

**FY 2010**

**CONGRESSIONAL BUDGET JUSTIFICATION**

**EMPLOYMENT AND TRAINING ADMINISTRATION**

**State Unemployment Insurance and  
Employment Service Operations**



# STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

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# STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

## APPROPRIATION LANGUAGE

For authorized administrative expenses, [\$91,698,000] \$74,403,000, together with not to exceed [\$3,563,167,000] \$3,977,153,000 which may be expended from the Employment Security Administration Account in the Unemployment Trust Fund ("the Trust Fund"), of which:

(1) [\$2,782,145,000] \$3,195,645,000 from the Trust Fund is for grants to States for the administration of State unemployment insurance laws as authorized under title III of the Social Security Act (including \$10,000,000 to conduct in-person reemployment and eligibility assessments and unemployment insurance improper payment reviews), the administration of unemployment insurance for Federal employees and for ex-service members as authorized under 5 U.S.C. 8501-8523, and the administration of trade readjustment allowances, *reemployment trade adjustment assistance*, and alternative trade adjustment assistance under the Trade Act of 1974, and *under section 1891(b) of the Trade and Globalization Adjustment Assistance Act of 2009*, and shall be available for obligation by the States through December 31, [2009] 2010, except that funds used for automation acquisitions shall be available for obligation by the States through September 30, [2011] 2012, and funds used for unemployment insurance workloads experienced by the States through September 30, [2009] 2010 shall be available for Federal obligation through December 31, [2009] 2010;

(2) \$11,310,000 from the Trust Fund is for national activities necessary to support the administration of the Federal-State unemployment insurance system;

(3) \$680,893,000 from the Trust Fund, together with \$22,683,000 from the General Fund of the Treasury, is for grants to States in accordance with section 6 of the Wagner-Peyser Act, and shall

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be available for Federal obligation for the period July 1, [2009] 2010 through June 30, [2010] 2011;

(4) \$20,869,000 from the Trust Fund is for national activities of the Employment Service, including administration of the work opportunity tax credit under section 51 of the Internal Revenue Code of 1986, and the provision of technical assistance and staff training under the Wagner-Peyser Act, including not to exceed \$1,228,000 that may be used for amortization payments to States which had independent retirement plans in their State employment service agencies prior to 1980;

(5) [\$67,950,000] \$68,436,000 from the Trust Fund is for the administration of foreign labor certifications and related activities under the Immigration and Nationality Act and related laws, of which [\$52,821,000] \$53,307,000 shall be available for the Federal administration of such activities, and \$15,129,000 shall be available for grants to States for the administration of such activities; *and*

(6) \$51,720,000 from the General Fund is to provide workforce information, national electronic tools, and one-stop system building under the Wagner-Peyser Act and section 171 (e)(2)(C) of the Workforce Investment Act of 1998 and shall be available for Federal obligation for the period July 1, [2009] 2010 through June 30, [2010; and] 2011

[(7) \$17,295,000 from the General Fund is to provide for work incentive grants to the States and shall be available for the period July 1, 2009 through June 30, 2010]:

*Provided*, That to the extent that the Average Weekly Insured Unemployment ("AWIU") for fiscal year [2009] 2010 is projected by the Department of Labor to exceed [3,487,000] 5,059,000, an additional \$28,600,000 from the Trust Fund shall be available for obligation for every 100,000 increase in the AWIU level (including a pro rata amount for any increment less

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than 100,000) to carry out title III of the Social Security Act: *Provided further*, That funds appropriated in this Act that are allotted to a State to carry out activities under title III of the Social Security Act may be used by such State to assist other States in carrying out activities under such title III if the other States include areas that have suffered a major disaster declared by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act: *Provided further*, That the Secretary of Labor may use funds appropriated for grants to States under title III of the Social Security Act to make payments on behalf of States for the use of the National Directory of New Hires under section 453(j)(8) of such Act: *Provided further*, That funds appropriated in this Act which are used to establish a national one-stop career center system, or which are used to support the national activities of the Federal-State unemployment insurance or immigration programs, may be obligated in contracts, grants, or agreements with non-State entities: *Provided further*, That funds appropriated under this Act for activities authorized under title III of the Social Security Act and the Wagner-Peyser Act may be used by States to fund integrated Unemployment Insurance and Employment Service automation efforts, notwithstanding cost allocation principles prescribed under the Office of Management and Budget Circular A-87; *Provided further*, That the Secretary, at the request of a State participating in a consortium with other States, may reallocate funds allotted to such State under title III of the Social Security Act to other States participating in the consortium in order to carry out activities that benefit the administration of the unemployment compensation law of the State making the request.

In addition, [\$40,000,000] \$50,000,000 from the Employment Security Administration Account of the Unemployment Trust Fund shall be available to conduct in-person reemployment and eligibility assessments and unemployment insurance improper payment reviews[: *Provided*,

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That not later than June 30, 2010, the Secretary shall submit an interim report to the Congress that includes available information on expenditures, number of individuals assessed, and outcomes from the assessments: *Provided further*, That not later than June 30, 2011, the Secretary of Labor shall submit to the Congress a final report containing comprehensive information on the estimated savings that result from the assessments of claimants and identification of best practices]. (*Department of Labor Appropriations Act, 2009.*)



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## **EXPLANATION OF LANGUAGE CHANGE**

The Administration proposes eliminating the Work Incentive Grants program in FY 2010.

The language requiring reports to Congress on the outcomes of the reemployment and eligibility assessments has been deleted for FY 2010. The Department will provide the required reports on assessments funded with FY 2009 funds, but it believes that it is better to complete the first comprehensive report, due by June 30, 2011, before beginning another round of reports.

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**ANALYSIS OF APPROPRIATION LANGUAGE**

Not Applicable.

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<b>AMOUNTS AVAILABLE FOR OBLIGATION</b>								
(Dollars in Thousands)								
	<b>FY 2008 Enacted</b>		<b>FY 2009 Enacted</b>		<b>Recovery Act</b>		<b>FY 2010 Request</b>	
	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>
<b>A. Appropriation</b>	<b>0</b>	<b>90,517</b>	<b>0</b>	<b>91,698</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>74,403</b>
Reduction pursuant to (P.L. 110-161)	0	-1,582	0	0	0	0	0	0
Other Supplementals and Rescissions	0	0	0	0	0	0	0	0
Appropriation, Revised	0	88,935	0	91,698	0	0	0	74,403
Subtotal Appropriation	0	88,935	0	91,698	0	0	0	74,403
Offsetting Collections From:	0	0	0	0	0	0	0	0
Reimbursements	0	1,810	0	10,075	0	0	0	10,075
Trust Funds	0	3,362,452	131	4,095,659	0	400,000	131	4,027,153
Fees	0	0	31	13,000	0	0	31	13,000
Expenditure Transfer to PA	0	0	0	0	0	-4,000	0	0
Transfer from General Fund to TES (Proposed Legislation)	0	0	0	0	0	0	0	0
Subtotal	0	3,364,262	162	4,118,734	0	396,000	162	4,050,228
<b>B. Gross Budget Authority</b>	<b>0</b>	<b>3,453,197</b>	<b>162</b>	<b>4,210,432</b>	<b>0</b>	<b>396,000</b>	<b>162</b>	<b>4,124,631</b>
Offsetting Collections	0	0	0	0	0	0	0	0
Deduction: (all entries are negative)	0	0	0	0	0	0	0	0
Reimbursements	0	-1,810	0	-10,075	0	0	0	-10,075
Fees	0	0	-31	-13,000	0	0	-31	-13,000
Expenditure Transfer to PA	0	0	0	0	0	4,000	0	0
Subtotal Offsetting Collections	0	-1,810	-31	-23,075	0	4,000	-31	-23,075
<b>C. Budget Authority</b>	<b>0</b>	<b>3,451,387</b>	<b>131</b>	<b>4,187,357</b>	<b>0</b>	<b>400,000</b>	<b>131</b>	<b>4,101,556</b>
Before Committee	0	3,451,387	131	4,187,357	0	400,000	131	4,101,556
Offsetting Collections From	0	0	0	0	0	0	0	0
Reimbursements	0	1,810	0	10,075	0	0	0	10,075
Fees	0	0	31	13,000	0	0	31	13,000
Expenditure Transfer to PA	0	0	0	0	0	-4,000	0	0
Subtotal Offsetting Collections	0	1,810	31	23,075	0	-4,000	31	23,075
<b>D. Total Budgetary Resources</b>	<b>0</b>	<b>3,453,197</b>	<b>162</b>	<b>4,210,432</b>	<b>0</b>	<b>396,000</b>	<b>162</b>	<b>4,124,631</b>
Other Unobligated Balances	0	0	0	0	0	0	0	0
Unobligated Balance Expiring	0	0	0	0	0	0	0	0
<b>E. Total, Estimated Obligations</b>	<b>0</b>	<b>3,453,197</b>	<b>162</b>	<b>4,210,432</b>	<b>0</b>	<b>396,000</b>	<b>162</b>	<b>4,124,631</b>

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## SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2009 Enacted	FY 2010 Request	Net Change
<b>Budget Authority</b>			
General Funds	91,698	74,403	-17,295
Trust Funds	4,095,659	4,027,153	-68,506
<b>Total</b>	4,187,357	4,101,556	-85,801
<b>Full Time Equivalents</b>			
General Funds	0	0	0
Trust Funds	131	131	0
<b>Total</b>	131	131	0

