likely to exhaust benefits (p. 21). Recommended strategies for upgrading information technology under the Recovery Act include updating the statistical profiling model; improving communication and data sharing between UI and the One-Stop system – particularly ES/RES staff; implementing occupational coding software; integrating LMI in the service delivery model; and upgrading infrastructure to improve efficiency.

B. State Approach to Recovery Act RES Funding

The vast majority of states visited by researchers reported that they will obligate all Recovery Act RES funds by September 30, 2010. Local areas in Colorado, Florida, Michigan, and Texas have significant control over policy, operation, and funding decisions for multiple workforce programs, including Recovery Act RES programs, but these states do not anticipate any expenditure issues. Eight states reported that additional federal funding resources were used to supplement RES activities, including: UI Administrative funds (OH, WA, and WI); REA grants (FL, MT, ND and NV); WIA Rapid Response (OH); ES Administrative funds (WA); and TANF Recovery Act Emergency Contingency funds (TX).

Several states (CO, OH, TX, and WA) have invested state general revenues to provide additional RES services, including training, for UI claimants. Colorado's *Enhanced Approved Training Program* provides additional UI benefits to claimants in a regular state claim who are enrolled in approved training. Ohio has also directed $540,000 in state general revenue funds to support RES activities. In Texas, the state legislature appropriated $15 million from state general revenue funds, plus additional TANF Recovery Act Emergency Contingency Funds, for a *Back-to-Work Initiative* that places low-income UI claimants in subsidized employment with private sector employers. Washington State invested both Recovery Act WIA training funds and state-funded training initiatives to serve UI claimants, including the Training Benefits (TB) Program, Worker Retraining Fund, and Commissioner-Approved-Training. Participation in the TB program exempts UI claimants from work search and helps them connect more quickly with longer-term training to take advantage of current UI benefits extending up to 99 weeks.

Wisconsin chose to target its Recovery Act Wagner-Peyser funds ($7.2 million) and UI Administrative funds ($3.6 million) at substantially expanding RES services for UI claimants,

including fundamental changes in the way UI claimants are served by the One-Stop system. Wisconsin uses a profiling model to identify those most likely to exhaust and least likely to exhaust, and the state serves both groups. Prior to Recovery Act, there were about 10 RES weekly orientations statewide. Recovery Act funding has allowed the program to expand to 80 sessions per week, with 1,300 claimants scheduled and 700-900 showing up.

Some states have struggled to spend their Recovery Act funds. Louisiana did not immediately create a program to spend its RES funds, and ultimately the state had only six months to spend the $2 million (of a total of $32 million) in Recovery Act monies. (Similar delays in spending occurred for Louisiana's other Wagner-Peyser and WIA Recovery Act funds.) Arizona also had issues spending Recovery Act funds, given the state's hiring freeze and other budget issues. Arizona plans to use the flexibility-for-expenditure correction to assign some activities funded prior to receipt of Recovery Act funds to its Recovery Act expenditures. In North Dakota, the RES program was slow to start, in part due to delayed temporary staff hiring, as well as RES and ES implementation delays due to workload issues.

C. Claimants Served as a Result of Recovery Act RES Funding

More than half of the states visited reported that the share of claimants receiving RES had increased under the Recovery Act. Two states with active RES programs prior to the Recovery Act (PA and WI) reported that the proportion of UI claimants receiving RES increased with Recovery Act funds. In five others (AZ, CO, IL, MT, and ND), there was no active RES program prior to the Recovery Act. Each of those states developed a new RES program, resulting in more claimants connecting with the workforce system. In Louisiana, all UI claimants have been required to come into One-Stop Career Centers since 2007. In New York,

the only claimants not required to participate in RES are those who are exempt from work search requirements; thus, the increasing unemployment in the state has led to increased RES.

These findings are similar to results reported from the NASWA survey on RES: more than half of the states (16 of 28) surveyed indicated that the proportion of claimants receiving RES services in their state had increased.

The majority of states visited by researchers (12 of 16) use the WPRS system to statistically profile UI claimants for Reemployment Services. Eleven of these states (AZ, CO, MI, MT, NV, ND, PA, TX, VA, WA, and WI) use profiling to identify claimants most likely to exhaust benefits, while Illinois profiles those most likely to remain on the caseload for an extended period of time; Washington and Wisconsin identify those most likely to exhaust and those least likely to exhaust.

Washington calls in approximately 60 percent of new claimants to the One-Stop Center during their first claim week, including those profiled as most likely and least likely to exhaust benefits. Washington made one change to its WPRS system, extending the number of weeks a claimant is in the profiling pool from 5 weeks prior to the Recovery Act to 52 weeks in the extended UI benefit period.

Many states take additional factors into account when determining which clients to call in for RES. Illinois also targets veterans and ex-offenders for enhanced services with Recovery Act RES funds. In Nevada, the profiling list is prioritized based on veteran status, rapid response efforts, and other factors. In North Dakota, residents in only five counties are targeted for RES because the rural nature of the state would make it difficult for rural claimants to comply with in-person meeting requirements. Colorado profiles claimants most likely to exhaust and sends lists to local regions, which make decisions on whether or not to use the profiling list or to make RES

mandatory (most do not require RES). Florida's WPRS system currently allows each local area to draw two groups based on a state formula: one is assigned to group activities, while the other participates in one-on-one sessions.

The profiling models in two states (AZ and TX) were updated since 2008 to address changing economic conditions, while others (FL, LA) are currently developing new models. Texas reevaluates its profiling model every two years. Though Louisiana has called in all UI claimants since 2007, state officials are exploring options to restart their profiling system. Louisiana State University is currently developing a new profiling model to identify those who need more intensive services.

State and local administrators in Washington indicated that they would like to update the profiling model to better identify those claimants who may need more intensive services. Washington's Olympic Workforce Development Area includes a number of Navy shipyards and submarine facilities. However, the state's profiling model does not call in recently separated veterans. State ES administrators assigned to the local area use two strategies to make up for this feature. They partner with Veterans Employment and Training Services to provide a Vet Orientation/Job Club. They also partner with the Military Transition Assistance Program to provide information about One-Stop Centers and services to new veterans. In addition, the area supports a Disabled Veteran Outreach Specialist (DVOP) to provide services at transitional housing and VA facilities.

Three states visited by researchers do not use a statistical profiling model to identify claimants for RES services. As indicated above, New York and Louisiana call in all claimants, and Ohio uses a characteristic screening that looks at six characteristics associated with exhausting UI benefits rather than a statistical profiling model.

These findings are similar to findings reported in NASWA's survey. Eighty percent of the surveyed states reported that the primary mechanism for targeting RES is a statistical model to identify UI claimants. One-third of the states indicated that RES Recovery Act funding would be used to update or modify the state's profiling model.

D. Services and Service Delivery under the Recovery Act RES Program

1. Changes in RES Services Provided

Reemployment Services programs reflect the policies and workforce development philosophy of their state. Claimant experiences in RES vary widely in intensity, level of personal interaction, and opportunities to connect with other services and programs. Officials in most states visited by researchers remarked on the surge in claimants served and services provided as the recession deepened and programs changed (i.e., extended unemployment compensation benefits, TAA).

In some states, there was also a change in policies and services, while in others policies and services remained similar to what had existed before the Recovery Act. In Florida and Virginia, the state increased the number of claimants called in for face-to-face services. While Nevada did not change the state's mix of RES, they have noticed that claimants are taking more advantage of various services in the One-Stop Centers. Ohio used Recovery Act funding to support additional RES orientations and case managed services. Pennsylvania administrators indicated that the numbers of claimants receiving assessment and counseling services is up 60 to 70 percent over pre-Recovery Act activities.

The increase in the number of claimants receiving RES and the proportionate increase in the share that received assessment and counseling is confirmed by the NASWA survey of states.

Almost two-thirds of the states (62 percent) responding to NASWA's survey of workforce administrators reported that all UI claimants are referred to a One-Stop Career Center. Seventy-four percent of the surveyed states listed as their number one priority use for Recovery Act RES funds the expansion of services to UI claimants identified through the WPRS profiling system. The majority of workforce administrators reported that RES Recovery Act funds were being targeted at increasing the number and/or variety of job search assistance workshops (72%); providing assessment and career counseling services (56%); and/or making referrals to training (54%).

2. RES Service Delivery

States use a range of approaches for delivering RES. Five states visited by researchers (AZ, CO, IL, MT, and ND) did not have active RES programs prior to the Recovery Act. In Illinois, the state revived and strengthened an approach to RES it had used successfully under a 2005 REA pilot program. Arizona's RES program is new under the Recovery Act, and the state has opened three reemployment centers in counties with high unemployment. The state had previously operated a separate RES program in the 2005-2006 program year. Prior to the Recovery Act, Nevada was on the verge of eliminating its state-funded RES program due to funding constraints..

Virginia's RES Recovery Act funds were used to establish 11 *Re-Employ Virginia!* centers and nine UI Express offices to deal with the great increase in customers seeking UI and Reemployment Services. Texas opened three One-Stop Centers for RES, while Colorado opened a joint RES/TANF office with RES funds. In Wisconsin, RES activities are being offered at approximately 80 community locations across the state, in addition to services available in One-Stop Centers. Recovery Act funding is also being used to open temporary "overflow" centers

across Ohio (including Cincinnati, Akron, and Cleveland) at which additional RES orientations and case management services are offered to claimants.

Reemployment services in North Dakota are delivered primarily by phone. These services include job search planning, case management, and job search assistance. The RES program is under UI administration, and while claimants are referred by the UI office to the One-Stop centers in order to attend the Interview Skills Workshops, visit the resource room, and explore training opportunities, their case managers are not on the staff of the One Stop. One-Stop managers estimate that 55% of customers in the resource rooms are UI claimants.

E. Information Technology and Labor Market Information for RES through the Recovery Act

Eleven states visited by researchers reported that RES Recovery Act funds were used to improve or expand LMI and/or other information technology systems and infrastructure. Exhibit V-1 below highlights each state's investment.

Exhibit V-1
Recovery Act RES Investments in Assessment, Information Technology, and Labor Market Information

State	Investment
Arizona	• Modified the *AIRSNET* system • Issued a RFP for new case management and reporting system • Upgraded equipment in One-Stop Center resource rooms • Upgraded staff software and computer systems
Florida	• Purchased access to *Help-Wanted Online* (HWOL) for real-time job postings and *Transferable Occupation Relationship Quotient* (TORQ) for real-time LMI • Developed new MIS/job matching system *Employ Florida Marketplace* for staff, employers, and customers. • Increased bandwidth and storage capacity in the state system • Conducted a Job Vacancy/Hiring Needs Survey to collect information by industry and by workforce region to assist with reemployment analysis and job training needs
Illinois	• Replacing *Illinois SkillsNet* with a system based on *America's Job Link Alliance* (AJLA)
Louisiana	• Received $2.3 million LMI Improvement Consortium Award in 2010 to upgrade LMI; project in planning phase • Purchased laptop computers for temporary RES offices
Nevada	• Invested 16% of Recovery Act RES funds in IT • Purchased identity card validation equipment • Purchased 20,000 *Layoff to Employment Action Planners* • Updating system to merge WPRS modeling for RES and REA programs • Purchased video equipment and LCD monitors to improve efficiency of communications with One-Stop Center customers
New York	• Developed a *Re-Employment Operating System* (REOS), a scheduling and appointments tracking system that allows One-Stop staff to access information about UI customers on a daily basis
North Dakota	• State-developed enhancements to internet-based application for Reemployment Services, including appointment scheduling and other claimant tools • Purchased access to *Transferable Occupation Relationship Quotient* (TORQ) to identify transferability between occupations for projects and target groups • Improved database to store and analyze data from Dislocated Worker Survey • Supporting several LMI research projects • Integrating ES and UI information technology to better serve UI claimants
Ohio	• Purchased *Barriers to Employment Success Inventory* (BESI), a web-based assessment used in job search planning • Purchased laptops and other IT equipment to establish overflow RES centers
Virginia	• Improved and expanded WIA/Wagner-Peyser internet-based LMI/labor exchange/case management system to also include UI and TAA
Washington	• Purchased *KeyTrain* • Conducting an analysis of extended unemployment claimants
Wisconsin	• Purchased *WorkKeys and KeyTrain* • Promoting *WorkKeys National Career Readiness Certification*

Illinois views its investment in information technology as a major accomplishment attributable solely to the infusion of Recovery Act dollars. The state is seeking a number of improvements in functionality, a national network for support and linkage, and reduced long-term operating costs. The biggest challenge they face is in getting expenditures for the new system approved through the state procurement system. Officials remain hopeful that they will be able to do so within the Recovery Act expenditure window.

North Dakota and Washington are using Recovery Act funds to support LMI and other research projects. North Dakota has three projects; one involves longitudinal studies of workers affected by major layoff events. Another examines births and deaths of businesses in the state. A third explores the relationship between oil and gas prices and North Dakota-based employment in that industry. In Washington, the state is conducting analysis of extended unemployment claimants to identify what services might have helped exhaustees and what needs to be done in an extended claim status to keep individuals engaged in the system.

In Wisconsin, the state is supporting attainment of the *National Career Readiness Certification,* which documents math, reading, and information location skills. State workforce agency staff and local programs have been promoting recognition of the certificate in the employer community.

Findings reported in NASWA's survey also indicate that Recovery Act RES funds are being used for enhancements to assessment systems, information technology, and infrastructure. Sixty percent of state workforce administrators reported that Recovery Act RES funds were being used to integrate and improve communication and/or data transfer of UI claimant data between the UI information system and the One-Stop or Wagner-Peyser information system. Almost half (49%) were integrating LMI into strategic decision-making.

Two states visited by researchers leveraged other funding to enhance Reemployment Services technology and labor market information systems. Colorado used non-RES discretionary funds to purchase *WorkKeys* for RES, WIA, and ES customers. Nevada used UI Administrative funds to upgrade interactive voice response phone systems to remind customers of appointments and required activities, and follow-up on job referral results.

F. Staffing for Reemployment Services through the Recovery Act

Thirteen states visited by researchers reported that Recovery Act RES funds were used to hire staff (AZ, IL, LA, MT, NV, NY, ND, OH, TX, VA, WA, WI, and TX). The majority of these staff was hired as temporary employees, as Recovery Act funds for staffing end on, and payroll cannot be obligated after, September 30, 2010.[23] Texas reported that all of its RES Recovery Act funds were used to hire 325 temporary employees providing services to UI claimants. Illinois added 53 intermittent staff to run Reemployment Services. Intermittent workers in Illinois are limited by a collective bargaining agreement to 1,500 hours per year, with the possibility to move into a permanent position if one should open up. Nevada hired both temporary and permanent RES staff using Recovery Act RES funds. Pennsylvania used UI Recovery Act funds to hire 50 permanent staff to provide RES in One-Stop centers.

Several states indicated that staffing was a significant challenge due to state and local government hiring freezes, bureaucratic civil service systems, need for staff training, and temporary status positions. Arizona, for example, had to request critical needs waivers from the state's Department of Administration to spend Recovery Act funds on RES and other staff,

[23] RES services other than labor exchange services, e.g., case management, can be delivered through contracts. If the contract was in place by September 30, 2010, RES services provided through such contracts can be provided through June 30, 2011, when all RES funds must be expended.

adding about one month to the hiring process. Hiring temporary Recovery Act staff was also difficult in Washington given the state's existing civil service system and ongoing hiring freeze. Washington officials further reported that there has been significant turnover in these temporary positions, some of which are no longer being refilled. Despite the challenges, states consistently reported that the staff members hired were high-quality candidates, and a number have been hired into permanent ES or other workforce positions.

Findings from the site visits are also reflected in the findings from NASWA's RES Survey. Twenty-seven of the surveyed states reported that Recovery Act RES funds were used to hire RES staff, the majority of which were hired on a temporary basis. In Minnesota, the state legislature prohibited the use of Recovery Act RES funds for anything other than staff for One-Stop Centers. Five surveyed states (IA, MS, NE, OK, and WV) report that all RES staff hired under the Recovery Act will become permanent employees.

G. Major RES Recovery Act Accomplishments

Many of the states visited by researchers (AZ, CO, FL, IL, OH, and WI) included RES activities among their major achievements under the Recovery Act. In Arizona, Recovery Act funds allowed the state to launch a new RES program across the state, including three dedicated reemployment centers in counties with significant unemployment. Colorado noted that its efforts under the Recovery Act have helped bring the UI and workforce systems closer together; staff on both sides is more knowledgeable about the other's programs and more willing to collaborate. Florida officials also viewed their RES program as an accomplishment, particularly the new emphasis on intensive staff-assisted services. Illinois successfully re-launched its RES program, last offered in 2005, with Recovery Act funding.