Explanation of Change	FY 2009 Base		Trust Funds		FY 2010 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Increases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Costs of pay adjustments	131	12,058	0	282	0	0	0	282
Personnel benefits	0	2,939	0	15	0	0	0	15
Benefits for former personnel	0	42	0	0	0	0	0	0
Travel	0	238	0	1	0	0	0	1
Transportation of things	0	17	0	0	0	0	0	0
GSA Space Rental	0	1,558	0	8	0	0	0	8
Communications, utilities & miscellaneous charges	0	400	0	2	0	0	0	2
Printing and reproduction	0	32	0	0	0	0	0	0
Advisory and assistance services	0	19,118	0	96	0	0	0	96
Other services	0	76	0	0	0	0	0	0
Purchase of goods and services from other Government accounts	0	3,971	0	20	0	0	0	20
Operation and maintenance of facilities	0	390	0	2	0	0	0	2
Operation and maintenance of equipment	0	10,813	0	54	0	0	0	54
Supplies and materials	0	429	0	2	0	0	0	2
Equipment	0	740	0	4	0	0	0	4
Unemployment Insurance State Administration for employer growth and claims workload	0	0	0	413,500	0	0	0	413,500
Grants, Subsidies, and Contributions	0	4,134,536	0	0	0	0	0	0
<b>Built-Ins Subtotal</b>	<b>131</b>	<b>4,187,357</b>	<b>0</b>	<b>413,986</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>413,986</b>
<b>B. Program:</b>								
To provide an increase to Reemployment Eligibility Assessments activities,	0	40,000	0	10,000	0	0	0	10,000

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Explanation of Change	FY 2009 Base		FY 2010 Change					
			Trust Funds		General Funds		Total	
<b>Programs Subtotal</b>			<b>0</b>	<b>+10,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>+10,000</b>
<b>C. Financing:</b>								
<b>Total Increase</b>	<b>+131</b>	<b>+4,187,357</b>	<b>0</b>	<b>+423,986</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>+423,986</b>
<b>Decreases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Unemployment Insurance State								
Administration for employer growth								
and claims workload	0	0	0	-492,492	0	0	0	-492,492
<b>Built-Ins Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-492,492</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-492,492</b>
<b>B. Program:</b>								
To provide a decrease to the Work								
Incentive Grants program.	0	17,295	0	0	0	-17,295	0	-17,295
<b>Programs Subtotal</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>-17,295</b>	<b>0</b>	<b>-17,295</b>
<b>C. Financing:</b>								
<b>Total Decrease</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-492,492</b>	<b>0</b>	<b>-17,295</b>	<b>0</b>	<b>-509,787</b>
<b>Total Change</b>	<b>+131</b>	<b>+4,187,357</b>	<b>0</b>	<b>-68,506</b>	<b>0</b>	<b>-17,295</b>	<b>0</b>	<b>-85,801</b>

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<b>SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY</b> (Dollars in Thousands)								
	<b>FY 2008 Enacted</b>		<b>FY 2009 Enacted</b>		<b>Recovery Act</b>		<b>FY 2010 Request</b>	
	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>
<b>Unemployment Insurance</b>	<b>0</b>	<b>2,649,365</b>	<b>0</b>	<b>3,325,947</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,256,955</b>
Unemployment Trust Funds	0	2,649,365	0	3,325,947	0	0	0	3,256,955
<b>Reemployment Eligibility Assessments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,000</b>
Unemployment Trust Funds	0	0	0	40,000	0	0	0	50,000
<b>State Administration</b>	<b>0</b>	<b>2,639,638</b>	<b>0</b>	<b>3,274,637</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,195,645</b>
Unemployment Trust Funds	0	2,639,638	0	3,274,637	0	0	0	3,195,645
<b>AWIU</b>	<b>0</b>	<b>75,504</b>	<b>0</b>	<b>492,492</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Unemployment Trust Funds	0	75,504	0	492,492	0	0	0	0
<b>National Activities</b>	<b>0</b>	<b>9,727</b>	<b>0</b>	<b>11,310</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,310</b>
Unemployment Trust Funds	0	9,727	0	11,310	0	0	0	11,310
<b>Employment Service</b>	<b>0</b>	<b>723,052</b>	<b>0</b>	<b>724,445</b>	<b>0</b>	<b>400,000</b>	<b>0</b>	<b>724,445</b>
General Funds	0	22,483	0	22,683	0	0	0	22,683
Unemployment Trust Funds	0	700,569	0	701,762	0	400,000	0	701,762
<b>Grants to State</b>	<b>0</b>	<b>703,376</b>	<b>0</b>	<b>703,576</b>	<b>0</b>	<b>400,000</b>	<b>0</b>	<b>703,576</b>
General Funds	0	22,483	0	22,683	0	0	0	22,683
Unemployment Trust Funds	0	680,893	0	680,893	0	400,000	0	680,893
<b>Employment Service National Activities</b>	<b>0</b>	<b>19,676</b>	<b>0</b>	<b>20,869</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,869</b>
Unemployment Trust Funds	0	19,676	0	20,869	0	0	0	20,869
<b>TAT/SWA Retirement</b>	<b>0</b>	<b>2,308</b>	<b>0</b>	<b>2,349</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,349</b>
Unemployment Trust Funds	0	2,308	0	2,349	0	0	0	2,349
<b>WOTC</b>	<b>0</b>	<b>17,368</b>	<b>0</b>	<b>18,520</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,520</b>
Unemployment Trust Funds	0	17,368	0	18,520	0	0	0	18,520
<b>Foreign Labor Certification</b>	<b>0</b>	<b>54,005</b>	<b>131</b>	<b>67,950</b>	<b>0</b>	<b>0</b>	<b>131</b>	<b>68,436</b>
Unemployment Trust Funds	0	54,005	131	67,950	0	0	131	68,436
<b>Federal Administration</b>	<b>75</b>	<b>41,487</b>	<b>131</b>	<b>52,821</b>	<b>0</b>	<b>0</b>	<b>131</b>	<b>53,307</b>
Unemployment Trust Funds	75	41,487	131	52,821	0	0	131	53,307
<b>State Grants</b>	<b>0</b>	<b>12,518</b>	<b>0</b>	<b>15,129</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,129</b>
Unemployment Trust Funds	0	12,518	0	15,129	0	0	0	15,129

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<b>Workforce Information-Electronic Tools-System Building</b>	<b>0</b>	<b>52,059</b>	<b>0</b>	<b>51,720</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>51,720</b>
General Funds	0	52,059	0	51,720	0	0	0	51,720
<b>Work Incentive Grants</b>	<b>0</b>	<b>14,393</b>	<b>0</b>	<b>17,295</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
General Funds	0	14,393	0	17,295	0	0	0	0
<b>Total</b>	<b>75</b>	<b>3,492,874</b>	<b>131</b>	<b>4,187,357</b>	<b>0</b>	<b>400,000</b>	<b>131</b>	<b>4,101,556</b>
General Funds	0	88,935	0	91,698	0	0	0	74,403
Unemployment Trust Funds	75	3,403,939	131	4,095,659	0	400,000	131	4,027,153

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<b>BUDGET AUTHORITY BY OBJECT CLASS</b>						
(Dollars in Thousands)						
		<b>FY 2008 Enacted</b>	<b>FY 2009 Enacted</b>	<b>Recovery Act</b>	<b>FY 2010 Request</b>	<b>Change FY 10 Req. / FY 09 Enacted</b>
	Full-time Permanent	75	131	0	131	0
	Other	31	31	0	31	0
	<b>Total</b>	<b>106</b>	<b>162</b>	<b>0</b>	<b>162</b>	<b>0</b>
	Total Number of Full-Time Permanent Positions	106	162	0	162	0
	Average ES Salary	158,709	168,924	0	172,302	3378
	Average GM/GS Grade	12	12	0	12	0
	Average GM/GS Salary	83,156	88,741	0	90,516	1775
11.1	Full-time permanent	8,652	11,297	0	11,564	267
11.3	Other than full-time permanent	110	140	0	143	3
11.5	Other personnel compensation	488	621	0	633	12
11.9	Total personnel compensation	9,250	12,058	0	12,340	282
12.1	Civilian personnel benefits	2,530	2,939	0	2,954	15
13.0	Benefits for former personnel	33	42	0	42	0
21.0	Travel and transportation of persons	187	238	0	239	1
22.0	Transportation of things	13	17	0	17	0
23.1	Rental payments to GSA	1,224	1,558	0	1,566	8
23.3	Communications, utilities, and miscellaneous charges	314	400	0	402	2
24.0	Printing and reproduction	25	32	0	32	0
25.1	Advisory and assistance services	14,229	19,118	0	19,214	96
25.2	Other services	60	76	0	76	0
25.3	Other purchases of goods and services from Government accounts 1/	4,690	3,971	0	3,991	20
25.4	Operation and maintenance of facilities	306	390	0	392	2
25.7	Operation and maintenance of equipment	7,707	10,813	0	10,867	54
26.0	Supplies and materials	337	429	0	431	2
31.0	Equipment	582	740	0	744	4
41.0	Grants, subsidies, and contributions	3,451,387	4,134,536	400,000	4,048,249	-86287
	<b>Total</b>	<b>3,492,874</b>	<b>4,187,357</b>	<b>400,000</b>	<b>4,101,556</b>	<b>-85,801</b>
	1/Other Purchases of Goods and Services From Government Accounts					
	Working Capital Fund	4,490	3,971	0	3,991	20
	DHS Services	200	0	0	0	0

NOTE: FY 2008 reflects actual FTE.



**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT  
SERVICE OPERATIONS**

**SUMMARY OF PERFORMANCE**

**Performance Goal 4A – Employment and Training Administration**

**Make timely and accurate payments to unemployment workers, facilitate the reemployment of unemployment insurance beneficiaries, and set up unemployment tax accounts promptly for new employees.**

<b>Unemployment Insurance: Goal 4A</b>	<b>FY 2005</b>		<b>FY 2006</b>		<b>FY 2007</b>		<b>FY 2008</b>		<b>FY 2009</b>	<b>FY 2010</b>
	<b>Goal Not Achieved</b>		<b>Goal Not Achieved</b>		<b>Goal Not Achieved</b>		<b>Goal Not Achieved</b>			
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
1. Payment Timeliness: Percent of all intrastate first payments that will be made within 21 days.	89.9%	89.3%	89.9%	87.5%	90.0%	88.2%	88.4%	86.8%	85.7%	85.9%
2. Detect Overpayments: Percent of the amount of estimated overpayments that states detect established for recovery.	59.5%	58.7%	59.5%	62.1	60.0%	54.8%	56.0%	56.0%	51.8%	52.8%
3. Facilitate Claimant Reemployment: Percent of UI claimants reemployed by the end of the first quarter after the quarter in which they received their first payment.	--	--	Base-line	62.4%	65%	65.1%	65.2%	62.5%*	59.0%	58.6%
4. Percent of Employer Tax Liability Determinations Made Promptly: Percentage of determinations about UI tax liability of new employers made within 90 days of the end of the first quarter they became liable.	82.4%	82.4%	82.5%	83.7%	82.8%	85.6%	84.9%	84.9%	88.7%	90.0%
<b>Baseline(s):</b> Facilitate Claimant Reemployment: In July 2005, the Employment and Training Administration (ETA) received approval under the Paperwork Reduction Act to collect data for this measure. State Workforce Agencies (SWAs) submitted data during FY 2006 from which a baseline was set.										
<b>Data Source(s):</b> ETA 9050 and 9050p Reports; Benefits Accuracy Measurement (BAM) data, and ETA 227 Report; ETA 5159 Report and ETA 581 Report. <i>Workforce System Results</i>										
<b>Comments:</b> Regression analysis used to adjust targets for FY 2009 – FY 2010. Reemployment results are based on all states reporting. Data results run as of April 29 for overpayment detection and April 30 for new employer determinations.										

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT  
SERVICE OPERATIONS**

<b>SUMMARY OF PERFORMANCE</b>									
<b>Performance Goal 2C – Employment and Training Administration</b>									
<b>Improve outcomes for job seekers and employers who receive One-Stop employment and workforce information services.</b>									
<b>Wagner-Peyser Act Employment Service: Goal 2C</b>	<b>PY 2005</b>		<b>PY 2006</b>		<b>PY 2007</b>		<b>PY 2008</b>	<b>PY 2009</b>	<b>PY 2010</b>
	<b>Goal Achieved</b>		<b>Goal Not Achieved</b>		<b>Goal Achieved</b>				
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>	<b>Target</b>
1. Percent of participants employed in the first quarter after exit	61%	63%	64%	60%	61%	64%	60.3%	59.0%	59.7%
2. Percent of participants employed in the first quarter after exit still employed in the second and third quarters after exit. (2003-05 data are for a similar measure)	78%	80%	81%	77%	78%	81%	78.6%	77.7%	78.2%
3. Average earnings in the second and third quarters after exit.  (2005 data are for earnings change from pre-program services to post-program services.)	Baseline	\$1,580	\$10,500	\$11,749	\$11,870	\$12,763	\$10,708	\$10,034	\$10,385
<b>Baseline(s):</b> The baseline for the earnings measure in PY 2005 was derived using the prior definition for Earnings Increase. The methodology for calculating average earnings became effective PY 2006.									
<b>Data Source(s):</b> Quarterly state reports submitted to DOL and UI wage records.									
<b>Comments:</b> PY 2008-2010 targets are adjusted estimates based on regression analysis that takes into account participant performance with the conditions of the local labor markets using the unemployment rates collected by local workforce investment areas in two states. (Results through PY 2007 are rounded to the nearest whole percentage point). Regression analysis is used to set targets for PY 2008 through PY 2010.									

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT  
SERVICE OPERATIONS**

<b>SUMMARY OF PERFORMANCE</b>										
<b>Performance Goal 2H – Employment and Training Administration Address worker shortages through the Foreign Labor Certification Programs</b>										
<b>Foreign Labor Certification: Goal 2H</b>	<b>FY 2005</b>		<b>FY 2006</b>		<b>FY 2007</b>		<b>FY 2008</b>		<b>FY 2009</b>	<b>FY 2010</b>
	<b>Goal Not Achieved</b>		<b>Goal Not Achieved</b>		<b>Goal Not Achieved</b>					
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
Percent of H-1B applications processed within seven days of the filing date for which no prevailing wage issues are identified.	100%	100%	100%	100%	100%	98.4	100%	100%	100%	100%
Percentage of employer applications, for permanent labor certification under the streamlined system, resolved within 6 months of filing.	Baseline	57%	60%	86%	65%	91%	75%	92%	92%	92%
Percent of H-2A applications with no pending state actions processed within 15 days of receipt and 30 days from the date of need.	--	--	95%	57%	95%	55%	60%	56%	61%	NA
Percent of the H-2B applications processed within 60 days of receipt.	90%	85%	90%	56%	90%	62.4%	64%	71%	65%	
<b>Baseline(s):</b>										
<b>Data Source(s):</b> Program Electronic Review Management (PERM) system, Case Management System (CMS), H-1B Electronic Processing System.										
<b>Comments:</b> H-2A and H-2B indicators will be dropped in FY 2010.										

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT  
SERVICE OPERATIONS**

<b>SUMMARY OF PERFORMANCE</b>									
<b>Employment and Training Administration</b>									
<b>Build a workforce system responsive to individual workers and business customers by increasing the accessibility of workforce information through the National Electronic Tools</b>									
<b>Workforce Information/National Electronic Tools/System Building: Goal 2E</b>	<b>PY 2005</b>		<b>PY 2006</b>		<b>PY 2007</b>		<b>PY 2008</b>	<b>PY 2009</b>	<b>PY 2010</b>
	<b>Goal Achieved</b>		<b>Goal Achieved</b>						
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>	<b>Target</b>
1. Number of page views on America's Career InfoNet.	Baseline	61.4 million	62 million	87.2 million	Baseline	142.5 million	--	--	--
2. Number of O*Net site visits.	3.9 million	7 million	7.5 million	9.7 million	12 million	10.6 million	11.25 million	12 million	12.75 million
3. Number of page views on Career Voyages.	Baseline	7.9 million	8.5 million	10.9 million	12.5 million	10.8 million	--	--	--
4. Number of CareerOneStop	--	--	--	--	Baseline	23.6 million	24 million	25 million	26 million
5. Number of Career Voyages	--	--	--	--	Baseline	2.1 million	2.4 million	2.8 million	3 million
<b>Baseline(s):</b> A baseline for measuring the number of page views for America's Career InfoNet was collected in PY 2007 due to the closure of America's Job Bank on June 30, 2007.									
<b>Data Source(s):</b> Since PY 2005, data for America's Career InfoNet have been provided by Minnesota (grantee). Web statistics for O*Net and CareerOneStop are provided by the state grantees using AWtats and Web Trends software. Career Voyages statistics are provided by ETA's <i>Workforce System Results</i>									
<b>Comments:</b> ETA is proposing new measures for PY 2008 and beyond to OMB. The proposed measures for National Electronic Tools are to use site visits for all of the measures, rather than page views for two of them. The industry standard for measuring the traffic to a website has evolved over time to be site visits because this measure is more stable and less easily manipulated than other website metrics. The proposed new measures are: (1) number of O*NET site visits, (2) number of CareerOneStop site visits, and (3) number of Career Voyage site visits.									

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT  
SERVICE OPERATIONS**

<b>SUMMARY OF PERFORMANCE</b>									
<b>Performance Goal 2P – Employment and Training Administration</b>									
<b>Increase the employment, retention, and earnings of individuals with disabilities through Work Incentive Grants</b>									
<b>Work Incentive Grants: Goal 2P</b>	<b>PY 2005</b>		<b>PY 2006</b>		<b>PY 2007</b>		<b>PY 2008</b>	<b>PY 2009</b>	<b>PY 2010</b>
	<b>Goal Not Achieved</b>		<b>Goal Not Achieved</b>		<b>Goal Not Achieved</b>				
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>	<b>Target</b>
1. Percent of exiters with disabilities.	6.2%	6.9%	6.3%	4.5%	4.6%	4.5%	4.6%	4.7%	--
2. Percent of exiters with disabilities employed after program exit.	66.0%	69.9%	67.0%	65.0%	66.0%	59.6%	56.4%	55.2%	--
3. Percent of exiters with disabilities who retain employment after exit.	81.0%	80.4%	82.0%	78.8%	80.0%	79.6%	77.4%	76.6%	--
4. Average earnings in the second and third quarters after exit. (2005 data and 2006 target are based on a similar earnings measure, earnings gain.)	\$1,872	\$3,256	Baseline	\$9,856	\$9,955	\$10,862	\$10,291	\$10,080	--
<b>Baseline(s):</b> In PY2006, the program collected baseline data for the new average earnings measure; 2004-05 data are based on similar earnings measure, earnings gain.									
<b>Data Source(s):</b> State Workforce Investment Act Standardized Record Data (WIASRD) submitted to DOL, Unemployment Insurance Wage Records									
<b>Comments:</b> The data shown are for exiters with disabilities for those Workforce Investment Areas with navigators. New measures were developed during the PY 2004 budget. In FY 2010, no funding has been requested for the program. Data for Work Incentive Grants is collected annually from the WIASRD. Regression analysis used to set targets for entered employment, retention, and average earnings in PY 2008 and PY 2009.									

# STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

## EMPLOYMENT AND TRAINING ADMINISTRATION

### SIGNIFICANT ITEMS IN APPROPRIATION COMMITTEES' EXPLANATORY STATEMENT

#### Work Incentive Grants

Omnibus: The increase in funding for Work Incentive Grants is intended to allow for the integration of disability navigators into the One-Stop system in all participating states and the evaluation of the progress to date in reaching this goal.

Response: There are currently approximately 425 Disability Program Navigators (DPN) operating in 44 states and territories funded with PY 2008 Work Incentive Grant funds. Cooperative agreements will continue with 16 Round I, 13 Round II, and 16 Round III DPN states using the \$17.3 million Work Incentive Grant funds in the PY 2009 budget.

In response to the PY 2008 Appropriation Report language that required the Employment and Training Administration (ETA) to provide funds to all states that are interested in receiving funds, ETA issued a new solicitation to states that had not elected to participate in the DPN program previously. As a result, there were four new Round IV DPN cooperative agreements awarded in March 2009, funded through March 2011. Three states have dropped out of the DPN Program and two states have declined to participate. States are encouraged to supplement their DPN initiative through other Federal or state resources in order to maintain current Navigator levels, and to ensure they are fully integrated into the One-Stop Career Centers.

ETA funded an individual outcome evaluation of the DPN Initiative, which is designed to determine if the implementation of the DPN initiative in local workforce areas has led to demonstrable changes in outcomes for people with disabilities served by the One-Stop Career Center system. The evaluation should be completed by December 2010.

#### Unemployment Insurance

Omnibus: Within the amount provided for grants to the States for the administration of Unemployment Insurance (UI), the bill includes a new provision, recommended in the budget request, requiring that \$10,000,000 in base UI funds be used for in-person reemployment and eligibility assessments and UI improper payment reviews. An additional \$40,000,000 is provided for this purpose. It is expected that a portion of the funds provided will be used for technology-based overpayment prevention, detection, and collection infrastructure investments in support of these activities.

## **STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS**

Response: ETA is promoting better linkage of UI claimants with reemployment services and improved payment integrity through the Reemployment and Eligibility Assessment (REA) initiative. A total of 18 states operated REA initiatives in FY 2008. These additional funds will be used to implement REA initiatives in additional states and to expand REA initiatives in the 18 states currently operating REAs.

Omnibus: It is expected that a portion of the funds provided will be used for technology-based overpayment prevention, detection, and collection infrastructure investments in support of these activities.

Response: ETA will provide states an opportunity to apply for a portion of the \$40 million cap adjustment funds to improve their improper payment prevention, detection and collection efforts by taking advantage of current and emerging technologies. The focus will be on addressing the two top causes of improper payments: UI claimants who return to work and continue to claim benefits and errors made by state staff in making initial eligibility determinations.

### **Labor Market Information**

Omnibus: Within the amount provided for One-Stop Career Center and Labor Market Information, the Department is directed to fund workforce information grants to States at not less than \$32,000,000. Also within the total, not less than \$2,500,000 is provided for competitive grants to State agencies to identify job openings and skill requirements for the energy efficiency and renewable energy industries and to refer workers to job openings and training programs as outlined in 171(e)(2)(C) of the Workforce Investment Act”

Response: The Employment and Training Administration (ETA) is in the process of clearing a Training and Employment Guidance Letter that will fund workforce information grants to States via formula allocation, in the total amount of \$32,000,000. ETA also agrees with the recommendation to provide funds for competitive grants to State agencies for the named purpose, which references the Green Jobs Act amendment to WIA. In fact, ETA has identified a significant portion of ARRA funds, far larger than the \$2.5 million set forth in the PY 09 appropriation, to be dedicated for just such a purpose. It would not be practical to have a second competition for the same purpose with the \$2.5 million. We want to work with the committees to use the \$2.5 million for other workforce information, research, and electronic tools functions supporting states consistent with this account.

### **Foreign Labor Certification**

Omnibus: Due to concern about the Department's new requirement for State Workforce Agencies to assume the responsibility for employment verification in the H-2A

## **STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS**

agricultural workers program, the Secretary is directed to provide a report to the Committees on Appropriations of the House of Representatives and the Senate within 90 days of the enactment of this Act on the costs to States and legal basis for imposing this responsibility on a mandatory basis.

Response: The Department will comply with the request to submit a report on the costs to states and legal basis for imposing the responsibility for employment verification in the H-2A agricultural workers program.



## STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

<b>APPROPRIATION HISTORY</b>					
(Dollars in Thousands)					
	<b>Budget Estimates to Congress</b>	<b>House Allowance</b>	<b>Senate Allowance</b>	<b>Appropriations</b>	<b>FTE</b>
2000....1/	3,506,773	3,141,740	3,358,073	3,213,780	0
2001....2/	3,389,198	3,097,790	3,249,430	3,453,494	0
2002....3/	3,788,712	3,774,712	3,804,712	3,698,556	0
2003....4/	3,697,143	3,618,903	3,618,903	3,747,464	0
2004....5/	3,646,783	3,615,381	3,620,552	7,239,448	0
2005....6/	3,593,434	3,582,848	3,636,235	3,636,709	0
2006....7/	2,716,830	3,470,366	3,361,779	3,358,157	0
2007	3,435,717	3,435,717	3,435,717	3,340,350	0
2008....8/	2,593,192	3,382,614	3,386,632	3,451,388	0
2009....9/	2,665,267	0	3,692,363	4,187,357	131
2010	4,101,556	0	0	0	0

1/ Excludes a comparative transfer to the Bureau of Labor Statistics (\$20,700,000) and a rescission of \$19,260,000.

2/ Includes a reduction from State Administration of \$360,000 pursuant to P.L. 106-554 and includes \$84,656,000 for the AWIU contingency trigger. Also includes \$3,500,000 for terrorist response.

3/ Reflects a reduction of \$311,000 pursuant to P.L. 107-116 and \$293,000 pursuant to P.L. 107-206. Includes \$293,722,000 for the AWIU contingency trigger. Includes \$4,100,000 for terrorist response.

4/ Reflects a transfer from ETA Training and Employment Services account of \$12,000,000; reflects a 0.65% across-the-board reduction pursuant to P.L. 108-7.

5/ Reflects the Conference action including a rescission of 0.59% and a Labor/HHS rescission of \$183 and includes \$68,640,000 for the estimated use of the AWIU contingency trigger. No contingency funds were released in FY 2004. Excludes \$5,000,000 transfer from ES national activities to ETA Program Administration.

6/ Reflects a 0.8% government wide rescission and a \$198,000,000 of the Labor/HHS rescission.

7/ Reflects a 1.0% government wide rescission pursuant to P.L. 109-148.

8/ Reflects 1.747% rescission.

9/ This bill was only reported out of Subcommittee and was not passed by the Full House.



## UNEMPLOYMENT INSURANCE

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>						
(Dollars in Thousands)						
	<b>FY 2008 Enacted</b>	<b>FY 2009 Enacted</b>	<b>Diff. FY08 Enacted / FY09 Enacted</b>	<b>Recovery Act</b>	<b>FY 2010 Request</b>	<b>Diff. FY09 Enacted / FY10 Req</b>
<b>Activity Appropriation</b>	<b>2,649,365</b>	<b>3,325,947</b>	<b>676,582</b>	<b>0</b>	<b>3,256,955</b>	<b>-68,992</b>

### Introduction

The Federal-state Unemployment Insurance (UI) program, authorized by Title III of the Social Security Act (SSA), provides temporary, partial wage replacement to unemployed workers who are between jobs and helps to stabilize local economies where layoffs have occurred as well as the national economy. Research shows that for each dollar of UI benefits spent, \$2.15 in economic activity is generated through the multiplier effect and that without UI, the gross domestic product would decline an additional 15% on average during recessions.

To be eligible for benefits, unemployed workers must have worked recently, be involuntarily unemployed, and be able to and available for work. Virtually all wage and salary workers are potentially eligible for benefits if they lose their jobs. UI benefits and administration are funded by state payroll and Federal taxes, respectively.

An integral part of the public workforce investment system, the UI program is the entry point for unemployed workers to One-Stop Career Center services that speed their return to work. Reemployment is crucial to maintaining workers' long-term economic security.

States administer the UI program directly and also administer certain Federal benefit programs. These activities are covered under the Unemployment Insurance State Administration line item. A second line in the budget, "National Activities," provides funds to support the states collectively in administering their state UI programs. Reemployment Eligibility Assessments, in-person interviews with selected UI claimants, are funded under a third line item.

The Federal role in this Federal-state cooperative relationship includes setting broad policy for the program, establishing performance measures and standards, providing technical assistance to states, monitoring state performance, ensuring conformity and compliance of state laws and operations with Federal law, and funding the cost of administering state and Federal UI laws.

# UNEMPLOYMENT INSURANCE

## Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2005	2,673,456	0
2006	2,507,670	0
2007	2,507,670	0
2008	2,649,365	0
2009	3,325,947	0

NOTE: Excludes Recovery Act Funding. See budget activity head table.