In Ohio, with local workforce agencies facing budget cuts and hiring freezes, the additional Wagner-Peyser and RES Recovery Act funding enabled the state to bring on 100 intermittent (temporary, full-time) staff, which have been deployed in One-Stops across the state to handle burgeoning numbers of customers. This additional funding also helped to expand the numbers of RES orientation sessions and one-on-one case management services available to UI claimants.

One of the biggest accomplishments in the Wisconsin workforce system that has resulted from the Recovery Act is that there has been a substantial expansion in RES services. Wagner-Peyser Recovery Act funds ($7.2 million) and UI Recovery Act administrative funding ($3.6 million) – for a total of nearly $11 million – were used to expand and fundamentally change the way in which UI claimants are served by the One-Stop system. State officials noted that the Recovery Act provided the resources needed to re-engineer and make fundamental changes to the way in which RES is provided for UI claimants. Wisconsin's *Career Pathways* model, developed several years ago through a Joyce Foundation grant, is now being applied to UI claimants with Recovery Act RES funds.

These findings are echoed in NASWA's survey. Almost half of the survey respondents (46%) reported that their state's RES program or the UI/Workforce system partnership in their state was an achievement of the Recovery Act implementation. Only 27% of those states, however, reported that their achievements in RES were sustainable.

H. Next Steps and Post-Recovery Act Priorities

Recovery Act funding must be obligated by September 30, 2010 and fully spent by June 30, 2011. A key issue explored during state site visits concerned what the states expect will

happen to their RES programs when Recovery Act funds are fully spent. In ten of the 16 states visited (CO, FL, IL, NV, MT, ND, OH, TX, VA, and WI), administrators expect that RES programs and staffing will be cut. Eight of those indicated that cuts would likely be to pre-Recovery Act levels. Washington state was still analyzing its options at the time of the site visit (March 2010).

North Dakota launched an Intensive Reemployment Project with Recovery Act funding in spring 2010. The project includes staff training and an updated web page. The state is also exploring contracted language translation services for reemployment participants. Enhancements currently under development will allow North Dakota RES staff to tailor services to claimants based on individual needs identified during the assessment process.

In Pennsylvania and New York, RES programs will continue to operate after the Recovery Act, as both states provide state funds for RES. New York's contribution to the RES program is funded through UI employer taxes, while Pennsylvania's contribution is funded through non-Recovery Act state funds.

Arizona is the only state to indicate that it plans to sustain its new service and staffing levels beyond the Recovery Act period. Arizona has sufficient Wagner-Peyser formula funds to continue its RES program for at least one more year. Nevada also plans to continue its RES program though likely on a smaller scale once the Recovery Act funds expire. Nevada officials believe that "the annual savings to Nevada's Trust Fund have demonstrated that assisting UI claimants with their reemployment efforts has been beneficial to both Nevada's employer community and those claimants who need assistance finding employment."

CHAPTER VI

TRADE ADJUSTMENT ASSISTANCE PROGRAM

The Recovery Act substantially altered the nation's Trade Adjustment Assistance (TAA) program by including the provisions of the Trade and Globalization Adjustment Assistance Act (TGAAA). Since the Trade Act of 1974, TAA has provided a range of benefits and employment services to workers who lose their jobs due to foreign competition or imports. The primary services are: 1) monthly cash benefits similar to, and coordinated with, UI; 2) access to employment and training services; and 3) other services and benefits including relocation assistance and a tax credit to cover costs of health insurance. Over the years, Congress has modified TAA several times, often in response to changing economic conditions.[24]

The trade provisions in the TGAAA of the Recovery Act represent the latest reforms to TAA. In addition to some changes to the technical provisions governing determining eligibility and approving employers for TAA, several important programmatic changes were made that expanded eligibility and increased benefits:

- *More employers are eligible for TAA.* The employers in which workers are eligible for TAA was expanded to include service sector companies, public agencies, and workers whose jobs were off-shored to any country. Previously, eligibility was more targeted on specific trade-affected jobs losses, mainly in the manufacturing sector.

- *Expanded reemployment services.* There is more funding and emphasis on services to help workers become reemployed, including assessment, testing, counseling, and early employment assistance.

- *More emphasis on training.* The emphasis on and funding for job training was greatly expanded, and workers are given a longer time (26 weeks after layoff) to begin training. Workers in training can also receive TAA payments for a longer period: 136 weeks, and

[24] ETA issued new guidance for the TAA program in TEGL 22-08, dated May 15, 2009.

156 weeks if they are in remedial education. Training can be either full-time or part-time. Previously the training period was 104 weeks and 130 for remedial education, and the training supported by TAA had to be full-time.

- *Higher subsidy for health insurance.* The Health Coverage Tax Credit for workers was increased from 65% to 80% of their monthly insurance premium costs.

The new TAA provisions went into effect in May 2009. Workers and employers in companies whose TAA petitions are approved after May 17, 2009 are subject to the new rules. Firms and workers who qualified under the previous law continue to receive benefits under the old rules, with the exception of the expanded Health Coverage Tax Credit, which applies to all participants. Thus, states are required to manage the program under two sets of rules because some ongoing participants are subject to the old rules, while employers and workers approved after May 17, 2009 fall under the new law.

This chapter synthesizes findings from site visits conducted in 16 states between December 2009 and June 2010, with respect to how the new TAA provisions have been implemented. The following issues related to the new provisions are covered in this chapter: (1) administrative changes made to implement the new provisions; (2) changes in the number and types of employers and workers participating in TAA, (3) changes in the types of services and training individuals receive, and (3) accomplishments and challenges in implementing the TAA changes.

A. Administrative Changes for Implementing the TAA Provisions

A number of important changes in the TAA provisions required states to modify policies, procedures related to eligibility, services, and operations. Before discussing state implementation of the eligibility and services changes, two administrative issues of particular

significance are briefly summarized, as state agencies devoted considerable time and resources to them in 2009 and 2010: (1) reprogramming information technology and data systems to track both the old program and the new program; and (2) ensuring compliance with the federal regulations requiring state merit system personnel to deliver TAA benefits and services.

1. Reprogramming Data Systems

In all the states visited, administrators described the extensive data system reprogramming required to meet new TAA program reporting and cost accounting regulations. A few of the states (all with very small programs) were still in the process of modifying systems, but the vast majority (80 percent) of states studied had completed necessary reprogramming by the time of the fieldwork. In fact, as noted below, successfully making the administrative data system changes for TAA was often mentioned by state workforce agency administrators as one of their greatest accomplishments in implementing all the changes required by the Recovery Act.

However, while the reprogramming has been successfully completed, administrators and staff spoke of the enormity of that task. In every state, administrators explained that the short timeframe allowed for implementing the TAA rules was compounded because federal reporting guidelines were not issued until July 2009, one month after the first enrollments began under the new rules, and only a few weeks before the first new quarterly reports were to be submitted to the federal government. The most burdensome TAA reporting and data systems changes mentioned are:

- The need to report accrued training expenditures per participant per quarter is considered burdensome.
- Systems had to be reprogrammed to accurately record and track individuals enrolling and receiving services under the old rules and those subject to the new rules.
- Data systems for the dual programs have to be maintained for several years because workers under the old rules may still have a period of eligibility for training.

- The number of records and data fields in the data systems has greatly increased. For example, states must now report data on applicants as well as participants and exiters (under the old rules, only exiters were reported). In one state, this reportedly increased the number of individuals in each quarterly data file about 30-fold, from 1,200 exiters to about 30,000 applicants, participants, and exiters. Similarly, states now have to track cumulative trade readjustment allowances (TRA) payments over time, rather than just the payment amounts at each point in time.

Although the reprogramming has been accomplished, some of the programmatic changes that were the subject of that reprogramming may continue to cause operational problems, as noted more in the following sections. For example, administrators and staff noted the challenges in having to track and report on two programs; explain two sets of rules to staff, employers and workers; and reconcile costs associated with the old and new rules.

2. Merit Staff Rule

The second TAA administrative issue that is significant in some states concerns the recent ETA regulation requiring that personnel providing TAA benefits and services must be state staff covered by formal merit system policies. In the explanations and guidelines issued by ETA, federal officials explain that this is not really a new requirement, but a reinstatement of the long-standing rule in effect between 1975 and 2005, when the requirement was lifted. The rationale for reinstating the rule is that staff is representing the federal government in determination of eligibility for cash benefits and related services (as with UI) and that "the use of [these] public funds require that decisions be made in the best interest of the public and of the population to be served. By requiring merit staffing, the Department seeks to ensure that benefit

decisions and services are provided in the most consistent, efficient, accountable, and transparent way."[25]

Two exceptions to the merit staff rule are allowed. Three states already operate demonstrations approved by USDOL which allow local merit staff to carry out Wagner-Peyser activities (Colorado, Massachusetts, and Michigan) and that authority will also apply to TAA. A second exception is a bit more nuanced, namely that staff in partner agencies and programs, including WIA, may provide services to TAA participants, provided there are appropriately integrated state policies and procedures in One-Stop Career Centers.

In the states included in this study, administrators are well aware of the reinstatement of the merit staff rule, and in most states there is little if any concern about the rule. Two states have the Wagner-Peyser merit staff waiver (Colorado and Michigan) and, in nearly all the other states, either state personnel already carry out TAA activities or the state has policies in place that will essentially meet the ETA allowable variation on the rule because of cross-program services.

Some states are restructuring their merit staffing to better integrate services and allocate costs across programs, which would meet the federal regulations. In three states visited, though, (Illinois, Louisiana, and Texas) administrators are still in the process of revising state rules and restructuring systems to come into compliance, since in all three states many local office staff members who previously carried out some TAA activities were not state merit employees.

In Texas, over 90 percent of staff providing TAA services before the new law was non-merit. State personnel handle all eligibility determinations, TRA payments, and communicate

[25] U.S. Department of Labor, Employment and Training Administration, "Questions & Answers - Trade Adjustment Assistance Final Rule on Merit Staffing of State Administration and Allocation of Training Funds to States," https://www.dol.gov/regulations/taa-qa.htm (accessed July 1, 2010).

with employers about potentially eligible workers. However, local WIBs are responsible for service delivery as with WIA and other programs. A comprehensive state-local planning process is being followed to examine in detail whether WIA and TAA customer processing needs to be more integrated than it already is, and whether any other service delivery changes will be needed to comply by December 15, 2010, the implementation date set by ETA.

In Illinois, the state employment security agency manages TRA benefits and LWIBs administer TAA benefits and services, except in Chicago where the LWIB contracts out TAA to a nonprofit organization. State and local administrators are continuing to consider policy and service delivery changes that might be required to meet the merit staff rule.

In Louisiana, the state has established regional trade coordinators that work with local WIBs and One-Stops, and all applications are certified by these merit staff. In these three states, no final policies have been made as they await final ETA guidance, and there is continuing concern about how the merit staff rule will affect the TAA programs.

B. Changes in Employers and Workers in TAA

Perhaps the most important change introduced in the new law is the substantial expansion of eligibility for TAA, for both employers and workers. At the time of the site visits, the main message heard in the field was that while the numbers of employer petitions for TAA and the number of workers enrolled may be increasing (in some cases, substantially increasing), it seems that most of the increases are due to the recession, and only minimally due to the new eligibility provisions. There are some notable exceptions, as discussed below, and it is important to remember that the new changes had been in effect only a few months, so the early experiences may not necessarily reflect the long-term effects of the new provisions. There is reason to

believe that future activity may increase, at least in part because ETA is now clearing the backlog of petition applications that had accumulated over the past year.

1. Numbers of Employers and Workers in TAA

While the numbers of employer petitions and TAA worker enrollments have generally increased, there is great variation across states. It is somewhat difficult to compare participation trends over time and across states in part because federal reporting rules have changed. For example, before the new law, states had to report to ETA the number of individuals who exit the TAA program, but not applications and enrollments. Some states in this field study were able to provide more detailed information, though, which, when combined with the statistics in the federal reports, suggests the following general patterns. More than half the states visited have experienced at least a 50 percent increase in petitions and active participant enrolments, but there is considerable variation across states—see Exhibit VI-1. Included in the group of states that has experienced the most substantial increases are four states that report their participants have more than doubled since 2007 (Florida, Ohio, Texas, and Virginia), and seven states where petitions have more than doubled (Florida, Michigan, Ohio, Virginia, and Wisconsin and two states with smaller programs, Montana and North Dakota). To give a sense of the scale, in Ohio, petitions increased from about 85 in 2007 to over 300 between May 2009 and May 2010, when several thousand individuals were reportedly active in TAA (including 1,700 from one GM plant alone). In Texas, the number of TAA participants being served increased from about 3,000 to over 6,500. In Montana, a small state, the number of petitions rose from 6 in 2007 to 30 in the first twelve months of the new program; while in two other small programs (Nevada and Arizona) there has been little or no change in activity.

Exhibit VI-1: Percent of Study States Visited Where Administrators Reported Increased TAA Activity in the First Year After Enactment of the Recovery Act

Reported Change Compared to Prior Years	Number of TAA Petitions	Number of TAA Participants Enrolled
Small or no change (< 10%)	10% of states	10% of states
Moderate increase (~10%-50%)	40% of states	40% of states
Substantial increase (~50%-200%)	50% of states	50% of states

State and local administrators sense these increases in petitions and enrollments primarily reflect the continuing economic recession, and little of the increases can yet be attributed to the changes in the law. But they also note that this could change in the coming year for various reasons. Administrators in several large states, including New York, expect to see the petition numbers increase in 2010. Administrators in nearly all states also explained that once ETA clears the current backlog of petitions, the number certified will also increase, as will the number of workers from the certified employers. (At the time of the fieldwork, state officials indicated on average it was taking 9-10 months for a decision on petitions.)

Part of the increase in TAA in some states, however, also reflects new concentrated efforts to market the new rules to employers. A few states are developing marketing and public information campaigns to reach out to potentially eligible workers and employers. Florida, for example uses its data system to generate phone calls to specific employers [see box].

State TAA Outreach Effort: Florida Marketing to Firms

To build its capacity to reach more TAA-eligible firms, the state purchased a module from Geo Solutions, the vendor that developed the Employ Florida Marketplace (EFM) integrated Labor Market Information and Job Matching program. The module generates lists for biweekly calls to firms that may be likely to petition or that already have petitioned, to make them aware of TAA services for firms and workers.

2. Types of Employers and Workers

There is some indication that part of the increase may more directly reflect the changes in the statute, particularly the expansion of sectors eligible for TAA, which may be changing the mix of employers and workers in TAA. In general, there is little evidence in the first year of implementation that the increases in petitions are disproportionately from employers in the newly eligible sectors. However, in some states, there is an indication that service sector petitions and workers in those sectors are increasing in the TAA program. In Florida, for example, which has experienced a very large increase in TAA activity, administrators report that about one-third of TAA participants in 2010 are from the new sectors. In Wisconsin, there are 120 new petitions from service firms, and about 15 percent of all certifications are now from the services sector. In Illinois, nearly 2,000 service sector workers from 42 certified locations are receiving TAA benefits and services. And in Montana, where past activity came mainly from timber, transportation, and related industries, the expanded eligibility to service sector firms, along with the recession, has led to many more petitions and interest from firms than in the past, and an increase in the number of workers being actively served (700 in Kalispell alone). In contrast, in Pennsylvania, administrators indicate there are no service sector petitions yet, but state officials expect there will be and also note that some firms that have filed petitions may be mixed-sector (e.g., pharmaceutical companies). Officials in several other states noted that there are reports of some firms "switching" their sector of record specifically to qualify for TAA. In any case, it may be too soon to know the effect of the expanded sector eligibility on petitions, but there is some evidence in some (but not all) states that service sector petitions are increasing.

In terms of the characteristics of workers in TAA, there is less evidence that this has changed due to the new law. A number of administrators report that the education level of TAA

enrollees is somewhat higher than in the past in states where service sector and government petitions have been certified. But in most states, administrators and staff report that the types of workers have not changed since the new TAA rules went into effect.

C. Changes in TAA Services

In many states, it is still too soon to determine precisely how services and training have changed under the new rules. However, there are some emerging patterns in the first year of implementation regarding two categories of services: (1) more counseling, assessment, and case management; and (2) more emphasis on training.