## UNEMPLOYMENT INSURANCE

<b>BUDGET ACTIVITY by OBJECT CLASS</b>						
(Dollars in Thousands)						
		<b>FY 2008 Enacted</b>	<b>FY 2009 Enacted</b>	<b>Recovery Act</b>	<b>FY 2010 Request</b>	<b>Change FY 10 Req / FY 09 Enacted</b>
41.0	Grants, subsidies, and contributions	2,649,365	3,325,947	0	3,256,955	-68,992
<b>Total</b>		<b>2,649,365</b>	<b>3,325,947</b>	<b>0</b>	<b>3,256,955</b>	<b>-68,992</b>

# UNEMPLOYMENT INSURANCE

## CHANGES IN FY 2010

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Unemployment Insurance State Administration for employer  
growth and claims workload

-78,992

#### Built-Ins Subtotal

-78,992

#### Net Program

10,000

#### Direct FTE

0

Estimate

FTE

#### Base

3,246,955

0

#### Program Increase

10,000

0

## STATE ADMINISTRATION

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>						
(Dollars in Thousands)						
	FY 2008 Enacted	FY 2009 Enacted	Diff. FY08 Enacted / FY09 Enacted	Recovery Act	FY 2010 Request	Diff. FY09 Enacted / FY10 Req
<b>Activity Appropriation</b>	2,639,638	3,274,637	634,999	0	3,195,645	-78,992

### Introduction

States administer the Unemployment Insurance (UI) program directly and are responsible for establishing specific policies and operating methods that conform to the Federal Unemployment Tax Act (Chapter 23, Internal Revenue Code), Title III of the Social Security Act, and Federal regulations. The major functions performed by the states are: (1) determining benefit entitlement, (2) paying benefits, and (3) collecting state UI taxes from employers.

The states also administer Federal programs for payments to: former Federal military and civilian personnel; claimants who qualify for extended or special Federal unemployment benefits; workers certified under the Trade Adjustment Assistance and Reemployment Trade Adjustment Assistance (formerly called Alternative Trade Adjustment Assistance) programs; and individuals unemployed due to disasters.

As part of a Department of Labor (DOL) program assessment, the following improvement plans for Unemployment Insurance have been established: Obtaining additional tools and resources to help states prevent tax and benefit fraud and reduce benefit overpayments; promoting use of the National Directory of New Hires to improve detection of fraud and improper payments; and facilitating electronic collection of job separation information from employers to improve the accuracy of eligibility determinations and speed initial payments to beneficiaries.

The UI program has established four Performance Indicators for FY 2010:

- 1) Payment Timeliness: 85.9 percent of all State UI intrastate first payments for weeks of full unemployment will be made within 14/21 days. Making timely payments to unemployed workers is critical to fulfilling the UI system's key statutory objective of making full payment of unemployment compensation "when due".
- 2) Detection of Overpayments (previously known as "Payment Accuracy"): Establish for recovery at least 52.8 percent of the amount of estimated overpayments that states can detect and recover.
- 3) Facilitate Reemployment: This performance indicator is the percentage of UI claimants who were reemployed during the first quarter after the quarter in which they received their first UI payment. The FY 2010 target has been set at 58.6 percent. A modified target will be based on Administration unemployment assumptions.

## STATE ADMINISTRATION

4) **Establish Tax Accounts Promptly:** 90.0 percent of the UI tax liability determinations for new employers will be made within 90 days of the end of the quarter in which employers become liable.

### Past Performance Results and Future Projections

**1) Payment Timeliness:** The FY 2008 target of 88.4 percent was not attained; 86.8 percent of first payments were made within 14/21 days, down from the FY 2007 level of 88.2 percent. States performing below the 87 percent minimum acceptable level of expected performance in the UI performance management system (UI Performs) will be expected to submit a corrective action plan that outlines the actions they will take to improve their performance as part of their FY 2010 State Quality Service Plan. In view of the projected weakness in the labor market, FY 2009 and 2010 targets for first payment timeliness reflect performance levels below the FY 2008 level for at least the next two years.

**2) Detection of Overpayments:** States detected and established for recovery 56.0 percent of the estimated overpayments, which met the FY 2008 target of 56.0 percent. However, statistical analysis of this measure suggests that this improved performance may not be sustained. The overpayment establishment component of the measure is quite sensitive to economic conditions, and the projected weak labor market is expected to force states to divert staff from integrity to claims taking functions. Also, more recent data indicate that the estimated overpayment rate may increase slightly, as the positive effect of decreased separation errors is more than offset by increases in unreported earning and eligibility issues such as being able and available to work. Based on the Administration economic assumptions, FY 2009 and 2010 targets reflect performance for this measure that is projected to be below FY 2008 levels for at least the next two years.

**3) Facilitate Reemployment:** In FY 2008, 62.5 percent of UI claimants were reemployed in the calendar quarter following the quarter in which they received their first UI payment. This performance was below the target of 65.2 percent, and represents a decrease of 2.6 percentage points from the FY 2007 level of 65.1 percent. Analysis of the state reemployment data indicate that performance is significantly influenced by factors outside the control of the state agencies administering the UI program, most notably economic conditions, measured by the Total Unemployment Rate (TUR). Regression analysis indicates that the reemployment rate declines by 2 percentage points for every 1-point rise in unemployment. The decrease in reemployment rates parallels the rise in unemployment between FY 2007 and FY 2008, and the measure will likely decline further due to the expected rise in TUR during FY 2009.

**4) Establish Tax Accounts Promptly:** In FY 2008, 84.9 percent of new status determinations were made within the specified 90-day period, which matched the 84.9 percent target. Performance, however, decreased from the FY 2007 level of 85.6 percent. The majority of states reported decreases. Statistical studies have indicated that new status timeliness is countercyclical: it rises as economic activity and business creation rates fall. However, the recent decrease in performance may reflect the reassignment of tax staff to UI claims-taking in response to the sharply increased claims workloads. If this trend continues, performance may fall short of the FY 2009 and 2010 targets.



# STATE ADMINISTRATION

## Funding Mechanism

The Department provides annual formula workload-based grants to states for the administration of UI programs, in accordance with Section 302(a) of the Social Security Act which requires the Secretary of Labor to determine within appropriated funds the amount “necessary for proper and efficient administration” of each state’s UI law during the fiscal year. A “base” administrative grant is issued at the beginning of the fiscal year, and states may receive additional administrative funds above their base grant levels on a quarterly basis when claims-related workloads exceed the amount that was funded in the base grant.

In developing administrative funding allocations for states, the Department uses state-specific information that directly relates to the cost of administration in each state, e.g., the number of claims processed, the average amount of time required to process a claim, the number of employers subject to the UI tax, personnel costs, the number of wage records processed, non-personal services, such as rents and utilities, and costs related to overhead. The funding formula is designed to provide each state with an amount that will support a roughly equal level of services across states to beneficiaries and employers.

## Five-Year Budget Activity Component History

<b>Fiscal Year</b>	<b>Funding</b> (Dollars in Thousands)	<b>FTE</b>
2005	2,663,040	0
2006	2,497,770	0
2007	2,497,770	0
2008	2,639,638	0
2009	3,274,637	0

NOTE: Excludes Recovery Act Funding. See budget activity head table.

## FY 2010

The FY 2010 Budget request for UI State Administration is \$3,195,645,000, a decrease of \$78,992,000 from the FY 2009 appropriation of \$3,274,637.

The funds requested are sufficient to process 5,059,000 average weekly insured unemployment (AWIU) which includes processing benefit payments made under the Trade Act of 1974, as amended. During the year, states are expected to collect \$44.9 billion in state unemployment taxes and to pay an estimated \$88.6 billion in Federal and State UI benefits to 11.4 million beneficiaries, including former Federal military and civilian personnel, recipients of Federal-state extended benefits, and workers adversely affected by imports who may be eligible for benefits under the Trade Act.

The request continues the contingency reserve language which provides for additional funds to meet unanticipated workload. The formula for FY 2010 finances \$28,600,000 per 100,000 increase in the total AWIU. In addition, the appropriation language for FY 2010 continues to

## STATE ADMINISTRATION

allow states up to three years to obligate their UI funds if those funds are used for automation activities. This language allows states to obligate FY 2010 funds used for automation until September 30, 2012.

The request also includes a legislative proposal (similar to that included in the President's 2009 Budget) addressing UI Integrity which would give states new tools and additional resources to reduce improper payments and collect both delinquent benefit overpayments and employer taxes. There is no cost associated with this proposal, and it would reduce overpayments by \$3.9 billion and employer tax evasion by \$300 million over 10 years. (These estimates reflect the direct and indirect effects of the legislative proposal.)

Also included in the President's 2010 Budget request is a proposal to reform the Extended Benefits (EB) program. Since enactment of the permanent EB program in 1970, the economic and operational environments for which the program was designed have changed substantially, resulting in a program that is ill-suited to 21<sup>st</sup> century needs. The Administration is exploring ways to improve the program's efficiency as an automatic economic stabilizer, and to streamline its administration.

### **FY 2009**

During FY 2009 the state agencies are expected to collect \$36.7 billion in state unemployment taxes and to pay \$102.9 billion in Federal and state unemployment benefits to 12,000,000 beneficiaries.

\$3,274,637 is available for State Administration in FY 2009, \$634,999,000 above the FY 2008 level for this activity. This amount includes funding under the contingency reserve formula, discussed below, and it reflects the significant increase in unemployment claims workloads being experienced by the state agencies as the recession has deepened.

The funding provided for in the FY 2009 appropriation is sufficient to support administrative costs associated with an average weekly insured unemployment level of 3,487,000. Based on the latest economic assumptions available, the Department projects that the average weekly insured unemployment level for FY 2009 will be 5,209,000. If that projection holds true, the application of the contingency reserve formula contained in the FY 2009 appropriation would provide an additional \$492,492,000 for State UI administration.

In addition to the amounts above, \$40,000,000 was included in the final appropriation passed in March 2009, and will allow for significant expansion of the Reemployment and Eligibility Assessments which are discussed in the next section.