1. Counseling, Assessment, and Case Management

Given the emphasis on counseling and assessment and the legislative change that allows TAA funds to be used for these services, it is not surprising that in nearly every state visited, there is indeed more focus on these activities. There is also more emphasis on case management as required, but some ongoing confusion about what exactly counts as case management for TAA cost accounting purposes. Many states are reporting that they are starting the counseling and assessment process earlier, and a number are using new assessment and case management software technology or expanding what they already had for other programs to include TAA.

The new law also emphasizes counseling and assessment services up front to "threatened workers." Some states, like Illinois, are actively seeking lists of such workers to notify them of the benefits of the TAA program, but staff explains that such efforts are very challenging because it is difficult to get an accurate list of these workers. The plan is that they will be engaged sooner and provided with one of the several case management activities required in

TAA, including testing, assessment, developing an Individual Employment Plan, and employment counseling.

Even in states where there is little or no increase in the number receiving assessment and counseling, there is evidence that the new TAA changes have had the indirect effect of increasing overall counseling and assessment for the entire workforce system. This has occurred in large part because many states had been using other sources of funds (mainly WIA-Dislocated Worker and Wagner-Peyser funds) to pay for counseling and assessment, case management, and support services for TAA participants. Many staff and administrators explained that one of the main reasons they co-enrolled individuals into TAA and WIA-Dislocated Worker was to provide the TAA clients with counseling and assessment. The new rules mean that agencies can now distribute the costs across programs for individuals enrolled in multiple programs to more accurately reflect the costs of services. And the end result is that a larger number of individuals in total (across programs) are receiving testing, assessment, and counseling. [See box]

Counseling, Assessment, and Case Management in TAA: Perspective of One Administrator

"We always provided case management and related services [to TAA clients], and our standard expectation is that folks are co-enrolled as Dislocated Workers. It's great that funding is now set aside for case management in TAA…this has been a big change. We didn't want to continue to rob Dislocated Workers to pay for case management for TAA clients. It's allowed us to do a better job for TAA and to serve more Dislocated Workers."

Administrators in several states asserted the new TAA rules have had a secondary effect of allowing the state agency to streamline and improve service delivery systems, such as assessment and case management, but also to improve their administrative and technology

resources to support service delivery. This includes, for example, expanding the use of testing and assessment software and allowing the enhancements to integrated data systems that had already been underway but had not included TAA:

- Wisconsin enhanced its TAA intake and assessment process, including expanding its use of *WorkKeys* and *KeyTrain* for TAA participants, which leads to *National Career Readiness Certification*.

- Virginia improved its internet-based Labor Market Information/case management system already used in Wagner-Peyser and WIA programs to also include TAA and UI.

A few state administrators noted that even with the new TAA rules that allow the program funds to cover assessment and case management, the total amount of funding for these services across all programs is inadequate. One also suggested that ETA might revise the current allocation of funds for case management ($350,000 to each state) more equitably since some states have very high program levels and others have minimal programs. The interest in case management is especially high in nearly all states visited, although several administrators and staff said there is still confusion about what exactly can be counted as case management for reporting purposes. Given the expanding interest, states are looking for guidance in this area.

2. Training

In the states included in this study, administrators report that there has been an increase in the number of TAA participants entering training, including more who are in training of six months or longer. However, administrators are careful to note that most of the increase is consistent with the fact that the entire workforce investment system, including WIA, has also increased the emphasis on training, and that customer interest in training tends to increase during periods of high unemployment. They caution that it is not clear if the increase in training in

TAA (where it exists) is due to the changes in TAA (e.g., allowing longer term training and allowing a longer time to initiate training).

There are a few issues related to training in TAA that are important to note. First, there is considerable variation in the types of training providers TAA participants can access to enroll in training, and in the maximum tuition that will be allowed. The new law not only allows a longer period of training, the training providers and institutions do not have to be limited to those on the state's Eligible Training Provider List (ETPL), and there is no specific cap on the cost of training per participant. States have discretion, which leads to variation across the study sites. In some states, such as Arizona and Florida, TAA and WIA training use the ETPL established for WIA, usually allowing individuals to request to enroll in programs of providers not on the list. Most states visited, though, including Nevada, Texas, and Washington, do not limit TAA training to the ETPL. There is also variation in terms of the amount of tuition that can be covered by TAA; Washington State has a cap of $22,000-$25,000 (it was $12,000-$16,000 under the old rules), while Florida has no cap.

Second, the delay in processing petition decisions at the national level is having an unintended and negative effect on training. The new rules allow and encourage programs to begin to work with participants as soon as possible and to encourage them to enroll in training. The new rules also allow TAA customers to obtain longer-term training, and they have a longer period of time after they are laid off to begin that training. However, during the transition to the new rules, approval of the petitions at the national office is taking several months (it was taking as long as 12 months, but by mid-2010 was averaging about 7 months). This means that individuals who exhaust UI benefits and then (once certified) begin receiving TRA and perhaps have begun long-term training, might exhaust their combined UI and TRA weeks of benefits

before they complete their training programs. No cases have yet been in this situation, but several administrators and staff noted their concerns.

Unintended Effects on Training of Delays in Approving Petitions:

State Concern

"[We are worried that] the delay in petition approvals, along with the natural inclination of some trade-affected workers to delay their decisions to enter training, will mean that some workers will run out of TRA benefits before they finish the training. They can run through their UI, which counts against their TRA weeks while their company's petition is being approved, and then they might delay starting a program. The result could be that a TAA participant might run out of TRA also and still have 6 months or a year to go in their program.

A third issue concerns the interest in training. While the emphasis and priority on training, especially long-term training, has increased in about two-thirds of the states visited, there is little evidence that there have been any changes in the level or length of training by TAA participants. In some of these states, the numbers in training have increased, but staff feels that parallels the total number in TAA, not an increase in the percentage that enter training. There is also no evidence that the duration of training they are entering is longer than in the past. In general, the length of training is about the same as before the TAA rule changes (averaging 6 months to 2 years). Staff suggests this is partly because of continuing low interest in long-term training. Some states are beginning to ramp up on-the-job training (OJT) for TAA, and there may be more interest in this option. Again, it is too soon to know whether the new rules will result in a higher proportion of TAA participants entering long-term training.

In the other third of states visited, there is some evidence that training is increasing and that of those who are going into training, more are choosing long-term training. Pennsylvania, for example, has over 4,000 in training, and two-thirds of them are in long-term programs taking

over 6 months to complete. In Montana, officials indicate that most TAA participants are entering training, and that over two-thirds of them are in long-term training, with many "…taking advantage of what they perceive to be a once-in-a-lifetime opportunity." The story is similar in Florida, where state and local administrators indicate that training is increasing and most in training are in long-term programs (9-24 months usually). And the pattern is generally similar in Washington State, where officials further explain though that there is great variation by region (since LWIBs have discretion on many issues) and by type of worker. Workers in mining and timber, for example, are less interested in pursuing training or education than workers from services sectors.

Thus, it is still too soon to know the exact effect of the new law on training and long-term training. In most states there is no major difference in training rates or types of training than in the past, but in a number of states there is a clear trend toward more training. And when there is more training, the tendency is for individuals to enroll in longer-term training than in the past. The trend will be clearer in the next two to three years as the new rules are fully implemented.

D. Accomplishments and Challenges

Both the number of employers petitioning for TAA and the number of workers enrolled in TAA have increased considerably among the study states. In about half the states, the activity levels are up substantially, and in several states the numbers of petitions and participants have more than doubled over the past two years. State and local administrators and staff feel that most of the increase is due to the economic recession and a small part, in some states, may reflect the changes introduced in the 2009 legislative amendments. In general, state administrators feel that

their greatest accomplishment has been handling the large workload increase in TAA, as in other workforce investment programs, much of which they attribute to the recession.

They also point out that implementing the TAA changes in the law over a very short period of time was a major accomplishment. The President signed the law in February 2009, and the first workers became eligible in May. The major effort for state agencies was to reprogram the data systems to accommodate the new changes for both determining eligibility and providing services and for complying with federal program and cost accounting reporting. This was a huge effort, made more challenging because states did not receive regulations and guidelines until after the first individuals and employers became eligible under the new rules. And both the data systems and reporting procedures had to be revamped to allow the parallel technology to be maintained and used for several years into the future. In nearly every state visited, the reprogramming has been accomplished; a few states with small programs are still refining their systems.

Despite the monumental reprogramming achievements, though, the same changes that had to be programmed also represent the most significant challenges state continue to face in implementing the new TAA law. Two separate programs have to be maintained in tandem—one for those subject to the new law (those who entered the program after May 2009) and one for those subject to the old law, many of whom will be eligible to continue with services for at least two or three more years. There continues to be uncertainty about some issues that affect the programs, including how to define and allocate case management costs, alternative structures that can meet the merit staff rule, and reaching the potential pool of employers and workers eligible for TAA to ensure they are aware of the services for which they are eligible.

Administrators in a number of states indicated they were awaiting final guidelines from ETA before formalizing new policies and operational procedures.

CHAPTER VII

OTHER RELATED INITIATIVES: LABOR MARKET INFORMATION (LMI), GREEN JOBS, AND SUBSIDIZED EMPLOYMENT

The Recovery Act affected many aspects of the workforce investment system. This section summarizes provisions that were separate from but interacted with the Act's provisions for WIA, Wagner-Peyser, TAA, and UI programs in at least some of the states included in this study. The three areas discussed here are: (1) labor market information (LMI) improvements, (2) Green Jobs initiatives, and (3) implementation of the subsidized employment programs authorized under the TANF Emergency Fund. The Recovery Act included provisions related to all three, and this chapter summarizes the main issues involved in these three areas in relation to the primary workforce development programs in the states included in the site visits and discussed in previous chapters.

A. Labor Market Information Systems Improvements

The Recovery Act, along with funding for the formula programs, provided either new resources or new motivation to improve, expand, or upgrade automated labor market information systems in many of the study states. A major motivation for the Recovery Act initiatives around LMI was to encourage states to upgrade their LMI systems and improve their overall workforce investment systems to better incorporate emerging or expanding green jobs occupations and industries related to renewable energy and energy efficiency. State Labor Market Improvement Grants funded by the Recovery Act were awarded to individual states and consortia of states to enhance and upgrade their LMI infrastructure in various ways as well as to improve the technology. Nearly all states included in this study received LMI grant funding in 2009. In

addition to the Recovery Act LMI grants, most states have been improving their automated information systems used for program management, job matching, and case management, using regular annual LMI grants as well as WIA and Wagner-Peyser funds.

Based on discussions with administrators and staff in the study states, several points can be made about green jobs efforts in the Recovery Act period. First, the 2009 LMI grants are being primarily used, as intended, to support research and analysis necessary for defining green jobs occupations, establishing a baseline number of current green jobs in the state, and upgrading forecasting models to project future demand for workers in green jobs. About one-third of the state workforce development agencies of the states in the sample are sponsoring surveys of green jobs, engaging in statistical analysis to develop or upgrade forecasting models, and/or conducting other research to define occupations and skills needed to integrate information on these jobs into existing LMI systems (Colorado, Illinois, Michigan, Montana, Ohio, Pennsylvania, and Washington). Michigan, for example, has conducted green jobs surveys, developed the Michigan Green Jobs Report, and is sponsoring a major conference on emerging green jobs and skills required of workers in the jobs. Louisiana and Illinois intend to conduct research and analysis to improve their LMI systems, including new forecasting analysis for Louisiana done by Louisiana State University researchers. However, at the time of the state visits, these efforts were still in the planning stages. Other states, such as Arizona, had intended to carry out research and analysis, but because of serious resource constraints including hiring freezes and an inability to obtain legislative approval, those plans have been delayed or placed on hold.

Second, many states already had fairly sophisticated LMI systems due to the high federal and state investment in this area over the past decades (e.g. Texas, Florida, Wisconsin, Ohio, New York, Michigan). In general, administrators in many of these states indicated that little if

any Recovery Act or LMI grant funds are being used to improve the hardware or technology of those systems; in fact, Texas and Wisconsin are not receiving any funds under the 2009 LMI grants.

However, in several of these advanced LMI states, there are some notable examples of IT enhancements related to program services and management systems that are being made with Recovery Act funds or had been planned prior to the Recovery Act. In several states, improvements are now being accelerated because available resources have allowed investments in one-time upgrades, particularly for improving two-way job matching and integrating more programs into a single system. Some examples of these efforts are:

- Washington State is integrating green jobs components into its SKIES system, upgrading the link to UI systems, and upgrading data access and quality control procedures to allow businesses expanded job matching queries.

- Virginia has integrated TAA and UI into the Virginia Labor Market Connection web-based LMI/job matching/case management system already used for WIA and Wagner-Peyser.

- Wisconsin continues its ongoing improvements to link green jobs information with their LMI system and refine the online resume module for job matching.

- Florida, which also has an integrated LMI/case management system, used Recovery Act funds to increase its available bandwidth and storage capacity, refine two-way job matching, and integrate real-time LMI tools line staff can use in counseling customers.

- New York State received funds under three LMI Improvement Grants, participating in two multi-state consortia to develop forecasting methodologies and real-time supply and demand modules for green jobs and the skills required for the jobs.

Several staff and administrators noted that such upgrades in the LMI systems are especially important now because many more higher-skilled customers are unemployed and seeking employment services than in the past. Having more sophisticated LMI tools allows the workforce investment system to better serve these customers.

Along with the LMI improvements being made in nearly every state, several administrators discussed constraints that have affected some planned LMI-related initiatives. For example, a state hiring freeze in Arizona led the state workforce agency to revise its plan for conducting in-house most of the analysis to improve projections. And North Dakota had been notified by ETA that the state could receive an LMI green jobs grant, but the legislature voted not to accept the grant.

In summary, nearly every state in this study has made improvements in LMI systems to support services in workforce investment programs, such as career counseling, occupational assessment, case management, and job matching. And most states report making substantial progress in defining and incorporating occupational information on green jobs into their LMI systems.

B. Green Jobs Initiatives

The national priority on energy efficiency and renewable energy sectors was reflected in the Recovery Act provisions that specifically authorized funds to develop the green jobs workforce. Over the past few years, the federal government has placed a high priority on increasing the number of workers who have the skills needed for various high demand occupations and industries, and green jobs are among the highest priority for industry-focused training. A number of ETA grant programs have been established to fund the development and implementation of skills training for jobs in these emerging and growing sectors. The main grant programs authorized in the Recovery Act that can be used to develop or expand green jobs training include:

- *State Energy Sector Partnership and Training Grants* ($190 million in 2010) for state workforce boards to establish partnerships to develop workforce strategies targeted to energy efficiency and renewable energy industries.

- *Energy Training Partnership Grants* ($100 million in 2009) for cross-agency partnerships to develop training and employment programs for individuals affected by the broader energy and economic situation, including workers formerly in the automotive sector.

- *Green Capacity Building Grants* ($5 million in 2009) to existing USDOL grantees for local green jobs training programs.

- *Pathways Out of Poverty Grants* ($150 million in 2009) for local programs and local affiliates of national organizations to expand training and employment services for-low income individuals to move into expanding energy efficiency and renewable energy jobs.

In all but one of the 16 study states, some funding was received under one or more of these grants programs (the exception is North Dakota). Over half of the state workforce agencies visited had received State Energy Sector Partnership and Training Grants, and in most states, some local WIBs or community-based organizations received Green Capacity Building or Pathways grants. Several national grantees also served areas in some of the study states, for example, grants to industry organizations such as the International Training Institute for Sheet Metal and Air Conditioning, and nonprofit entities with local affiliates like Goodwill Industries and SER-Jobs for Progress. Several states are using the LMI and Energy grants to develop or expand comprehensive integrated state energy workforce strategies (Arizona, Illinois, Nevada, and Florida).

A number of states are implementing major green jobs initiatives using a variety of federal grants and, in many places, WIA and state funds. It was not possible to visit every green jobs training program in the study states, and in some cases the programs were just beginning at the time of the fieldwork. However, interviews with state and local administrators and staff indicate that at least half of the states in this study have major statewide initiatives related to the

green jobs economy, and the Recovery Act funds are being leveraged to support and expand those initiatives. A few examples that illustrate how Recovery Act funds are being used for different green jobs efforts include the following:

- Montana is using federal Energy Training Partnership and LMI grants to expand the state's green economy efforts, particularly related to renewable energy. The effort started before the Recovery Act with WIRED grants and state funds. Montana was successful in its application for the Energy Training Partnership discretionary grant, which was developed with state Joint Apprenticeship and Training Committees representing 10 trades and will be used to prepare workers for green jobs in renewable energy and energy efficiency. Montana also led the consortium of six other western states in applying for a labor market information improvement grant that will be used to develop models to capture employer demand for renewable energy jobs and skills required.