### **Recovery Act**

The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided funding for unemployment benefits, incentives for modernization of benefit eligibility requirements, and for administration of activities specified by the act. The following UI related items were included in the Recovery Act:

## STATE ADMINISTRATION

An extension of the Emergency Unemployment Compensation (EUC08) program through December 31, 2009, with a phase out to May 31, 2010, estimated to cost \$23.7 billion providing benefits to 3.4 million unemployed workers.

An addition of \$25 to all UI checks for weeks of unemployment ending before January 1, 2010, with a phase out ending on June 30, 2010, supplementing the checks for 16.3 million individuals and estimated to cost \$8.7 billion.

A provision making available a share of \$7 billion to states whose UI laws include certain benefit eligibility provisions. States can use the funds for UI benefits, or UI and/or Employment Service administration if appropriated by their legislatures.

A share of \$500,000,000 to states for administration of the modernization provisions, outreach to individuals who might be eligible for benefits as a result of modernization provisions, improvement of UI benefit and tax operations, and staff assisted reemployment services to UI claimants.

100% Federal funding of the Federal-state Extended Benefit (EB) program for weeks of unemployment beginning before January 1, 2010, with a phase out to June 1, 2010. EB costs are normally split evenly between states and the Federal government. The provision is estimated to add \$1.3 billion to Federal costs.

### **FY 2008**

In FY 2008, state agencies collected \$32.2 billion in state unemployment taxes, and paid \$42.9 billion in Federal and state unemployment benefits to 8.9 million beneficiaries.

\$2,639,638,000 was available for State Administration in FY 2008, including funds to implement Reemployment and Eligibility Assessment initiatives in selected states to review the continuing eligibility and need for reemployment services of UI beneficiaries in One-Stop Career Centers; to improve the security of state information technology systems; to reduce improper payments by data cross-matches; to provide employers with electronic access to UI tax information, registration and filing services; and to make other program improvements.

## STATE ADMINISTRATION

<b>WORKLOAD SUMMARY</b> <b>(Dollars in Thousands)</b>			
	<b>FY 2008 Actual</b>	<b>FY 2009 Target</b>	<b>FY 2010 Target</b>
<b>Unemployment Insurance</b>			
Employer Tax Accounts	7,469	7,527	7,745
Initial Claims Taken	16,571	17,252	26,850
Weeks Claimed	130,654	133,603	259,131
Budget Activity Total	\$2,639,638	\$3,274,637	\$3,195,645

## STATE ADMINISTRATION

### PERFORMANCE GOAL AND INDICATORS

<b>Make timely and accurate benefit payments to unemployed workers, facilitate the reemployment of unemployment insurance beneficiaries, and set up unemployment tax accounts promptly for new employees.</b>										
	FY 2005		FY 2006		FY 2007		FY 2008		FY 2009	FY 2010
	Goal Not Achieved		Goal Substantially Achieved		Goal Not Achieved		Goal Not Achieved			
Performance Indicator	Target	Result	Target	Result	Target	Result	Target	Result	Target	Target
1. Payment Timeliness: Percent of all intrastate first payments that will be made within 21 days.	89.9%	89.3%	89.9%	87.5%	90.0%	88.2%	88.4%	86.8%	85.7%	85.9%
2. Detect Overpayments: Percent of the amount of estimated overpayments that states detect established for recovery.	59.5%	58.7%	59.5%	62.0%	60.0%	54.6%	56.0%	56.0%	51.8%	52.8%
3. Facilitate Claimant Reemployment: Percent of UI claimants reemployed by the end of the first quarter after the quarter in which they received their first payment. *	--	--	Baseline	65.1%	65%	65.1%	65.2%	62.4%	59.0%	58.6%
4. Percent of Employer Tax Liability Determinations Made Promptly: Percentage of determinations about UI tax liability of new employers made within 90 days of the end of the first quarter they became liable.	82.4%	82.4%	82.5%	83.6%	82.8%	85.6%	84.9%	84.9%	88.7%	90.0%
<b>Baseline(s):</b> Facilitate Claimant Reemployment: In July 2005, the Employment and Training Administration (ETA) received approval under the Paperwork Reduction Act to collect data for this measure. State Workforce Agencies (SWAs) submitted data during FY 2006 from which a baseline was set.										
<b>Data Source(s):</b> ETA 9050 and 9050p Reports; Benefits Accuracy Measurement (BAM) data, and ETA 227 Report; ETA 5159 Report and ETA 581 Report. <i>Workforce System Results.</i>										
<b>Comments:</b> Regression analysis used to adjust targets for FY 2009 – FY 2010. Reemployment results are based on all states reporting. Data results run as of April 29 for overpayment detection and April 30 for new employer determinations.										



## REEMPLOYMENT ELIGIBILITY ASSESSMENTS

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>						
(Dollars in Thousands)						
	FY 2008 Enacted	FY 2009 Enacted	Diff. FY08 Enacted / FY09 Enacted	Recovery Act	FY 2010 Request	Diff. FY09 Enacted / FY10 Req
<b>Activity Appropriation</b>	<b>0</b>	<b>40,000</b>	<b>40,000</b>	<b>0</b>	<b>50,000</b>	<b>10,000</b>

### Introduction

Reemployment and Eligibility Assessments (REAs) are in-person interviews with selected Unemployment Insurance claimants to review their adherence to state UI eligibility criteria, determine if reemployment services are needed for the claimant to secure future employment, refer individuals to reemployment services, as appropriate, and provide labor market information which addresses the claimant's specific needs. States may utilize staff from UI, the Employment Service, or a combination, to conduct REAs. Research has shown that interviewing claimants for the above purposes reduces UI duration and saves UI trust fund resources by helping claimants find jobs faster and eliminating payments to ineligible individuals.

### Funding Mechanism

States will receive funding based on proposals they submit to the Department. States participating in the initiative in FY 2009 may describe how they will expand their REA initiatives. States seeking to implement a new REA initiative will provide the REA design they propose to implement.

### Five-Year Budget Activity Component History

Fiscal Year	Funding (Dollars in Thousands)	FTE
2009	40,000	0

NOTE: Excludes Recovery Act Funding. See budget activity head table.

### FY 2010

The request includes \$50,000,000 for REAs which is estimated to fund 911,000 REAs resulting in \$204,000,000 in state trust fund account savings. The \$50,000,000 is an increase of \$10,000,000 over the amount that was provided in the final passage of the FY 2009 budget. This amount will support continuation and expansion of the REA initiative in 18 states and allow for additional states to participate.

ETA will provide states an opportunity to apply for a portion of these funds to improve their improper payment prevention, detection and collection efforts by taking advantage of current and emerging technologies. The focus will be on addressing the two top causes of improper

## REEMPLOYMENT ELIGIBILITY ASSESSMENTS

payments: UI claimants who return to work and continue to claim benefits and errors made by state staff in making initial eligibility determinations.

### **FY 2009**

\$40,000,000 was included in the final appropriation passed in March 2009, and will allow for significant expansion of the initiative. It is estimated that these funds will allow for 723,000 REAs and save state UI trust fund accounts \$160 million by returning unemployed UI claimants to work faster and reducing overpayments.

ETA will provide states an opportunity to apply for a portion of the funds in this initiative to improve their improper payment prevention, detection and collection efforts by taking advantage of current and emerging technologies. The focus will be on addressing the two top causes of improper payments: UI claimants who return to work and continue to claim benefits and errors made by state staff in making initial eligibility determinations.

### **FY 2008**

A request for \$40,000,000 for REAs was not included in the final appropriation.



## NATIONAL ACTIVITIES

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>						
(Dollars in Thousands)						
	<b>FY 2008 Enacted</b>	<b>FY 2009 Enacted</b>	<b>Diff. FY08 Enacted / FY09 Enacted</b>	<b>Recovery Act</b>	<b>FY 2010 Request</b>	<b>Diff. FY09 Enacted / FY10 Req</b>
<b>Activity Appropriation</b>	<b>9,727</b>	<b>11,310</b>	<b>1,583</b>	<b>0</b>	<b>11,310</b>	<b>0</b>

### **Introduction**

Unemployment Insurance (UI) National Activities provides funds to support the states collectively in administering their state UI programs. These activities include: (1) assisting states in applying common technology-based solutions to improve the efficiency and performance of their UI operations; (2) supporting the private telecommunications network which links state agencies for interstate and combined wage claims purposes and through which they obtain information necessary for Federal civilian and military claims processing; (3) the purchase of standard hardware and software used by states to report critical economic and other data/reports to the Department of Labor electronically; (4) supporting training of state workforce agency staff related to Federal programs and activities such as claims adjudication; and (5) actuarial support for state trust fund management.

### **Funding Mechanism**

UI National Activities are a separate line item in the State Unemployment Insurance Operations budget request, and they fund activities that support the federal-state UI system as a whole, are interstate or multi-state in nature, or are performed more efficiently on a consolidated rather than decentralized basis. Funding for these activities is generally issued through cooperative agreements and contracts.

### **Five-Year Budget Activity Component History**

<b>Fiscal Year</b>	<b>Funding</b> (Dollars in Thousands)	<b>FTE</b>
2005	10,416	0
2006	9,900	0
2007	9,900	0
2008	9,727	0
2009	11,310	0

NOTE: Excludes Recovery Act Funding. See budget activity head table.

### **FY 2010**

The FY 2010 Budget request for UI National Activities (NA) is \$11,310,000, no change from the FY 2009 appropriated level. In addition to the routine activities which support states

## NATIONAL ACTIVITIES

collectively, NA will support continuation of upgrades to information technology (IT) systems that collect and store critical data on claims, benefit payments, taxes, and other UI activities.