- Wisconsin has set green jobs training as a priority for training under WIA for the Adult, Dislocated Worker, and Youth programs. State Energy Grant funds along with WIA funds and Governor's WIA discretionary funds are being used, for example, to expand apprenticeship and pre-apprenticeship training programs as part of a statewide strategy established by the Governor.

- Ohio has a statewide focus on green jobs, particularly for youth, and is using the LMI and State Energy Grants to promote an integrated strategy, including establishing the Recovery Conservation Corps. The state agency is also encouraging and supporting collaborations between local WIBs and Energy Partnership Grants in the state, including several industry training and apprenticeship programs for youth and dislocated workers.

- Colorado is leveraging several funding sources for green jobs training as part of the state's high priority New Energy Economy initiative (e.g., WIA Adult, Youth, and Dislocated Worker, State Energy Grant, and Governor's discretionary funds). Recovery Act funds have been used to hire a state green jobs coordinator to facilitate cross-program partnerships and initiatives (e.g., workforce development, registered apprenticeship, economic development, and human services). Funds from several federal Recovery Act funds from ETA and the Department of Energy are being used to implement special projects (the Green Careers for Coloradans and the Denver Green Jobs Initiative).

- Pennsylvania is using various USDOL and Department of Energy grants plus state funds to strengthen its green jobs strategy begun several years earlier. The focus is on improving LMI, integrating green jobs information into case management, counseling with new tools, and establishing the Pennsylvania Center for Green Careers to coordinate research, planning, and training programs.

- Texas has an increasing emphasis on green jobs, particularly in the area of wind power, and the state workforce agency is supporting several industry training partnerships with Governor's discretionary funds as well as Recovery Act funds and grants.

- New York has placed very high priority on supporting the state's green economy, making green jobs one of the three top sectoral priorities. There are at least 12 Pathways, Energy Capacity, and Energy Training Partnership grants in the state, in which the state workforce agency collaborates and leads multi-agency state initiatives. Investments in green jobs training are occurring across agencies (labor, human services, transportation, and education). These efforts include new green jobs websites and cross-departmental collaborative grant programs, which are funding local programs such as the Green Jobs Corps and providing training and subsidized employment in green industries (using TANF Emergency funding).

Recovery Act Funded Green Jobs Project: Michigan's Energy Conservation Apprenticeship Readiness Program (ECAR)

ECAR is an effort to prepare women, minorities, and economically disadvantaged individuals for apprenticeship positions, weatherization projects, and other green construction jobs. ECAR builds off the Road Construction Apprenticeship Readiness (RCAR) Program, which was an earlier pre-apprenticeship program providing tuition-paid fast-track customized training in job readiness skills, applied math, computer skills, blueprint reading, workplace safety, and construction trades. In addition to the 240-hour RCAR Program curriculum, the ECAR program has a 32-hour energy conservation awareness component that includes: training on lead, asbestos, and confined space awareness; mold remediation and safe working practices; principles of thermal insulation, geo-thermal energy, and solar energy; and principles of green construction. ECAR and RCAR both also offer supportive services, job placement assistance, and completion certificates.

- Michigan's prior Green Jobs priorities are being expanded by using the new LMI data for planning and also using Recovery Act funds for new initiatives such as the Energy Conservation Apprenticeship Readiness program for minorities, women, and the disadvantaged.

Some state staff raised concerns about the push for green jobs to lift the state's economy out of the downturn. While many believe it can be a viable long-term strategy, they do not see efforts to train and place customers in green jobs as an immediate solution to unemployment because there are few available jobs. Some state staff also mentioned the challenge of defining

green jobs, as what industries and occupations should be included in the definition can become a political issue.

Based on the state visits, it seems clear that green jobs are a high priority in nearly every state visited and that the Recovery Act funds, which include special grants, WIA supplemental funds, and Recovery Act funds from other agencies (e.g., Energy and HHS) are being used strategically to both develop statewide approaches and, more commonly, to enhance and expand state green jobs initiatives that had begun before the recession. In addition, many of the projects and initiatives are focusing on providing training and apprenticeship opportunities for dislocated workers (especially from the automotive and steel sectors), minorities, women (in nontraditional occupations) and low-income youth.

C. Subsidized Employment through the TANF Emergency Fund

The workforce investment system and the work programs associated with TANF have close linkages in some, but not all states. Recovery Act provisions for TANF, therefore, can also affect workforce agencies and local programs. One of the most significant Recovery Act provisions under TANF is the TANF Emergency Fund (EF). The scale of the program and its interaction with the workforce investment systems and the populations it may reach make it a central part of the story of the implementation of the Recovery Act. States are allowed to draw down up to 50 percent of the TANF block grant amount in Emergency Funds that can be used for three purposes: (1) to cover additional TANF benefit costs, (2) for one-time non-recurrent benefits, and (3) for subsidized employment. The subsidies are not limited to TANF recipients, but can be used to subsidize jobs for low-income parents with children under 18, with the states determining monetary eligibility requirements. Most states are using the same eligibility

requirements used for TANF services (aside from cash benefits), which is usually 200 percent or 225 percent of poverty.

Subsidized employment has been an allowable expenditure in TANF, but it was not a high priority at the federal or state levels because subsidized employment programs are usually cost-prohibitive. Thus, the Recovery Act guidelines and the amount of funds potentially available to states for subsidized employment created considerable interest. After enactment of the Recovery Act, states were encouraged to submit plans to the national TANF agency, the Administration on Children and Families (ACF) at the U.S. Department of Health and Human Services. States were required to submit their plans for TANF-EF subsidized employment to ACF for approval.

This is a rapidly evolving program. Subsidized employment programs are ramping up nationwide, and some states are implementing extremely large programs. Some states (e.g., New York and Florida) submitted plans in late 2009, but most states submitted plans in early to mid 2010. Much of the increased emphasis on TANF-EF subsidized employment occurred after January 2010 when joint guidance was issued to the field by ETA and ACF (TEGL 12-09). As of July 8, 2010, ACF had approved subsidized employment plans from 31 states, with potential expenditures ranging from $15,000 in Utah to over $190 million in Illinois. Fifteen of the 16 states in this study have been approved by ACF to operate TANF-EF subsidized employment programs.

When the researchers for this study were in the field, most states had not yet begun their TANF-EF subsidized employment programs. A few of the study states had begun the subsidized employment program, including Florida, Texas, and New York. Where the program was

operational, it was a high priority and the workforce investment system and One-Stop Career Centers usually played a major role. Other states were in the process of beginning the program:

- Illinois announced its program, "Put Illinois to Work," two weeks after our visit to the state. Potentially, Illinois may have the largest subsidized employment program in the nation, able to draw down over $194 million and planning to subsidize 15,000 jobs statewide by September 30, and by hiring for short periods (e.g., three months); each job slot might potentially be filled over time by more than one worker. (As of June 2010, the state reports that over 10,000 workers have been placed in short-term subsidized jobs.)[26] The initial enrollees into the program were individuals already enrolled in WIA. The program is administered statewide by Heartland Alliance, a large nonprofit agency with extensive experience operating Transitional Jobs programs particularly for ex offenders and homeless individuals. Many local WIBs and nonprofit program providers are subcontractors for the program.

- Pennsylvania Department of Labor and Industry administers the TANF-EF program and has issued the Request for Proposals from local WIBs interested in operating the program.

- New York Office of Temporary and Disability Assistance (OTDA) administers the state's TANF-EF program, with a collaborative role for the Department of Labor. Locally, several WIBs in New York, along with several nonprofit organizations, received OTDA grants for TANF-EF funded subsidized employment programs in early 2010.

- In Florida, the state workforce agency, the Agency for Workforce Innovation (AWI) administers the TANF work program and also is responsible for the TANF-EF subsidized employment program called Florida Back to Work. WIBs operate the program locally. Eligibility for Back to Work jobs extends to those up to 200 percent of poverty with a dependent child. The subsidy model is similar to on-the-job training, with 100 percent of the wage subsidized, for a length of time determined by the local One-Stop Center (usually through September 2010). Individuals can apply for the program online at the Department of Children and Families (DCF) website, and DCF does a quick screen for eligibility (income and dependent children), making a conditional determination if possible. If not possible, the individual is asked to go to the Back to Work unit at the local One-Stop Career Center where DCF and One-Stop staff will determine eligibility. All individuals are asked to attend an orientation at a One-Stop center, and center staff conducts an assessment to determine an appropriate type of job. Individuals are referred to employers who have signed up for the program, and the employer selects which participant to hire. There is an expectation that private sector

[26] Illinois Department of Human Services, Press Release, 6/23/2010, "Governor Quinn Calls on Employers to Sign Up at PutIllinoisToWork.Illinois.Gov."

employers will attempt to retain the person after the subsidy ends; public and non-profit employers do not have to make such a commitment.

Florida plans to have a total of 10,000 subsidized jobs by September 2010. AWI piloted the model in the fall of 2009, and the program was implemented statewide in January 2010. WIBs are marketing to and recruiting employers and as of May 2010, over 900 employers, mostly in the private sector, had signed up for the program. About 800 subsidized job placements had been made.

- The Texas Back to Work program was authorized by the legislature in 2009 to subsidize jobs for UI claimants who previously earned less than $15 per hour. In collaborating with the Texas Health and Human Services Commission to plan the TANF-EF subsidized employment program, the Texas Workforce Commission modified the Back to Work program to also serve as the TANF-EF subsidized employment program, allowing the state to provide assistance to additional low-income residents.

While it is too early to tell what the effect of the TANF-EF program will be on the employment of low-income individuals or in the workforce investment system, in the areas in which it is operating it is a very high priority. A few insights emerged from the visits to the study states as the new subsidized programs were beginning:

- In some states, the state workforce agencies have operational and administrative responsibility for the subsidized employment programs, as they do for TANF work programs. In states such as Florida, much of the responsibility for the success of the program falls to the workforce investment system. In several states, workforce development staff at the local level is carrying out this responsibility as instructed, but some confidentially raised concerns about whether enough employers will sign up to meet the goals set by the state agencies. Some staff resents having to shift priority to the new program when so many customers are seeking employment services in the local offices because of the recession.

- Many of the subsidy programs are similar to OJT. Some states, such as Illinois, have specifically incorporated provisions into the contracts whereby the employer agrees to provide some training. Some states, such as Illinois, have a cap on the wages that can be subsidized. In other states, the training may be implied but not in the contract *per se*, and there is no cap on the amount of the wage subsidy.

- In some states, such as Pennsylvania, the TANF-EF subsidized program is serving youth as well as adult participants by coordinating with the Summer Youth Program. A considerable amount of TANF-EF funds were used to supplement

> and expand the 2009 Summer Youth Program, and this also may occur in the summer of 2010.

No statistics are yet available on the scale of the programs, but according to administrators and staff in programs where the workforce development system is involved, the majority of individuals in TANF-EF funded subsidized jobs in 2009 were not TANF cash recipients; all were unemployed, and many were UI claimants or recent UI exhaustees. Some states have consciously made UI claimants the top priority for subsidized jobs, and staff noted off the record that it was considered a way to reduce the cost burden on the UI Trust Fund, even if it is only temporary.

CHAPTER VIII

CHALLENGES, ACCOMPLISHMENTS, AND NEXT STEPS

This chapter of the report summarizes, from the perspective of administrators and staff in the states studied, the most significant challenges and greatest achievements in implementing the Recovery Act workforce provisions to date. The chapter also discusses the next steps for the project. During the site visits, state officials were asked their views on their greatest overall challenges and accomplishments in dealing with the Recovery Act, as well as challenges and achievements for specific programs. The previous chapters summarized challenges and accomplishments for specific programs, and this chapter describes the challenges and accomplishments most frequently noted by states visited. The chapter concludes with a description of the next steps for the project.

A. Challenges

An important objective of the site visits involved identifying early challenges that states and local workforce areas encountered in planning and implementing Recovery Act requirements. During site visits, states and local workforce areas were asked to identify and discuss their greatest challenges (as well as major accomplishments) with respect to the Recovery Act. It is important to note that the challenges cited were encountered during approximately the first six to 12 months of implementing Recovery Act provisions (depending upon when the site visit was conducted). The most commonly cited challenges are listed in Exhibit VIII-1 below.

Exhibit VIII-1
Challenges Most Commonly Cited by States

Recovery Act reporting requirements
Funding issues
Staffing issues
Time issues
The bad economy

The most commonly cited challenge, mentioned by 14 of the 16 states visited, was *dealing with the Recovery Act reporting requirements*. Many of the comments by state workforce agencies focused on the fact that, with very little notice, they had to set up reports that were different from their regular reports in terms of schedule, and in some instances, content. The frequency of reporting -- monthly rather than quarterly – was also viewed by some states as burdensome. One state official indicated that reporting on jobs "saved" or "created" was difficult because it was difficult to know which jobs really fit into that category. Several state officials commented that they did not have enough time to complete the software programming to generate required reports; some of the initial definitions of data items were unclear to some states (Illinois and Montana), and at least in the case of TAA, states believe that ETA did not issue guidance sufficiently in advance of when the reports were due (Colorado, Michigan, and Ohio). Several of the specific concerns identified by states with regard to reporting are illustrated below:

- **Colorado.** Reporting on Recovery Act expenditures has proved to be burdensome for the state. The state workforce agency had to scramble to set up a separate set of financial reports to meet Recovery Act requirements. This was because the timing for Recovery Act reporting was not the same as for reporting on other expenditures. The fiscal period for the state workforce agency usually cuts off 10 days after the end of the quarter. However, for Recovery Act fiscal reporting, the state had to develop an expenditure

report for Recovery Act funds as of the last day of the month at quarter's end. This meant that the timing for producing the Recovery Act fiscal reports did not match with the timing of what the state normally uses for its regular reporting on other programs, such as the WIA programs. There was also not enough time to validate the data used to meet Recovery Act reporting requirements, as is normally the case with the regular reporting system. In addition, it was burdensome for the state to report on Recovery Act expenditures by county and Congressional district. The state had to move very quickly with existing IT staff to meet the Recovery Act reporting requirements. This effort was further complicated because guidance from ETA on reporting requirements came very late. For example, guidance on financial reporting was issued in mid-September and the report was due to USDOL about two weeks later (September 30th).

- **Ohio.** State workforce officials observed that guidance on reporting requirements was delayed and, in some cases, issued after reports were due to ETA. There were new data items to report on – in particular, there was quite a bit more burden to reporting on TAA. In addition, the state had to move quickly to make changes to its automated data systems to meet ETA reporting requirements. At times, IT resources were strained in making changes to systems to meet ETA requirements in a timely manner (especially for TAA).

- **Wisconsin.** The monthly reporting required under the Recovery Act meant double reporting for the state – continued reporting on its regular funds and separate reporting on Recovery Act activities, accomplishments (e.g., job creation), and expenditures. According to state officials, Recovery Act reporting differed somewhat from WIA Common Measures reporting – Recovery Act reporting was more process rather than outcome oriented – e.g., reporting on numbers served, services provided, and expenditures. In some instances, ETA provided last minute instructions on reporting requirements.

The next most frequently identified challenge with respect to the Recovery Act implementation was *funding issues*, mentioned by 10 of the 14 states visited. The specific challenges identified varied among the states. One state (Colorado) said that its procurement requirements led to delays in spending some of its Recovery Act funds. The state's workforce officials observed that the state's procurement process can be long and cumbersome and that trying to get Recovery Act funds out quickly and meeting procurement requirements can (in some cases) be a trial. Two states (Colorado and Florida) stated that they experienced difficulties spending Recovery Act funds because ETA adjusted their waivers and limited the amount by which they could transfer their WIA Dislocated Worker funds to the Adult program.

Many of the states visited expressed serious concerns about what would occur once the Recovery Act funds were spent. Some states mentioned that if customers were enrolled in long-term training, they might not be able to continue, or the following year's enrollment would drop dramatically. Even a state like North Dakota, with the lowest unemployment rate in the nation, was concerned about the "funding cliff." A common refrain across states was that it was likely demand for employment and training services would remain elevated for at least one year after Recovery Act funding was dissipated and that One-Stop Career Centers would not have sufficient staffing and funding to provide the training and other services needed by unemployed and underemployed customers (as is reflected in the following examples from site visits):

- **Louisiana.** State workforce officials are concerned about whether the program systems and processes that they have developed in whole or in part with Recovery Act funds will be continued once Recovery Act funds are exhausted. State and local programs may instead fall back on what they are comfortable with, and put less priority on some of the newer initiatives. Newer state priorities funded by the Recovery Act, such as employer-based training, OJT, summer youth employment, long-term training, and developmental education could be dropped. This is particularly true if the recession continues and top priority will have to be placed on processing UI claims and working with recently unemployed customers seeking assistance. Some local areas are concerned about whether they will have enough funds to continue standard workforce development services. A few, for example, are beginning to consider incorporating with another WIB. The 60 staff members hired as a result of the Recovery Act are all temporary employees, and state administrators doubt that they will be able to keep them. Recovery Act funds have postponed the staff reductions the state was going to have to make because of its shrinking WIA and Wagner-Peyser funding, but the increasing fiscal pressure in the state may now require more staff cuts.