### **FY 2009**

During FY 2009 NA are being used to support the UI system infrastructure. In addition, funds are being used on upgrading IT infrastructure systems for collection and storage of data. The upgrade will ensure a secure and stable IT environment as well as provide a long term effective solution in terms of procurement and support costs.

### **FY 2008**

During FY 2008 NA were used to support the UI system infrastructure. In addition, improvements were made to the telecommunications network which links state agencies for interstate and combined wage claims purposes and through which they obtain information necessary for Federal civilian and military claims processing.

## EMPLOYMENT SERVICE

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>						
(Dollars in Thousands)						
	<b>FY 2008 Enacted</b>	<b>FY 2009 Enacted</b>	<b>Diff. FY08 Enacted / FY09 Enacted</b>	<b>Recovery Act</b>	<b>FY 2010 Request</b>	<b>Diff. FY09 Enacted / FY10 Req</b>
<b>Activity Appropriation</b>	<b>723,052</b>	<b>724,445</b>	<b>1,393</b>	<b>400,000</b>	<b>724,445</b>	<b>0</b>

### Introduction

The Wagner-Peyser Act of 1933 established a nationwide system of public employment offices, known as the Employment Service. The act was amended by the Workforce Investment Act (WIA) of 1998 to make the Employment Service part of the One-Stop Career Center system. Under WIA, the public Employment Service has evolved from a nationwide system of state-administered local employment offices to a partner program in the integrated One-Stop delivery system. Activities included within the Employment Service include Employment Service Grants to States and Employment Service National Activities, the latter of which includes the Work Opportunity Tax Credit and funding to support Technical Assistance and Training activities and to contribute the federal share of State Workforce Agencies Retirement System payments.

### Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2005	845,568	0
2006	749,311	0
2007	749,311	0
2008	723,052	0
2009	724,445	131

NOTE: Excludes Recovery Act Funding. See budget activity head table.

## EMPLOYMENT SERVICE

<b>BUDGET ACTIVITY by OBJECT CLASS</b>						
(Dollars in Thousands)						
		<b>FY 2008 Enacted</b>	<b>FY 2009 Enacted</b>	<b>Recovery Act</b>	<b>FY 2010 Request</b>	<b>Change FY 10 Req / FY 09 Enacted</b>
41.0	Grants, subsidies, and contributions	723,052	724,445	400,000	724,445	0
<b>Total</b>		<b>723,052</b>	<b>724,445</b>	<b>400,000</b>	<b>724,445</b>	<b>0</b>

# EMPLOYMENT SERVICE

## CHANGES IN FY 2010

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

#### Built-Ins Subtotal

0

#### Net Program

0

#### Direct FTE

0

Estimate

FTE

#### Base

724,445

0



## GRANTS TO STATES

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>						
(Dollars in Thousands)						
	<b>FY 2008 Enacted</b>	<b>FY 2009 Enacted</b>	<b>Diff. FY08 Enacted / FY09 Enacted</b>	<b>Recovery Act</b>	<b>FY 2010 Request</b>	<b>Diff. FY09 Enacted / FY10 Req</b>
<b>Activity Appropriation</b>	<b>703,376</b>	<b>703,576</b>	<b>200</b>	<b>400,000</b>	<b>703,576</b>	<b>0</b>

### Introduction

Under the Workforce Investment Act of 1998 (WIA), the public employment service (authorized by the Wagner-Peyser Act of 1933) is an integral part of an integrated, Comprehensive One-Stop delivery system for educating and employing a prepared workforce. States provide individuals with core employment and workforce information services, which are accessible with staff assistance in One-Stop Career Centers as well as on-line. Individuals may access job search assistance, workforce and economic information, skill assessments, career guidance, job matching and referrals, as well as the broader range of WIA intensive and training services. In a dual customer approach One-Stops also serve employers seeking workers. These employers can take advantage of critical labor market information, job listing services, referrals of qualified applicants, support for job fairs and mass recruitments, information on tax credits for hiring targeted populations, and other customized services. These funds also support the One-Stop Career Center system's ability to offer universal access to all customers.

In an effort to respond to on-going program improvement plan recommendations for Wagner-Peyser Employment Services, several actions are being taken by the Department. Among these is an internal analysis of service trends, including the proportion of staff-assisted services and referrals to WIA programs.

To measure performance, the Wagner-Peyser Employment Service program utilizes three common performance measures in use for other employment and training programs. These common measures enable the Employment and Training Administration (ETA) to describe in a similar manner the core purposes and results of the workforce investment system – how many people got a job, how many stayed employed, and what were their earnings. The definitions of the measures are as follows:

- *Entered Employment Rate* - Percent of participants employed in the first quarter after exit;
- *Employment Retention Rate* - Percent of participants employed in the first quarter after program exit still employed in the second and third quarters after exit;
- *Average Earnings* - The average earnings six months after placement.

Last year, the Wagner-Peyser Employment Service program achieved a 64 percent Entered Employment Rate; 81 percent Retention Rate; and \$12,763 Average Earnings result. The program intends to meet its upcoming PY 2010 performance targets, in part, by improved technical assistance for Employment Service and Reemployment Service activities, including the sharing of best practices for stronger Unemployment Insurance (UI) / One-Stop Career Center connections.

## GRANTS TO STATES

### Funding Mechanism

The Employment Service funding allotments for states are based on formula provisions defined in the Wagner-Peyser Act. States distribute resources by formula to local employment service offices.

### Five-Year Budget Activity Component History

<b>Fiscal Year</b>	<b>Funding</b> (Dollars in Thousands)	<b>FTE</b>
2005	780,592	0
2006	715,883	0
2007	715,883	0
2008	703,376	0
2009	703,576	0

NOTE: Excludes Recovery Act Funding. See budget activity head table.

### FY 2010

For FY 2010, ETA requests \$703,576,000 for Employment Service state grants, the same amount appropriated in FY 2009. The Wagner-Peyser funded activities are an integral part of the One-Stop Career Center network that provides an integrated array of high-quality services so that workers, job seekers, and businesses can access the services they need in easy-to-reach locations, as well as offering services through electronic access. In FY 2010, the Department will provide additional guidance and technical assistance to states on how to improve seamless service integration with WIA services, unemployment insurance, and One-Stop Career Center partners to ensure individuals have access to a full array of employment and training services. WIA programs offer additional intensive and training services not available under Wagner-Peyser, while UI and One-Stop Career Center partners offer valuable income supports and other supportive services. The UI application process should also provide a direct link to a local One-Stop Career Center for assistance to reconnect to a job. This integration of services supports seamless transition between services for adults and dislocated workers.

Additionally, ETA's technical assistance to states will include effective approaches to use these funds to support career guidance and counseling services, including in-depth assessments, which are integral to helping unemployed workers assess transferrable skills and skill gaps. To better inform career decisions, ETA encourages states to consider utilizing a portion of Wagner-Peyser funding to enhance labor market information availability and utilization. Such investments are critical to identifying businesses and sectors of the economy still in need of workers and those that will begin to grow as the economy recovers, as well as identifying transferable skills for workers who have lost their jobs and need career transition assistance.



## GRANTS TO STATES

In developing outreach and service design strategies, states have flexibility to use Wagner-Peyser funds to support targeted services to individuals with disabilities and to purchase assistive technology and other devices to support providing services to individuals with disabilities.

States and local areas must incorporate priority of services for veterans and eligible spouses sufficient to meet the requirements of 20 CFR part 1010, published at Federal Register 78132 on December 19, 2008, the regulations implementing priority of service for veterans and eligible spouses in Department of Labor job training programs under the Jobs for Veterans Act.

### **FY 2009**

In FY 2009, the Recovery Act supplemented state resources for the Employment Service program. In state, regional, and local economies where many industries are in the midst of downsizing, the Department will utilize Employment Service resources to provide universal access to all jobseekers and to assist communities in implementing proactive workforce strategies to ensure economic health in the transitioning economy. As outlined in section 7(a) of the Wagner-Peyser Act, 90 percent of the sums allotted to states may be used for a variety of employment services, including job search and placement services for job seekers, appropriate services for employers, and other services listed in section 7(a)(3)(A) through (F).

ETA is pursuing multiple strategies to support state and local partners in utilizing Employment Service funding to develop and implement new workforce information, career guidance, and skill assessment strategies that better meet the needs of jobseekers and support workforce decisions that position them for economic prosperity and career pathways. ETA strongly encourages states to use these funds to support career guidance and counseling services. Strategies should be designed to support an improved reemployment function within local One-Stop Career Centers, one that supports informed career decisions from training referrals to job placement. Such investments are critical to identifying businesses and sectors of the economy still in need of workers and those that will begin to grow as the economy recovers, as well as identifying transferable skills for workers who have lost their jobs and need to transition to new careers.

### **Recovery Act**

The Recovery Act makes available funding for Employment Services Operations, excluding reemployment services, in the amount of \$150,000,000. These funds are available for states to assist persons in One-Stop Career Centers to secure employment and workforce information by providing a variety of services, including job search assistance, skills assessment, and labor market information services to job seekers and to employers seeking qualified individuals to fill job openings. The Recovery Act also is supporting the following enhancements to services and information: 1) a computerized career information system including access to State Job Bank resources and institutions and organizations that provide training; and 2) the development and distribution of state and local workforce information which allows job seekers, employers, and providers and planners of job training and economic development to obtain information about job opportunities, regional job vacancies, labor supply, labor market or workforce trends, and the market situation in particular industries.

## GRANTS TO STATES

Migrant and seasonal farmworkers will be impacted by the current economic downturn as well, requiring new strategies to ensure they have access to employment and training opportunities available as a result of Recovery Act funds.