- **Montana.** Montana's WIA allocations have fallen by more than half, from $15 million in PY 2000 to about $6 million by PY 2008. The additional WIA dollars received through the Recovery Act (almost $6 million for Adults, Dislocated Workers, and Youth), when added to the annual allocation, just began to approach earlier levels. Because of the large number of job losses in timber and related industries, Montana is expected to receive a 25 percent increase in WIA Dislocated Worker funding in the coming program year, though this will not come close to restoring funding to 2000 levels or keep pace with recession-related demands for service. Montana officials are particularly worried about having to "close the front door" to new registrants (whose numbers have yet to slow) as a larger percentage of

available funds will be needed to continue to support those already registered and receiving training (and who are staying in services longer than in the past). An official observed: "We're concerned about what happens come July 1, when we have folks currently enrolled in training and will have to carry them, which may mean we have to take fewer numbers at the front end."

- **Ohio.** From the beginning, state workforce officials feared that Recovery Act funding would be fully spent, but economic conditions would not turn around quickly enough in the state to dent very high unemployment rates experienced throughout the state. In addition, as state administrators look forward, they see that not only will Recovery Act funding end, but the state's allocation for formula funds (particularly for WIA-Dislocated Worker funds) the coming year will be cut. (WIA formula funds to the state have been cut from $140M in PY 2009 to $127M in PY 2010). There is a lot of concern that Recovery Act funding will run out, but there will still be surging unmet demand for employment and training services at many One-Stop Career Centers in the state.

The third most identified challenge with regard to the Recovery Act – mentioned in nine states – was *staffing issues*, particularly related to bringing on new staff and providing necessary training. For example, Louisiana workforce officials indicated that it was a challenge to train state and local staff on new procedures resulting from the Recovery Act, particularly because there was a change in state administration, which created gaps in the organization. One state indicated they had run into hurdles in bringing on new staff because of issues with the state human resources department. Several states indicated that hiring was slowed because of civil service hiring procedures at the state or local level (New York and Colorado experienced problems at the local level, and Virginia at the state level). Although not noted as a major challenge, Illinois could only hire intermittent staff for Wagner-Peyser positions (i.e., within the constraints of working no more than 1,500 hours per year). Finally, several states reported hiring freezes or staff furloughs that complicated efforts to bring on new staff – for example, Pennsylvania had a hiring freeze and had to get an exemption to use Recovery Act funding to hire new staff. Several illustrations of the specific staffing issues encountered by states follow:

- **Florida.** According to state workforce officials, the real challenge since the Recovery Act is that every local WIB has had to increase staff because the One-Stops are overwhelmed with customers. They have had to find and train new staff and find space (there are not sufficient funds to open new One-Stop Centers) to increase services. They have had to retrain existing staff in order to change the skill sets of workers to address the needs of new UI claimants and long-term claimants who may have higher skills and had higher incomes than many past customers. They have also opened up new call centers for UI claimants.

- **Illinois.** Workforce officials noted that it was difficult to staff up and secure the necessary expertise given collective bargaining agreement rules that staff laid off from other agencies be considered first for new job openings.

- **New York.** While the "functional alignment" of workforce programs helped to alleviate the issue of handling the increased volume of customers, it could not solve logistical issues such as having enough space and One-Stop staff to serve everyone. Customers at some centers experience lengthy wait times to access computers in resource rooms and for appointments with counselors, as well as sometimes experience crowded orientation sessions. Some locations were able to secure donated space or short-term leases for temporary extra space, but in some areas of the state such arrangements were not possible. The challenge to expansion is that the Recovery Act funding is short-term, and a new lease, which is typically long-term, is not feasible. Hiring new permanent staff also requires changes to current budgets and a lengthy process if the position must be approved through government channels.

- **Washington**. State workforce officials reported the most difficult thing related to the Recovery Act was hiring staff given the state's existing civil service system and ongoing hiring freeze. Administrators noted it was easier to get approval to hire front-line staff than human resources (HR) staff, even though the HR staff was needed to help bring the front-line staff on board. Washington added some direct-service staff to provide reemployment services to UI claimants, using both Recovery Act and UI contingency funds. In addition, the state added business outreach managers in each local area to develop job leads. Washington also hired three summer youth managers on a temporary basis, and one MIS person. The challenge has been in retaining these temporary hires. One issue is that the state workforce agency focused on hiring quality applicants, but many of these workers did not want temporary employment. If they took a position, the workers continued to look for regular employment and moved on when they found it. The temporary staff that remains sees the cliff coming in September, and it is hard to convince them to stay on-board or that the state would like to keep them on after Recovery Act funding expires.

Fourth, *time issues* were mentioned as a challenge in nine states, often in conjunction with staffing and reporting issues. Some states felt that the pressure to spend Recovery Act funds quickly was more difficult because ETA changed its waiver policy and limited the amount by

which they could move funds from the WIA Dislocated Worker program to the Adult program. As noted above, some states had problems in hiring the staff needed to run the programs (including Illinois, Colorado, and New York). TAA was cited by a number of states for timeliness issues (for example in Wisconsin, New York, and Michigan) related to publishing regulations and providing guidance (especially related to reporting) and approving TAA petitions in a timely manner. Finally, with respect to timeliness, several states mentioned the WIA Summer Youth program, because they did not have long to mount the program and many states had not run a summer program for many years (Ohio and Pennsylvania). The following provide several illustrations of the strain that state and local workforce agencies were working under to quickly mount, administer, and report on Recovery Act funded activities:

- **Ohio.** A key overall challenge was that the planning period was very short – particularly with respect to getting the summer youth program up and running. Many local areas did not have an active summer youth program, and so it was considerable work to get programs up and running. The state was under a lot of pressure to spend quickly and wisely. There was little time available for planning – and so the state had to work with existing programs and structures. It was not possible to be all that creative at times because of the very short time period for implementation and the temporary nature of the funding. At times, the state had to plan Recovery Act spending and activities based on what ETA said rather than formal written documentation.

- **Pennsylvania.** State workforce administrators noted that the implementation of the Summer Youth program was a challenge, as they had not operated this program since the JTPA years. They needed to start from scratch and it took two months of intensive work to pull the Summer Youth program together at the state level.

About half the states visited found *guidance from ETA* to be a challenge. Issues included timeliness and getting the right answers. For example, Michigan and Colorado officials indicated that ETA officials did not always have answers to their questions on expenditures of Recovery Act funds. As noted above, guidance on TAA was considered to be slow. The states recognized that ETA had very little time to develop and disseminate guidance, and they

expressed the view that ETA did quite well given how rapidly the guidance to states had to be issued.

Finally, seven states mentioned that the *bad economy was a major challenge* to effectively mounting program activities funded by the Recovery Act. For example, Nevada and Michigan, with the worst unemployment rates in the nation, were concerned that they would have trouble placing people undergoing training into jobs. Florida workforce officials also expressed general concerns about the state's economy. With leading industries such as tourism and housing in decline, and a weak economy overall, it has been very hard to place customers in jobs.

In conclusion, it is important to note that although state and local workforce agencies faced significant challenges, for the most part states were able achieve their goals and serve their customers with Recovery Act funding. Ideally, they would have liked more time, more flexibility, and better guidance, but states and local workforce areas generally recognized that ETA was under intense pressure to get things going and they did not view the challenges faced as fatal flaws to moving forward with rapid and effective implementation of Recovery Act requirements and activities.

B. Accomplishments

During site visits, states and local workforce agency officials were asked to discuss their major accomplishments with Recovery Act funding to date. In discussing accomplishments, it is important to note that the accomplishments cited are for a relatively short period of time following start-up of Recovery Act-funded activities – generally for a period of six months up to about one year after first receipt of Recovery Act funding (depending upon when the site visit

was conducted in the state). As is discussed in this section, there were a number of accomplishments commonly identified across states and local areas, particularly with regard to mounting (or expanding) the WIA Summer Youth program, enhancing training and other services, expanding the number of customers served, and improving information and reporting systems. Exhibit VIII-2 below lists the major accomplishments cited by the states visited, and Exhibit VIII-3, at the end of this section, provides an overview of the accomplishments identified by each state.

Exhibit VIII-2
Accomplishments Most Commonly Cited by States

Successful development and administration of the WIA Summer Youth Program
Serving more customers
Significant service enhancements
Reemployment services and/or enhanced relationships between the Employment Service and UI
Changes to the state's training programs

The most prevalent major accomplishment in the states visited was the *successful development and administration of the WIA Summer Youth program*. Citing the summer youth program as a major accomplishment is impressive because the site visits were not intended to cover the WIA Youth programs, so this program was not the subject of questions asked during site visits or on the minds of those interviewed. Because Recovery Act funds were not available until March at the earliest, states had to act quickly to implement their summer youth programs. Many states and localities had not operated summer youth programs in recent years (or if they

had, programs were operated on a small scale), so setting up a large program in a short period was considered a major accomplishment.

Several of the states indicated that they had greatly expanded their summer youth programs and that the programs had produced increases in work readiness and job skills. For example, Illinois workforce officials noted that 17,000 youth were served, and the program produced increases in work readiness and job skills. Louisiana workforce agency officials referred to the summer youth program as the "hottest thing in the Recovery Act," which had provided many youth with their first paid work experience. Workforce officials in Michigan observed that the program provided much-needed income for the youth and their families in a state with very high unemployment. And finally, Wisconsin workforce officials noted that they used the summer youth program to promote green jobs and training, e.g., by initiating projects to eliminate invasive species in Wisconsin lakes and streams. Below are several illustrations of the ways in which Recovery Act funding made a difference with regard to enabling states to substantially expand summer youth enrollment and employment experiences:

- **Florida.** The highlight of the Recovery Act spending in Florida was $42 million for their summer youth program, which employed 14,000 youth in the summer of 2009. The state had not had funding for a summer program since JTPA. It was a challenge, requiring local WIBs to start from scratch to redevelop partner relationships. For the summer of 2010, the state will use unspent funds from 2009 as well as a small amount of state funds for a modest program. They moved a small amount (about $1 million in WIA Youth funds and $1 million in WIA Adult funds) to jumpstart a program for the 5 or 6 regions that requested it. About half the WIBs will have funds to run a program for the summer of 2010.

- **Louisiana.** The main accomplishment under the Recovery Act, according to state officials, was the implementation of the summer youth program in 2009. It was done well and will have a huge impact on the economy of the state by investing in students who might not have otherwise had this type of experience. In addition, many working in the workforce investment system had been frustrated and discouraged with so many unemployed, and introducing the summer youth program and the momentum needed to implement it increased morale.

- **Ohio.** Perhaps the greatest accomplishment to date under the Recovery Act was successfully mounting a summer youth program that served a total of 18,000 youth. Local areas implemented programs in a timely and effective manner, even in areas where there had not been summer youth programs in recent years.

- **Wisconsin.** Many youth were served (4,400) in the WIA summer youth program. This program was mounted quickly and featured green jobs activities and training. The state used Recovery Act discretionary funds to conduct two special projects, one in energy conservation and the other in aquatic invasive species. The "energy auditors" initiative provided 19 WIA youth in five communities across the state with 40 hours of training on going into homes to conduct energy audits to identify ways in which homeowners can conserve energy. Under the "invasive aquatic species" initiative, a total of 49 WIA youth received training and then accompanied Department of Natural Resources staff at lakes around the state to advise boat owners about how to take precautions to halt the spread of invasive aquatic species in Wisconsin's lakes. An estimated 5,000 recreational boats were inspected across the state as they were pulled from the water – and when appropriate, youth helped to clean off mud from the bottom of boats that could be harboring invasive species.

Ten of the 16 states surveyed cited *serving more customers* as a major accomplishment. With the large influx of Recovery Act funding, the number of customers increased greatly in all states. During state and local interviews, agency officials often observed that One-Stops in their state were "overwhelmed" or "swamped" with unemployed and underemployed customers in need of employment, education, training, and a range of supportive services. For example, one state – Colorado – said, "the Recovery Act provided extra resources to hire and deploy additional staff to One-Stop resource rooms to deal with the surge in customers." In Montana, state workforce officials said they were able to expand the number of customers served without a major expansion of the size of their operation. State officials in Nevada indicated that they had been able to use the extra resources provided by Recovery Act funding to eliminate lines in the One-Stops. With Recovery Act funding, Ohio was able to hire 100 intermittent Wagner-Peyser staff to help deal with the surge in customers at the One-Stops and to expand RES to a much larger number of UI claimants than would have been the case without Recovery Act funding.

Nine states cited *significant service enhancements* as a major accomplishment made possible with the availability of the Recovery Act resources. These service enhancements came in a variety of services offered to One-Stop customers. For example, Wisconsin was able to use Recovery Act RES funds to pursue their goal of providing a rich array of reemployment services using *WorkKeys* and *KeyTrain* that helped claimants work toward the *National Career Readiness Certificate (NCRC)*. North Dakota used Recovery Act funds to purchase software (TORQ) to develop skills transferability reports for occupations affected by layoffs. These reports were provided to One-Stops to be used in rapid response services. Florida used Recovery Act funds to fund their Back to Work program to enable TANF recipients to get subsidized employment and improve their prospects for an unsubsidized job. Montana used discretionary Recovery Act grant awards to pursue strategies to advance the state's renewable energy strategy. And finally, in Nevada, Recovery Act funding was used to make major improvements in its UI system.

Seven states cited *RES or improved UI/ES relationships* as a major accomplishment. Colorado workforce officials stated that the Recovery Act activities helped to bring UI and workforce staff closer together. Staff on both sides is now more knowledgeable about the other and more willing to collaborate. Several states said that Recovery Act funds enabled them to reinstate RES (including Florida and Illinois). As noted earlier, Wisconsin conducted a major upgrade of its RES services, which the state hopes to make available to an increasing share of its customers. Two more detailed illustrations of the ways in which RES services have been expanded or UI/ES relationships improved are highlighted below:

- **Colorado.** The efforts implemented under WIA have helped to bring the UI and workforce systems closer together. Staff on both sides is more knowledgeable about the other's programs and are more willing to collaborate. One-Stops and workforce regions had reached near crisis levels in responding to UI claimant concerns (e.g., delayed checks, could not get through on the telephone to a call center, etc). The Recovery Act funding helped the state to conduct special UI workshops in various regions (referred to

as "road shows") that helped to alleviate stress on the One-Stop system to address UI claimant concerns.

- **Wisconsin.** One of the biggest changes in the workforce system that has resulted from the Recovery Act is that there has been a substantial expansion in RES services for UI claimants. Wagner-Peyser Recovery Act funds ($7.2 million) and UI Recovery Act administrative funding ($3.6 million) – for a total of nearly $11 million – were used to expand and fundamentally change the way in which UI claimants are served by the One-Stop System. The state was able to vastly expand the number of UI claimants attending orientation services, as well as receiving one-on-one services. Having been experimenting with the "Career Pathways" model for several years under a Joyce Foundation-funded grant, Recovery Act funding provided an opportunity to take this model and apply it to UI claimants.

Finally, six states cited *changes to their training programs* as a major accomplishment of the Recovery Act. For example, Florida used Recovery Act and other funding for its Employ Florida Healthcare Initiative, which includes employer-driven models for assessment and training. Illinois used Recovery Act funds to develop "bridge programs" that help low-income workers gain basic skills and other skills to help them move into better occupations. Finally, Nevada issued an RFP for new service providers to serve as intermediaries and expand opportunities for customers to obtain training more quickly and conveniently.

While states and local areas were able to identify various short-term accomplishments made possible with Recovery Act funding, some of the effects of the Recovery Act will not be fully felt or known for some years to come – particularly with respect to investments that have been made in long-term training and in work experiences provided through the summer youth programs. The next phase of the research conducted under this study will provide a somewhat longer-term look at accomplishments stemming from state and local Recovery Act efforts, as well as where states and localities may have been challenged or even fallen short of overall goals for the Act.

Exhibit VIII-3
Major Accomplishments with Recovery Act Funding
As Identified by State Workforce Agencies

STATE	MAJOR ACCOMPLISHMENTS
Arizona	The state reinstituted an RES program using Recovery Act funds. Three Reemployment Centers were opened in areas of high unemployment. The Recovery Act allowed local One-Stops to serve additional customers they would not have been otherwise able to serve. The state used ES funds to improve the infrastructure of One-Stops including redesigning lobbies and resource rooms, increasing the size of some locations, and adding new television screens for videos and looped information.
Colorado	The state and its regions were able to mount programs quickly and successfully. Recovery Act funding was very helpful in terms of modernizing data systems, particularly handling extended benefits under the UI program; under tight time constraints, state has been able to meet reporting requirements imposed under the Recovery Act. The efforts implemented under the Recovery Act helped to bring the UI and workforce systems closer together. The Recovery Act provided extra resources to hire and deploy additional staff to One-Stop resource rooms to deal with the surge of job seekers coming into One-Stops for assistance.
Florida	Summer Youth Employment Program (SYEP) employed 14,000. The state used Recovery Act and other funding for the Employ Florida Health Care Initiative-employer-driven new models for assessment, training, common contract. The state used Recovery Act funds to staff the Florida Back to Work/TANF subsidized employment program. The state improved RES services, with more emphasis on intensive staff-assisted services serving more UI claimants. Major LMI expansion was undertaken—bandwidth and storage capacity expansions, software to enhance real-time information for front line staff.
Illinois	Illinois had successful administration and successful outcomes (as measured in pre- and post-participation differences in work readiness and job skills) with the WIA youth program, which served 17,000 youth in the summer of 2009. WIA state discretionary dollars were used for bridge programs for low-income workers in key sectors. The state reinstated Reemployment Services (especially via Reemployment Workshops) that had been discontinued in 2005.
Louisiana	SYEP was the "hottest thing in Recovery Act spending"—it was a learning experience and implementation success, placing 5,000; 50% of participants were out of school, may never have worked before, and are now ready for future work. Interdepartmental collaboration was a direct result of the Recovery Act; departments had to scramble to spend money, find partners, and push in same direction. "Before there were silos, now there is more cooperation."
Michigan	Many youth served (21,000) in the WIA summer youth program -- this program was mounted quickly and provided much needed income to both youth and their families. WIA Dislocated Worker and Adult Recovery Act funding about doubled and was particularly helpful with regard to expanding training (and especially longer-term training) to adults, dislocated workers, and youth – a high proportion of the Recovery Act WIA funding went to training and this has helped to boost skills of the workforce and prepare them for new jobs. The state and local workforce areas expanded partnerships with other agencies and particularly intensified linkages with education/training providers. Recovery Act funding has helped to leverage additional funding from other sources, including grants from the federal government and from philanthropic organizations. The state is in the process of enhancing the state's MIS and the Michigan Talent Bank system.

Exhibit VIII-3
Major Accomplishments with Recovery Act Funding
As Identified by State Workforce Agencies

STATE	MAJOR ACCOMPLISHMENTS
Montana	There was a major expansion of services without increasing the "size of the business." Summer youth program involved 800 young people and "got a lot of good things done in communities that wouldn't have been done otherwise" (especially as no previous program existed). There were discretionary awards to further pursue what MT hopes is a transition to a new economy based on renewable energy (wind, bio-mass, bio-fuels).
Nevada	Mounting a huge and successful summer youth program on a moment's notice were major accomplishments. The state eliminated the lines and served many more people in the One-Stops. Nevada Issued an RFP for new service providers and awarded new contracts within 2 months and then provided training in WIA and the Recovery Act. This enables more people to enroll in training. The state continued its very successful RES/REA programs. The state was able to direct Recovery Act resources into business services which have the potential to enhance job opportunities. The state made major improvements to the UI system.
New York	The state has been pursuing a range of initiatives to boost employment and training opportunities for its citizens. State-level resources have been used to provide grants for training disconnected youth and low-income, unemployed adults. Because the workforce system had been aligned to integrate services for customers, new systems did not need to be created to implement the Recovery Act provisions. The state was able to issue Recovery Act-related policy and allocate Recovery Act funding to the LWIAs, with the expectation that the LWIAs could "scale up" to meet the community's needs. While there were challenges, the local areas visited were able to scale up to serve the influx of customers. Use of technology tools enabled the state and LWIAs to manage workforce and UI programs and better serve customers. Re-Employment Operating System (REOS), a scheduling and appointment tracking system for UI customers, helped One-Stop centers handle the large increase in UI claimants and manage staffing and resource needs. The SMART 2010 technology was appropriate for serving customers with Internet access and JobZone has been successful for career exploration by adults, especially for those who may need skills upgrades and need to plan for training.
North Dakota	The state mounted a successful Summer Youth Program. North Dakota rapidly deployed funds. The state assisted more customers with WIA assistance. The state purchased TORQ software and used this software to develop STA (Skills Transferability Analysis) reports for those occupations affected by layoffs. These were provided to One Stop Offices to be used in rapid response events and working with laid off workers. The state began longitudinal studies of workers affected by major layoff events. The state developed an improved database to store and analyze data from Dislocated Worker Survey and began work on special research studies on births and deaths of businesses in North Dakota, the relationship between oil & gas prices and employment in that industry, veterans employment in North Dakota, tracking of WIA participants, etc.
Ohio	Ohio's greatest accomplishment was that it successfully mounted a summer youth program that served 18,000 youth. The state hired 100 intermittent W-P/ES staff to help One-Stops deal with the huge surge in customers in One-Stops and expand RES orientations for UI claimants. The Recovery Act funds 4 training initiatives: (1) Project HIRE; (2) Recovery Conservation Corps; (3) Urban Youth Works; and (4) Constructing Futures.

Exhibit VIII-3
Major Accomplishments with Recovery Act Funding
As Identified by State Workforce Agencies

STATE	MAJOR ACCOMPLISHMENTS
Pennsylvania	The Recovery Act funding allowed the state to become more strategic in how it focused workforce development investments. The key was to invest in increasing the service level (e.g., increased staffing, one-on-one assessments), not on facilities, equipment, or websites. The work done prior to the Recovery Act to align the goals for workforce development at the state level and the investments in technology and other system capacity development, such as the CWDS, has allowed them to respond to the economic recession effectively. The new competitive grant process refined for the Recovery Act state training grants allowed the state to issue local and regional grants using the Recovery Act funding more efficiently and fairly.
Texas	Texas served more than 25,000 summer youth, about 10 percent of all youth served nation-wide. Recovery Act funding has allowed Texas to put more money and people into training and has increased training options. The Recovery Act provided additional resources to expand the number of customers served through One-Stops. Texas opened new One-Stop centers in Dallas, Tarrant County, and Alamo (San Antonio) workforce areas with Recovery Act funds.
Virginia	SYEP served 4,000 youth. The state implemented the Community College "On Ramp" pilot for new training and career pathways in areas of highest unemployment. New VEC and UI express offices opened, significantly increasing access points and a return to one-on-one assessments.
Washington	Washington offered a Summer Youth program for the first time in 10 years and put 5,600 youth in work experience. Washington implemented a new approach to business services with Recovery Act funding.
Wisconsin	Many youth were served (4,400) in the WIA summer youth program—this program was mounted quickly and featured some "green" jobs and training. WIA Dislocated Worker and Adult Recovery Act funding had been particularly concentrated on training – a state requirement that at least 70 percent of Recovery Act funds be expended on training (versus 35 percent for regular DW/Adult WIA funds) helped to ensure that a high proportion of Recovery Act funds were dedicated to training and upgrading worker skills. The state was able to initiate substantial changes in RES – substantially more UI claimants were referred and provided with RES services than would have been the case in the absence of Recovery Act funding.

C. Next Steps

In the workforce development area, the work planned for the first phase of the project is nearly complete. Remaining work for the first phase includes the following:

- Obtain concurrence from states that have not yet finalized their review of the state reports.
- Update challenges and accomplishments to include all 20 states.
- Prepare and present a briefing for ETA on first phase study findings.

After this work is complete, the research team will confer with the Employment and Training Administration to plan the second phase of data collection, analysis, and reporting under this project. The proposal for the project included two rounds of site visits, but there was no commitment to include the same content or states in the second phase. Thus, issues that must be resolved for the second phase include:

- What topics should be covered in the second round of site visits?
- Should the states and local areas from the first round be retained, or should some or all the sites be replaced?
- When should the second round of site visits be conducted?

Once these issues are resolved, planning for the second round of site visits can commence.

CHAPTER IX

UNEMPLOYMENT INSURANCE

A. Introduction

While the research approach for evaluating early, state implementation of the Recovery Act's workforce development provisions progressed as planned originally (see sections I.B. and I.C. above), the approach for the UI provisions was modified early in the study process. The result is that this section provides a progress report on the UI research plan, and not interim findings.

The research team conducted all twenty of the proposed first-round site visits to state workforce development programs, and findings from the first sixteen of these visits have been synthesized and included in the preceding chapters of this interim report. The original research plan also envisioned concurrent site visits of UI programs in the same twenty states, and the drafting of interim findings based on the visits, but the research team modified the plan for two reasons. First, after pilot site visits to three states' UI and workforce development programs, it became apparent to the team that UI interviews could be conducted via teleconference instead of through on-site visits, saving study resources. Second, and more important, the Recovery Act resulted in significant state legislative activity during the 2010 legislative cycle; the research team desired to wait until after completion of these legislative activities to conduct interviews of state UI administrators.

Under the modified plan, the research team is conducting the 20 in-depth UI interviews this fall and early winter, and findings based on these interviews will be included in the final Recovery Act report due next year. To date, the UI research team has developed an interview

guide, has conducted a pilot teleconference interview with the state of Florida (held on October 7 and 27, 2010), has amended its interview guide based on the pilot interview, and is scheduling and conducting the 19 remaining interviews. As detailed more below, the plan is to synthesize results from the twenty state interviews, and from several USDOL and NASWA resources, for the final Recovery Act study due next fall.

The remainder of this section is a progress report that presents:

- an overview of the Recovery Act's UI provisions;
- the areas of investigation for the study;
- the research plan and information that will be applied in the investigation; and
- in the appendix, a copy of the common interview guide and the report from the pilot Florida interview.

B. Overview of Recovery Act UI Provisions

The Recovery Act included several major UI program tax and spending provisions which at the time of passage were estimated to result in federal outlays totaling approximately $45 billion over ten years, with almost all the funds projected to be spent in fiscal years 2009 and 2010 (see table below). Note that provisions increasing benefit durations and amounts were extended by subsequent legislation as the recession continued.[27]

[27] P.L. 111-118 further extended the EUC program, 100% federal financing of the EB program, and the $25 FAC benefit through the end of February 2010. These same three measures were extended through April 5, 2010, by P.L. 111-144 and through June 2, 2010, by P.L. 111-157. EUC-08 and the EB program were again extended until November 30, 2010 by P.L. 111-205. The FAC program was not extended.

Exhibit IX-1: Estimated Budget Effects of the UI Provisions of the Recovery Act

Recovery Act Provision	Explanation of Provision	Estimated Budget Effects FY 2009-19
Benefit Extensions	• Extended the Emergency Unemployment Compensation program through December 26, 2009 (subsequently extended). • Provided 100% federal financing of the Extended Benefits (EB) program in 2009 (subsequently extended).	$27 billion
Benefit Increase	Provided a temporary $25 per week supplemental unemployment benefit, known as the Federal Additional Compensation (FAC) program (subsequently extended).	$8.8 billion
Interest Free Loans	Temporarily waived interest payments and the accrual of interest on federal loans to states through December 31, 2010.	$1.1 billion
Suspension of Federal Income Tax	Temporarily suspended federal income tax on the first $2,400 of unemployment benefits (per recipient) received in 2009.	$4.7 billion
UI Modernization	Provided up to a total of $7 billion as incentive payments for changing certain state UC laws; payments must be made before October 1, 2011.	$2.6 billion
Administrative Funding	Transferred $500 million to the states for administration of their unemployment programs.	
Total		**$44.7 billion**

Sources: U.S. Joint Committee on Taxation, "Estimated Budget Effects of the Revenue Provisions Contained in the Conference Agreement for H.R. 1, the "American Recovery and Reinvestment Act of 2009," JCX-19-09, February 12, 2009, http://finance.senate.gov; Committee on Finance, U.S. Senate, News Release, "Baucus Hails Senate Passage of Bill Creating Jobs, Cutting Taxes for America's Working Families and Small Businesses," February 10, 2009, http://finance.senate.gov.

In addition to extending the emergency unemployment compensation program that was first passed in June of 2008, and temporarily waiving interest on Federal loans to state UI trust funds, the Recovery Act included the following provisions:

- Temporary full Federal funding of Extended Benefits

  The Extended Benefits (EB) program is a permanent federal-state program that provides up to 13 or 20 additional weeks of unemployment benefits to eligible jobless workers in states with high and rising unemployment. At state option, workers in some states with very high total unemployment rates (TUR) are eligible for 20 weeks of EB rather than the standard 13 weeks. Costs of EB under permanent federal law are split equally between the Federal government and the states.

The Recovery Act provided 100 percent Federal funding of EB for 2009. This provision, which was extended in subsequent legislation, gave states an incentive to adopt an optional "trigger" based on the state's three-month average TUR. It is easier for many states to trigger on using the TUR instead of the insured unemployment rate, which is significantly lower in many states.

The work search requirements of EB, outlined in statute and requiring "tangible evidence" of work search, are more stringent and more difficult to administer than regular state work search requirements. They require paper-intensive documentation, and were designed before the age of automated systems.

- Increased UI benefit amounts -- Federal Additional Compensation

The Recovery Act created a new, temporary Federal Additional Compensation (FAC) program providing a 100 percent Federally-funded $25 add-on to all weekly UI payments (this provision was subsequently extended). All states signed agreements to pay FAC effective February 22, 2009, the first week for which FAC was payable.

- A temporary suspension of Federal income tax on unemployment benefits

Under law, all federal unemployment benefits are subject to income taxation. The average unemployment benefit is approximately $300 per week. Effective for taxable year 2009, the Recovery Act temporarily suspended Federal income tax on the first $2,400 of unemployment benefits per recipient.

- UI "modernization" provisions and incentive payments

The Recovery Act made a total of $7 billion in UI "modernization" incentive payments available to states that include certain eligibility provisions in their state UI laws. States receive one-third of their share of the payments when they use more recent wages (the alternative base period provision) to determine UI eligibility if the claimant is not eligible using the normal base period. States receive the remaining two-thirds of their share when they also provide two of the following four eligibility provisions:

1) Pay UI to individuals seeking only part-time work;
2) Ease qualifying requirements for workers who quit their jobs because of certain family responsibilities. These relate to workers who leave work due to domestic violence or sexual assault, to care for an ill family member, or to accompany a spouse who moves to a new job;
3) Extend benefits to workers in approved training who exhaust regular UI; and
4) Add dependents' allowances to weekly benefits.

The maximum incentive payment allowable for a state is distributed to the state unemployment trust fund accounts based on the state's share of estimated federal unemployment taxes (excluding reduced credit payments) made by the state's employers.

States must apply and applications are due to the U.S. Department of Labor by August 22, 2011. All incentive payments must be made before October 1, 2011.

States may use incentive payments for:

(1) the payment of UI or
(2) upon appropriation of the state legislature, administrative costs for the UI and employment services programs.

There is no time limit on the use of the incentive payments for benefit or administrative purposes.

- A special $500 million transfer to states for UI administration

The Recovery Act provided a $500 million special UI administrative distribution to states. Each state's share was deposited in the state's account in the Unemployment Trust Fund on February 27, 2009, where it is available for:

(1) implementing the state's UI modernization provisions;
(2) improving outreach to individuals potentially eligible under the state's UI modernization provisions;
(3) improving UI tax and benefit operations, including responding to increased demand for UI; and
(4) staff-assisted reemployment services for UI claimants.

Funds may not be used for the payment of UI. Each state's share is based on its proportionate share of FUTA taxable wages multiplied by the $500 million. Most state laws require appropriation of these funds by the state legislature.

C. UI Recovery Act Study Areas of Investigation

The Recovery Act's UI provisions are intended mainly to provide relief to out-of-work Americans and to stimulate the overall economy. Few economists would doubt the stimulus benefits of UI and they will not be the focus of the study. Rather, the study seeks to capture the operational and administrative challenges states faced implementing the UI provisions, the innovations and sustainable improvements to UI operations resulting from the availability of new administrative funds and/or the demands of the recession, and the extent to which the provisions achieved other Recovery Act goals for the UI program beyond providing economic stimulus. The chart below lays out these other goals, by provision. The goals include UI eligibility

expansions, improved trust fund positions, improved UI tax and benefits operations, and reemployment services for UI claimants.

Exhibit IX-2: Legislative Intent of UI Recovery Act Provisions

Recovery Act Provision	Legislative Intent, by Provision				
	Economic stimulus/ fiscal Relief	Permanent expansions of UI eligibility	Improved trust fund position	Improved UI tax & benefit operations	Reemployment services for UI claimants
EUC extension	X				
Interest-free loans	X		X		
Extended Benefits	X		X		
Benefit increase (FAC)					
Temporary suspension of federal income tax	X				
UI modernization	X	X	X	X	X
Administrative funding	X			X	X

Specifically, the final UI implementation report will seek to answer the following questions about states' experiences implementing the Recovery Act during the worst U.S. recession since the 1930s:

- Before passage of federal stimulus legislation in February 2009, what adjustments did states make to their UI operations to handle the overwhelming numbers of new and continuing claims filed by jobless workers? How were these process improvements and technology upgrades funded, and did they result in any sustainable improvements to UI operations?

- How did states' program performance and trust fund positions fare during the recession, and what were the implications for states' decision-making as they implemented the Recovery Act's UI provisions?

- What changes did states make to state UI laws as a result of the Recovery Act?

    - Did states without an optional trigger for the EB program enact one, and, if not, why not?
    - Did states expand eligibility for UI through the modernization incentive provisions? What was the nature of the debate on these provisions? Are statutory changes likely to be sustained?

- What administrative and operational challenges have states encountered implementing the UI benefits provisions?

- What are states' plans for spending UI administrative funds, and what is the timetable for expending these funds?

    - Are states spending or planning to spend UI administrative funds to improve the connection between the UI and workforce systems and the availability of reemployment services, and if so, what improvements and services were or will be implemented? Are any of these improvements or services sustainable?

    - Are states spending or planning to spend UI administrative funds to improve tax and benefit operations, and if so, what process improvements or technology upgrades were or will be implemented? Are these improvements or upgrades sustainable?

    - Are states combining new UI administrative funds with other funds (e.g., UI contingency funds) to achieve their goals?

- What are states' plans for spending UI modernization incentive payments, and what is the timetable for expending these funds?

- Are states spending or planning to: (1) spend UI modernization payments on employment services administration? (2) improve the connection between the UI and workforce systems or the availability of reemployment services? If so, what improvements and services were or will be implemented? Are they sustainable?

- Are states spending or planning to spend UI modernization payments to pay benefits?

D. The Research Plan

The final UI Recovery Act report findings, due the fall of 2011, will be based on a synthesis of:

- the results from the twenty, state UI teleconference interviews to be conducted with key UI administrative, tax, benefits and IT staff;

- the findings from a NASWA-funded, fifty-state survey of UI administrators on the recession and states' experiences implementing the Recovery Act;

- USDOL and NASWA information on state legislative responses to the UI modernization provisions of the Recovery Act;

- The results from a NASWA survey on the status of state UI information technology systems;

- USDOL data regarding recent national UI program performance; and

- USDOL information on the financial status of state UI trust funds.

To prepare for the state teleconference interviews, the research team has developed individual state background studies. These studies record individual state UI program conditions and actions before and after the Recovery Act, and will inform the development of interview guides, customized by state, for use in upcoming teleconference interviews with the 20 selected states. The background studies incorporate information on each state's: (1) UI program structure and economic environment, (2) historical UI program performance, (3) historical and current UI program financial conditions, (4) response to the fifty-state NASWA survey on the recession and the state's experiences implementing the Recovery Act, (5) tax and benefits IT systems status,

based on a recent NASWA-funded survey, and (5) legislative actions, if any, regarding the UI modernization provisions of the Recovery Act and to address trust fund solvency.

Appendix I presents the common UI interview guide. This guide provides a framework for customized state interviews. Appendix II is the report for the pilot interview conducted with Florida UI officials.

Appendix I.

Common UI Interview Guide

1. Introduction

Confidentiality Statement: Before beginning the interview, I (we) want to thank you for agreeing to participate in the study. I (we) know that you are busy and we will try to be as focused as possible. Before we start, I want to let you know that though we take notes at these interviews, information is never repeated with the name of the respondent. When we write our reports and discuss our findings, information from all interviews is compiled and presented so that no one person is identified. Do you have any questions before we begin?

Introductory/Purpose Statement: Our phone call today is part of a national assessment of the impact of the American Recovery and Reinvestment Act of February 2009. The project is examining the effects of the Recovery Act on labor market programs that provide income support to the unemployed and labor market services designed to speed reemployment through improved job search techniques, better information about job openings, and training and other aspects of upgrading worker skills. The present interviews focus primarily upon the income support activities of unemployment insurance (UI) programs.

One aim of this assessment is to document the administrative challenges/problems confronting the states related to the recession that started in late 2007 but became much more severe during late 2008 and into 2009 and 2010. The Recovery Act included provisions that affected the duration of UI benefits, weekly benefit levels, the tax treatment of benefits, the suspension of interest on trust fund loans, UI modernization, and UI administration. The implementation experiences and administrative challenges states encountered with these Recovery Act provisions are of great interest to our project. We also wish to identify procedures and practices that facilitate the more effective provision of UI benefits and related labor market services.

We are interviewing a total of 20 states. We are here to learn about how your program was affected by the recession and how the implementation of the Recovery Act posed additional challenges. Our aim is to learn from your experiences, not audit or judge your program. The views you express will be kept confidential, and nothing we publish in this study will identify you or reveal statements you make to us, without your permission.

2. Personal Information

Please provide the following information:

Name:	
Title:	
State Agency:	
Phone:	
Email:	

3. Before the Recovery Act

The questions in this section seek to gauge how your State reacted to the increased workload brought on by the recession before the enactment of the Recovery Act.

1. When UI workloads surged as a result of the recession BEFORE THE RECOVERY ACT WAS IMPLEMENTED, what specific adjustments did your state make to UI operations? Please describe any process innovations or improvements, technology upgrades, etc. (possible categories for interviewers listed below) Also, how were the adjustments funded? Are they likely to remain permanent features of the state's UI program?

	Initial claims process	Adjudication and fact finding process	First level appeals process	Continued claims process
Programming modifications	☐	☐	☐	☐
Increased documentation capabilities	☐	☐	☐	☐
Staffing adjustments (reassigned staff, rehired staff, new hires)	☐	☐	☐	☐
Added phone lines	☐	☐	☐	☐
Increased online claims filing capabilities	☐	☐	☐	☐
Other adjustments	☐	☐	☐	☐

If your state implemented any highly-effective process improvement(s), please describe in detail.

2. BEFORE THE ENACTMENT OF THE RECOVERY ACT most states saw a decline in performance due to the increased workload of the recession. In your state our data show...

How did officials in your state respond to the changes in performance? For example, did these changes in performance affect decision-making regarding UI operations? Or regarding implementation of the Recovery Act's UI spending provisions? [Did your state see similar changes in performance during the recession of the early 80s?]

- ☐ First payment timeliness
- ☐ Nonmonetary determination time lapse
- ☐ Nonmonetary determination quality -- separations
- ☐ Nonmonetary determination quality -- nonseparations
- ☐ Average age of pending lower authority appeals
- ☐ Lower authority appeals quality

- ☐ Average age of pending higher authority appeals
- ☐ New employer status determinations time lapse
- ☐ Facilitate reemployment
- ☐ Overpayment detection
- ☐ Tax Operations

4. $500 Million in Administrative Funding

The spike in UI claims brought on by the recession more than tripled the workload in some state UI agencies. Many states claimed they would need to reallocate funds or find alternative means of staffing to support this workload. In response to this crisis, the Recovery Act provided a total distribution of $500 million for state administration of unemployment insurance.

1. Your state's share of the UI administrative funds was _____. How did/will your State use its share of the $500 million made available for UI administration under the Recovery Act? Please provide implementation details for both technology and non-technology investments. For each investment, please provide funding amount, when funds will be obligated, when funds will be expended. (Indicate the dollar amount associated with each use of the funds and provide more specific information.)

2. Is your state combining its RA UI administrative funds with other funds (e.g., contingency funding) to implement these improvements or services?

3. Are the improvements your State made (or plans to make) with the Recovery Act UI administrative funds TEMPORARY or SUSTAINABLE improvements?

4. Has your state faced any barriers to spending the UI administrative funds (e.g., legislative, operational, workload, staffing)?

5. EUC and EB -- Extensions

Since mid-2008, seven laws have affected state UI programs. The largest changes affecting benefits have involved implementation of extended benefits -- EUC and EB. When claimants exhaust their entitlement to regular UI benefits, they typically flow into the EUC program (in all states except Alaska) and then into EB. For practically all of 2009 and 2010, the longest combined maximum UI benefit duration has been 99 weeks (26 weeks of regular UI, plus 53 weeks of EUC and 20 weeks of EB).

The first two laws (June 2008 and November 2008) were similar to the temporary or emergency UI legislation of earlier recessions. The emergency program they created and then extended -- termed EUC08 -- provided enhanced benefit duration to individuals who had exhausted regular UI.

The 2009 Recovery Act extended EUC and expanded EB. Three subsequent laws (in November 2009,

March 2010 and April 2010) simply extended the maximum benefit duration and other provisions originally established in the Recovery Act.

But the most recent bill, enacted July 22, 2010, did not extend two features of the Recovery Act (FAC and the temporary suspension of federal income tax), and gave claimants greater flexibility in choosing the base period for calculating their WBA. Those adversely affected under a calculation using a recent base period could continue to use their earlier base period for EUC if the change of base period caused the new WBA to be either $100 lower or 25% lower than the earlier WBA.

Two new potential EUC/EB administrative burdens were added by the most recent legislation: implementing retroactive EUC payments for persons who exhausted after June 2, 1010; and making WBA calculations for claims where the change of base period implies a large reduction in the WBA. There could also be administrative problems with the phaseout of the FAC and of the suspension of federal income tax, and these are addressed in a later section of the interview.

1. Did your state encounter any problems administering retroactive payments for the June 2008, March 2010, April 2010, or July 2010 federal legislation? Please provide details and discuss how your state addressed problems.

	June 2008	March 2010	April 2010	July 2010
Computer programming challenges				
Challenges relating to communication with claimants				
Timeliness of benefits challenges				
Quality of determinations challenges				
Reporting challenges				

2. Did the numerous changes in EUC intake dates and ending dates cause any administrative problems? If so, please elaborate.

3. Did your state encounter any challenges calculating the EUC WBA for any legislation before July 2010?

Were there any problems calculating the EUC WBA caused by the July 2010 legislation? This legislation, the Unemployment Compensation Extension Act of 2010 (P.L. No. 111 -205), gave states the choice of one of four options in calculating the WBA for individuals entitled to EUC who qualify for regular UI in a subsequent benefit year but whose WBA would be substantially reduced (by at least $100 or 25 percent). In effect, the options permit the continued payment of UI benefits at the previous WBA. Has this provision presented administrative problems for your state? If so, please also discuss any state actions to address problems.

	Yes, problem	No problem
Prior legislation	☐	☐
July 2010 legislation	☐	☐

4. Did your state encounter any problems identifying and/or collecting overpayments related to weeks of EUC and/or EUC WBA? If so, how did your state respond to the problems?

☐ Yes, problems

☐ No problems

5. Did your state encounter any problems calculating the EB WBA? If so, how did you respond to these challenges?

6. Federal Additional Compensation (FAC)

The Recovery Act created a new Federal Additional Compensation (FAC) program, which provides a 100 percent federally-funded $25 supplement to all weekly UI payments.

After the Recovery Act was enacted, many states reported the FAC would pose problems during implementation and require software modifications to distinguish the federal payments from the state payments. States expressed concern over federal reimbursement of the FAC and the long term impact of the FAC on their state's wage replacement ratios.

The FAC was extended in subsequent legislation, three times. However, the most recent EUC extension (July 2010) did not extend FAC.

1. What challenges did your State face with the implementation of the FAC? How did you address these challenges?

☐ Reporting challenges

☐ Computer programming challenges

☐ Withholding related challenges

☐ Challenges related to communication with claimants

☐ Challenges regarding claimant eligibility

☐ Problem administering partial weeks of benefits

☐ Problems with overpayment recovery

☐ Problems getting reimbursement from federal government for FAC payments

☐ Problems with experience rated charges to employers

2. What problems have you seen or do you foresee with the phase-out of the FAC under the July 2010 bill? How are you addressing these concerns?

7. Temporary Suspension of Federal Income Tax

The Recovery Act included a provision designed to increase the purchasing power of state and federal jobless benefits. Under current law, unemployment benefits are subject to federal income taxation. Under the Recovery Act, for tax year 2009 only, the first $2,400 paid in unemployment benefits are exempt from Federal income tax. States are encouraged to promptly update information provided to individuals about the taxation of UC so that individuals may make informed decisions about whether to elect (or continue) the withholding of Federal income tax from UC.

This provision was extended in three subsequent pieces of legislation, but was not extended in the most recent legislation of July 2010.

1. Did your state experience any problems when this provision of law was not extended in the July 2010 legislation, but was phased out?

8. UI Modernization: Alternate Base Period

The Recovery Act made a total of $7 billion available in UI Modernization incentive payments to states that include certain eligibility provisions in their state UI programs. For a state to receive one-third of its potential distribution it must first have enacted an Alternate Base Period (ABP) to ensure the last completed quarter of a worker's employment is counted when determining eligibility for unemployment benefits.

Several states reported the implementation of an alternate base period would cost additional administrative resources to update UI systems. Other states argued the enactment of an alternate base period would increase benefit payments significantly; leading to tax increases on employers or less solvent UI trust funds.

1. According to our data, your state has / does not have an alternative base period.

IF IT DOES NOT HAVE AN ABP: Please describe any debate in your state on this issue as a result of the RA's modernization provisions. Then, skip to Q 26.

IF IT HAS AN ABP: Did you have an ABP before the RA or is it new? If you had an ABP prior to the RA, was it modified after the RA? Also, what impact has enactment of a new or modified ABP had on:

- ☐ overall annual benefit payments and benefit-cost rate?
- ☐ employer taxes and tax rates?
- ☐ The expenditure of administrative funds to update computer systems?
- ☐ The expenditure of staffing resources to handle new workload?

Please explain/quantify your response(s). For example, do you know the total cost of enacting/modifying the ABP in 2009, and the first six months of 2010?

2. Has your state encountered any problems administering an ABP?

3. If your state enacted an ABP as a result of the Recovery Act's incentives, is there any discussion in your state about repealing the ABP now or in the future?

4. According to our data, your state has / has not received approval for the one-third UI Modernization incentive payments provided under the Recovery Act for implementation of an ABP.

IF IT HASN'T: Why not?

WHETHER IT HAS OR NOT: What have and/or will the funds be used for? For purposes of the trust fund (i.e., for benefit increases, repayment of federal advances, solvency, tax cuts)? For any of the following purposes?

- ☐ To pay for the costs of the UI Modernization Act provisions
- ☐ Technology enhancements
- ☐ Staffing increases
- ☐ Reemployment Eligibility Assessments
- ☐ Reemployment Services
- ☐ Administration of public employment offices

9. UI Modernization: Additional Provisions

As previously noted, the Recovery Act made a total of $7 billion available in UI Modernization incentive payments to states that include certain eligibility provisions in their state UI programs. For a state to receive the remaining two-thirds of its potential distribution it must first have enacted an Alternate Base Period (ABP) and provide two of the following four eligibility provisions:

1.) Pay UI to part-time workers seeking only part-time work.
2.) Ease qualifying requirements for workers who quit because of certain family responsibilities (workers who leave work to escape domestic violence, to care for an ill family member, or who quit following a spouse who moves to a new job).
3.) Extend benefits to workers in state-approved training who exhaust regular UI.
4.) Add dependents' allowances to weekly benefits.

Several states reported the implementation of the additional provisions would expend substantial administrative resources to update UI computing systems. Other states argued the enactment of the additional provisions would increase benefit payments significantly, leading to tax increases on employers or insolvent UI trust funds. However, many states have since enacted the additional provisions required to receive the UI Modernization incentive payments.

1. According to our data, your State has / does not have two or more of the four "additional" modernization provisions in law. Specifically your state:

IF IT DOESN'T: Will there likely be legislation in 2011? Please describe the political debate on these issues. Then, skip to Q 29.

IF IT DOES: Why did your state select the additional provisions it did? Will there be any additional legislation in 2011? Also, have you seen any evidence that the implementation of the new provisions has led to:

- ☐ An increase in overall annual benefit payments, and benefit-cost rate?
- ☐ Increased employer taxes and tax rates?
- ☐ The expenditure of administrative funds to update computer systems?
- ☐ The expenditure of staffing resources to handle the new workload?

Please explain/quantify your response(s).

2. According to our data, your state has / has not received its two-thirds UI Modernization incentive payments for implementing two of four of the "additional" provisions.

IF IT HASN'T: Why not?

WHETHER IT HAS OR NOT: What have and/or will the funds be used for? For purposes related to the trust fund (i.e., benefit increases, repayment of federal advances, solvency, tax cuts)? For any of the following purposes?:

- ☐ To pay for the costs of the UI Modernization Act provisions
- ☐ Technology enhancements
- ☐ Staffing increases
- ☐ Reemployment Eligibility Assessments
- ☐ Reemployment Services
- ☐ Administration of public employment offices

Please provide a breakdown, if possible. Also, what is the timetable for expenditure and implementation of the funds?

3. If your state enacted "additional provisions" as a result of the Recovery Act's incentives, is there any discussion or legislation in the state to eliminate the new expansions now or in the future?

10. UI Modernization: Technology Upgrades

1. As a result of the UI Modernization funds provided in the Recovery Act, including both one-third and two-thirds funds, what technology upgrades (if any) is your state making to help better serve UI claimants? See list below. [Ask for additional information/supporting documentation, etc.] What is the timetable for expenditure/implementation?

- ☐ Integrating and improving communication and/or data transfer of UI claimant data between the UI

office and One-Stop or Wagner-Peyser MIS

☐ Upgrading infrastructure (administrative system, case management and Internet access) to improve efficiency

☐ Upgrading electronic claims processing

☐ Upgrading adjudication systems

☐ Upgrading tax filing systems

☐ Upgrading appeals systems

☐ Upgrading benefits systems

☐ Upgrading wage reporting systems for employers

☐ Other

11. Financial Condition of the Trust Fund

1. Our records show that your state --

2. What are your state's plans for paying interest on Title XII loans?

3. According to our data, you state has / has not enacted legislation to help improve solvency.

Specifically, your state

_____
_____
_____

Is this correct?

What are your state's [other] plans for improving long run trust fund solvency?

4. Has the Recovery Act had any effect on the likelihood or timing of solvency legislation?

5. Has your state's solvency position affected decision-making regarding UI operations? Or regarding implementation of the Recovery Act's UI spending provisions?

6. Any discussions or plans of borrowing in the private securities market?

12. UI-ES Connection

1. Does your state have an REA program? If so, please describe what connections, if any, are made to the One-Stop system based on this program. Also, if you are familiar with your state's RES initiatives, please describe the connection, if any, between your UI system and the One-Stop system through this program. Specifically, did the UI-ES connection improve as a result of Recovery Act spending and initiatives in your state? Please discuss any technology upgrades made to facilitate the connection.

13. Conclusion

1. In your state's view, what have been the biggest successes and challenges associated with the implementation of the UI provisions in the Recovery Act?

Appendix II.

Pilot Florida Interview Report

1. When UI workloads surged dramatically before the Recovery Act was implemented, what techniques were utilized in your state in order to streamline UI benefits processes?

Florida faced a significant increase in demand for service as a result of the recession. In response, the state:

- made an aggressive effort to hire and train additional staff, with the number of staff increasing from 400 to 1,700. These were overwhelmingly new employees (as opposed to rehired retirees) hired on a temporary, contractual basis.

- extended hours of operation on weekdays, from 7 a.m. to 9 p.m., and established weekend hours of operation on both Saturdays and Sundays. Weekend operations are devoted to the processing of internet claims; informational calls are accepted only on weekdays.

- initiated flex hours.

- increased the number of phone lines by contracting out call center services for the overflow of calls. The new call center is temporarily leasing space and, as of the interview date, the contract was soon to be under consideration for renewal.

- developed an informational customer service email system for claimants in order to reduce phone calls and address a problem of incoming emails containing no identifying information. The e-mail system, in place since early 2009, includes identifier information from the claimant (name, phone number, contact address) and the claimant's question. The e-mails are serviced by a callback team. The team identifies the relevant Florida agency/department to answer the question. To the greatest extent possible the responses are made from the local one-stop offices. The response to the claimant has a generic agency address so that the team member remains anonymous. The system has eliminated backlogs, and 90 percent of emails are handled within 2 hours. One current staffer wrote the code for and set up the system, and there was no special funding. The state had been looking to set up this system prior to the recession, but the recession forced it.

Most of Florida's process modifications were made to the *initial claims* and *continued claims* processes. For these processes, the state made computer programming modifications, increased documentation capabilities, made staffing adjustments, added phone lines, and increased online claims filing capabilities. For the *adjudication and fact finding* and *first level appeals* processes, the state made staff adjustments and added phone lines.

The only reallocation of resources between functions was a shift of resources from fact finding to adjudication. The state received a waiver from BTQ (benefit timeliness and quality measures) in order to facilitate this shift and it was in effect for 2009 only.

Training new staff was the biggest challenge the state faced in ramping up to meet the challenges of the recession.

When queried about the most significant innovations to UI processes, the state officials mentioned:

- the new claimant email system,
- putting more self-service online, with the capability for claimants to change their PINs and check claims, and
- a refinement in the mainframe computer system that enables the computer to identify new employers.

Additional information--Sixty percent of claimants are filing by internet and forty percent by telephone. Sixty percent certify weekly benefits by internet. The state's phone system is able to separate calls between initial and continued claims.

2. Before enactment of the Recovery Act, most states saw a decline in performance due to the increased workload of the recession. How did officials in your state respond to the changes in performance?

Florida has experienced a 500 percent increase in claims activity, from 670,000 claims in CY 2007 to 3.2 million in CY 2009. These data include initial claims, reopened claims, additional claims, and rescreenings. Florida officials mentioned that "rescreenings" (at the change of a quarter, searching wage records, both in-state and out-of-state, to determine a possible change in monetary eligibility) have been a continuing problem. Rescreening pertains to EUC and EB claimants who may be eligible for regular UI when the quarter changes. Such persons are to revert to regular UI if they are monetarily eligible (this was addressed in the July 2010 Federal legislation to hold harmless people whose weekly benefits would have been reduced)[28]. There were 358,000 of these rescreenings in 2007, and 1.4 million now. Currently, the state rescreens the universe of cases, and does not target industries most likely to result in out-of-state wages.

[28] The Unemployment Compensation Extension Act of 2010 (P.L. No. 111 -205) gave states four options in calculating the WBA for individuals entitled to EUC who qualify for regular UI in a subsequent benefit year but whose WBA would be substantially reduced (by at least $100 or 25 percent). In effect, the options permit the continued payment of UI benefits at the previous WBA.

In 2007-2008, Florida was below the USDOL-defined "acceptable level of performance," or ALP, in four measures of program performance. The state planned improvements in these areas, but was unable to implement them once the economy worsened. Now, the state is below ALP in 8 measures, and a corrective action plan applies to each of the eight. [The state's performance on lower and higher authority appeals time lapse has improved.] The state is not an "at risk" state, as defined by USDOL. The state's corrective action plan will involve incremental in-house process changes, such as monitoring the performance of staff.

The Florida officials mentioned that given the quick hiring they had to do within the UI program to meet the demands of the recession, they knew performance would be affected adversely.

3. How did your state use its share of the $500 million made available for UI administration under the recovery Act? What technology upgrades were made or planned? Are improvements temporary or permanent?

Florida will use all its administrative monies ($32 million) to implement an integrated claims/benefits/appeals system, to include also adjudications, charging and BPC. For this purpose, the state will supplement the administrative funds with set-aside contingency funds. The state has not accessed administrative funds yet, but planning is on track. After seven initial vendor bids on the project, the state entered negotiations with two vendors and, at the time of the interview, was on the verge of announcing the chosen vendor. [Florida's tax system is at the Department of Revenue, which houses a one-stop tax operation. The Department of Revenue began implementing a new, integrated SAP-based system starting in 1998. The UI part of the system was rolled out in March 2008.]

4. Did your state encounter any problems administering retroactive payments for the June 2008, March 2010, April 2010 or July 2010 federal legislation?

Florida faced numerous challenges administering retroactive payments. For each legislative enactment, the state encountered claimant communication, computer programming, timeliness of benefits, quality of determinations, and reporting challenges.

Letters were sent to all claimants with each enactment, but no matter how much information was presented, claimants had difficulty distinguishing the different tiers of EUC, and EB. The letters outlined options for applying for benefits (internet, mail, telephone) and were made available in Spanish and Creole as well as English. With every enactment and mailing, initial claims would rise, because some individuals receiving letters realized they re-qualified for a regular UI claim.

IT staff members were able to automate the four EUC tiers promptly. This was the biggest achievement made in the IT area.

One of the biggest challenges with the "reachbacks" was the need to rescreen when the quarter changed. This entailed stopping in the middle of the claims processing to determine potential eligibility for regular UI benefits. Florida officials wondered whether something could be done in the ICON process to help states address this problem when the claimant had employment in more than one state.

Reporting presented another challenge as it was hard to separate stimulus from non-stimulus funding streams. Another challenge was that Florida's IT system is not flexible enough to allow the state to "augment" benefits (this holds for most states, according to Florida officials). The push for augmentation comes from USDOL, which has encouraged states to augment any amount of eligibility remaining at the end of a tier by borrowing funds from the next tier, if necessary to make a complete weekly benefit amount (this occurs when partial weekly benefits have been paid).

Florida officials were effusive in describing the extent to which they felt supported by Federal staff. They cited USDOL as "a good partner in this" and "very responsive," and said USDOL "earned good marks" in helping with implementation. For example, USDOL hosted teleconferences with the regions, was quick to issue FAQs with their guidance, and offered "great support" on-site, visiting the state three times to look at state processes and make recommendations.

5. Did the numerous changes in EUC intake dates and ending dates cause any administrative problems? Did the state encounter challenges calculating the EUC WBA for any legislation before July 2010, or for the July 2010 legislation?

The different intake and ending dates did not cause any difficulties for the Florida program. The state also had no problems calculating EUC WBA, because "there was nothing unique or new." The weekly federal supplemental payment, FAC, was never included in calculations of WBA in Florida; it was administered as an add-on.

6. Did your state encounter any problems identifying and/or collecting overpayments related to weeks of EUC and/or EUC WBA?

No.

7. Did your state encounter any problems calculating the EB WBA?

No.

8. What challenges did your state face with the implementation of the FAC, and how were they addressed? Do you foresee or have you had any problems with the phase-out of the FAC?

For Florida, the FAC presented reporting and computer programming challenges, and problems with overpayment recovery and printing and mailing checks.

Florida's biggest challenge lay with the state's BPC web application, which had programming problems.

Regarding the printing and mailing of checks, the Department of Financial Services had to issue such a large volume of FAC "paper warrants, they charged the UI program an above normal amount to process them. Sixty (60) percent of claimants received the FAC via electronic funds transfer, 40% via paper warrants. A total of 9 million paper warrants have been issued since the FAC began. An additional cost is the postal rate of 37 cents a warrant. Florida is in a pilot phase

of implementing debit card technology. Eventually, debit cards will be a permanent feature of the state's program. The state was heading in that direction prior to the Recovery Act. With debit cards, a future FAC would result in fewer costs to the state for postage.

Debit cards can have fees. Under the pilot, the first debit card transaction per month does not have a fee. Fees are charged when payments are serviced by out-of network institutions. Fees also arise from balance inquiries and partial withdrawals of benefit amounts. Fees are $3.00 per chargeable transaction.

Florida hasn't had any problems phasing out the FAC.

9. Did your state experience any problems when the provision of law providing for the temporary suspension of federal income tax on benefits was not extended in the July 2010 legislation?

Florida did not have significant claimant activity on withholding, and had no problem with the phase-out of this provision of law.

10. Florida has not enacted an ABP or the "additional" modernization provisions. Why not?

The legislature has been unwilling to adopt an ABP as a matter of cost and philosophy. Over the years, the business community has not supported legislation to enact an ABP. A bill has been introduced every year since 1998. One year, legislation passed the Senate (around 2002) but it has never passed the House. The principal argument is around cost: expanding benefits will add costs to the trust fund and add to insolvency. As the business community considers options for bringing the system toward solvency, they are discussing many options, including getting employees to contribute through a tax of some kind.

In reporting the UI modernization provisions unfavorably, the Florida legislature focused on the increase in benefits payments or employer taxes that would result. They did not focus on administrative or staffing costs. Failed 2010 legislation, SB 2294, and its companion HB 741, would have implemented the alternative base period and the "part-time" and "compelling family reasons" provisions of the Modernization Act. These two latter provisions were included because they were considered to be the least costly based on estimates provided by the Department, and the Senator behind the legislation wanted to propose UI modernization legislation that he could say would be the least costly to Florida businesses.

11. Florida's trust fund is insolvent. How is the state planning to address solvency?

First, an employer assessment was enacted this year to cover the interest charges on outstanding loans. It is a state tax add-on to the federal tax. The amount of interest owed for a year is estimated by economists employed by the legislature. Based on the estimate, which is completed in December of the year before the payment is due, the Department of Revenue calculates the

amount of the add-on in February of the applicable year and issues the bills to employers based on the prior year's reported wages. Employers have until June to pay the additional tax. Second, to get at the bigger issue of trust fund indebtedness, the state is going to increase the taxable wage base in 2012 to $8,500 from $7,000. The state has a "trust fund balance factor" that automatically adjusts the tax rate when reserves are depleted. This factor has been modified to be more responsive and yield added revenue more quickly. Recovery is to occur over the upcoming three years whereas previously it was a four-year recovery period. The measures to hasten the recovery of the trust fund will not become effective until 2012. State officials could not say whether the state's plans will fully address the solvency problem, and noted that it depends in large part on the extent of economic recovery in the state. The state has not considered borrowing in the private securities market to address solvency.

12. Florida has an REA program, and also received RES funds through the Recovery Act. Has the Recovery Act changed the connection between the UI and the workforce systems?

Florida started a Reemployment Eligibility Assessment program in 2005. State UI officials said there was no connection between the REA and RES programs. They mentioned that after an REA review, many of the claimants are sent to workshops that are funded by Wagner-Peyser Act funds. The REA grant started in 6 WIBs and is now in 16.

Regarding RES, the state is targeting EB claimants as a stop-gap measure while the profiling model is retooled. The state's profiling statistical model had become "weak" and the state was not using it when the recession hit. The state had devolved RES targeting responsibility to the One-Stops, who were performing in-person assessments of UI claimants to target RES. Once the recession hit, however, the One-Stops lacked resources to interview each claimant, and the state began targeting EB claimants as a stop-gap measure, since by definition they are dislocated workers. Generally, when any claim is filed, information is sent to the workforce system. EB cases are now marked via a special interface so they are easy to identify for RES. To learn more about this, the state officials suggested contacting Vicki Smith. A new profiling model currently is undergoing testing. UI staff members anticipate it will be rolled out in the workforce system, rather than the UI system. The profiling sections of TEGL 14-08 are driving its development.

Florida officials say claimants in this recession are more motivated to receive training and other assistance. Many claimants are interested in retraining into a new field. With such a low WBA, unemployment is "not a comfortable state" for claimants. The 50-and-over age group is the most challenging, in part because they are overqualified for many open positions. Florida officials noted there was a significant amount of desperation in the populace.

State officials could not provide data on the number or percent of UI claimants enrolled in training, and suggested contacting workforce officials. The new integrated benefits system should help trace individuals better, and will provide more information back and forth between UI, workforce and the claimant.

The state has implemented TORQ, and UI officials suggested contacting Becky Rust for more information. TORQ, or Transferable Occupation Relationship Quotient, is a skills transferability

analysis tool that "links occupations based on the abilities, skills, and knowledge required by workers".

13. Pell Grants and the Administration's training initiative for UI claimants

The state sends out 20,000 letters each month to persons with new initial claims but will soon post the information on the website instead. UI officials have asked the workforce liaison to provide information on the numbers of people in training as a result of the Pell Grant initiative and push for training for UI claimants. One of the problems encountered with the initiative was that claimants understood they had to apply to the Department of Education and meet the additional Pell Grant requirements, but they often didn't realize they had to go to the one-stop to get training approved (in Florida, training is considered "approved" for UI purposes if it is authorized by the workforce system and meets other requirements). The state officials were unaware of any problems with the discretion afforded education counselors and financial aid advisors in implementing the Pell Grant.