Additional Reemployment Services (RES) funding is provided via the Wagner-Peyser formula to supplement existing RES for UI claimants, and to support integrating Employment Service and UI information technology to identify and serve the needs of such claimants. These funds are to be used to provide RES to UI claimants through the One-Stop Career Centers, in addition to the regular Wagner-Peyser Act funded employment services, in order to accelerate their return to work.

### **FY 2008**

During FY 2008, the Department continued to provide direction and technical assistance to the state and local workforce system to support a flexible and integrated workforce investment system to support state and local areas reemployment efforts. States and local areas were strongly encouraged to develop integrated service delivery strategies for the wide array of populations served through the One-Stop delivery system, and to focus investments and service delivery on skills in demand in order to enable individuals to successfully access career pathways. In particular, the Department supported states and local areas in the development and implementation of core service delivery strategies, including the provision of comprehensive workforce and labor market information and corresponding career guidance for individuals, critical components of assisting individuals in making informed education and training decisions and developing their skills for new careers.

## GRANTS TO STATES

<b>WORKLOAD SUMMARY</b> <b>(Dollars in Thousands)</b>			
	<b>FY 2008 Actual</b>	<b>FY 2009 Target</b>	<b>FY 2010 Target</b>
<b>Employment Service</b>			
Participants Served	16,049,678*	16,290,424	16,290,424
Cost per Participant	\$44	\$43	\$43
Budget Activity Total	\$703,376	\$703,576	\$703,576

\* Participant estimates for FY2008 are based on the PY 2007 participants served result. Target estimates for 2009 and 2010 do not include Recovery Act participants.

## GRANTS TO STATES

### PERFORMANCE GOAL INDICATORS

<b>Improve outcomes for jobseekers and employers who receive One-stop employment and workforce information services</b>											
<b>Performance Indicator</b>	<b>PY 2004</b>		<b>PY 2005</b>		<b>PY 2006</b>		<b>PY 2007</b>		<b>PY 2008</b>	<b>PY 2009</b>	<b>PY 2010</b>
	<b>Goal Not Achieved</b>		<b>Goal Achieved</b>		<b>Goal Not Achieved</b>		<b>Goal Achieved</b>				
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>	<b>Target</b>
1. Percent of participants employed in the first quarter after exit	58%	64%	61%	63%	64%	60%	61%	64%	60.3%	59.0%	59.7%
2. Percent of participants employed in the first quarter after exit still employed in the second and third quarters after exit. (2003-05 data are for a similar measure)	72%	81%	78%	80%	81%	77%	78%	81%	78.6%	77.7%	78.2%
3. Average earnings in the second and third quarters after exit.  (2003-05 data are for earnings change from pre-program services to post-program services.)	N/A	N/A	Base-line	\$1,580	\$10,500	\$11,749	\$11,870	\$12,763	\$10,708	\$10,034	\$10,385
<b>Baseline(s):</b> The baseline for the Average Earnings measure in PY 2005 was derived using the prior definition for Earnings Increase. The methodology for calculating average earnings became effective PY 2006.											
<b>Data Source(s):</b> Quarterly state reports submitted to DOL and UI wage records											
<b>Comments:</b> RNA = Results not available. PY 2008-2010 targets are adjusted estimates based on regression analysis that takes into account participant performance with the conditions of the local labor markets using the unemployment rates collected by local workforce investment area in two states. (Results through PY 2007 are rounded to the nearest whole percentage point).											

## EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>						
(Dollars in Thousands)						
	FY 2008 Enacted	FY 2009 Enacted	Diff. FY09 Enacted / FY08 Enacted	Recovery Act	FY 2010 Request	Diff. FY10 Req / FY09 Enacted
<b>Activity Appropriation</b>	<b>17,368</b>	<b>18,520</b>	<b>1,152</b>	<b>0</b>	<b>18,520</b>	<b>0</b>

### Introduction

The Work Opportunity Tax Credit (WOTC), created in 1996 by the Small Business Job Protection Act, and the Welfare-to-Work Tax Credit (WtWTC), created in 1997, are Federal tax credit incentives that the Congress provides to private-sector businesses for hiring individuals from eleven target groups who have consistently faced significant barriers to employment. The main objective of this program is two-fold: The WOTC program enables the targeted employees to gradually move from economic dependency into self-sufficiency as they earn a steady income and become contributing taxpayers, while the participating employers are compensated by being able to reduce their federal income tax liability.

The amount of the credit depends on the specific target group, the worker's wages, and the retention period. For most target groups, a partial credit of 25% is available for workers who work at least 120 hours but less than 400 hours, and a 40% credit is available for workers who work at least 400 hours. A 50% credit is available for the second year of employment for long-term family assistance recipients. The eligible wages vary by target group. Employers can have their tax liability reduced by as much as \$9,000 per qualified long-term Temporary Assistance to Needy Families (TANF) recipient (over a combined two-year period), \$4,800 for each veteran hire, and \$2,400 per qualified adult hire.

On December 20, 2006, the Tax Relief and Healthcare Act of 2006 retroactively reauthorized the WOTC Program through December 31, 2007, and eliminated the WtWTC by merging it into the WOTC program. On May 25, 2007, the U.S. Troop Readiness, Veterans Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007 expanded the program by introducing new provisions and changes that make it easier for businesses to participate. The American Recovery and Reinvestment Act of 2009 (Recovery Act), signed into law on February 17, 2009, established two new target groups for WOTC, unemployed veterans and disconnected youth.

WOTC only applies to new employees hired by a participating employer after December 31, 2006 and before September 1, 2012, who, if eligible, may be certified under any of the eleven targeted groups. The eleven target groups are: TANF recipient, veteran, 18-39 year old food stamp recipient, 18-39 year old designated community resident, 16-17 year old summer youth, vocational rehabilitation referral, ex-felon, Social Security Insurance recipient, Ticket-to-Work participant, unemployed veteran, and disconnected youth.

# EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

## Funding Mechanism

ETA distributes WOTC program funds to the State Workforce Agencies (SWA) using a three-part funding formula based on: 1) civilian labor force, 2) WOTC workload, and 3) a percentage of the welfare population.

## Five-Year Program Category History

<b>Fiscal Year</b>	<b>Funding</b> (Dollars in Thousands)	<b>FTE</b>
2005	17,856	0
2006	17,677	0
2007	17,677	0
2008	17,368	0
2009	18,520	0

NOTE: Excludes Recovery Act Funding. See budget activity head table.

## FY 2010

ETA requests \$18,520,000 for FY 2010 to support the continued administration of the WOTC program. State administration of the WOTC program faces some near term challenges including backlogs of certification requests in a number of states. This backlog is due, in part, to the technical nature of the certification requests. In response to frequent legislative changes and increased workload, ETA has been providing comprehensive technical assistance to states through its national and regional office WOTC coordinators. Additionally, ETA is working with internal and external partners to increase the use of WOTC as a method to promote employment of targeted populations, particularly veterans and disabled veterans, ex-offenders, and youth.

## FY 2009

The WOTC administration funds are used to support state staff to certify WOTC applications. ETA will continue to support WOTC administration through provision of technical assistance. In FY 2008, the SWAs issued over 692,421 certifications. With the two new target groups introduced by the Recovery Act (Unemployed Veterans and Disconnected Youth), and the recent target group expansions in 2006 and 2007 to the Veteran, Food Stamp, Ex-felon, and Designated Community Resident target groups; ETA is expecting a significant increase in the number of certification requests received by the SWAs.

## Recovery Act

The WOTC program did not receive funding under the Recovery Act. However, work generating activities were created with the establishment of two new target groups, unemployed veteran and disconnected youth authorized in the Recovery Act. SWA staff will be certifying workers in these two new categories, and ETA will provide training to the SWA staff on the new forms to be approved by the Office of Management and Budget that incorporate the new target groups.

## **EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC**

### **FY 2008**

FY 2008 funds supported the continued administration of the WOTC program. ETA, on an ongoing basis and in response to legislative changes, provides comprehensive technical assistance to states through its national and regional office WOTC coordinators.

## EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

<b>WORKLOAD SUMMARY</b> <b>(Dollars in Thousands)</b>			
	<b>FY 2008 Actual*</b>	<b>FY 2009 Target</b>	<b>FY 2010 Target</b>
<b>Work Opportunity Tax Credit</b>			
Certifications/Participants	692,421	698,520	698.52
<b>Budget Activity Total</b>	<b>\$17,368</b>	<b>\$18,520</b>	<b>\$18,520</b>

\* Note: Across state grantees, the median cost per WOTC certification issued is approximately \$25. If denials are included the cost per denial is roughly \$9.



**EMPLOYMENT SERVICE NATIONAL ACTIVITIES  
TAT/SWA RETIREMENT**

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>						
(Dollars in Thousands)						
	<b>FY 2008 Enacted</b>	<b>FY 2009 Enacted</b>	<b>Diff. FY09 Enacted / FY08 Enacted</b>	<b>Recovery Act</b>	<b>FY 2010 Request</b>	<b>Diff. FY10 Req / FY09 Enacted</b>
<b>Activity Appropriation</b>	<b>2,308</b>	<b>2,349</b>	<b>41</b>	<b>0</b>	<b>2,349</b>	<b>0</b>

**Introduction**

The Employment Service National Activities appropriation provides funding to support Technical Assistance and Training (TAT) activities and to contribute the federal share of State Workforce Agencies (SWA) Retirement System payments. The requested funding for capacity building and technical assistance will be focused on creating a more effective and responsive One-Stop Career Center delivery system.

The strategies to be employed include:

- Identifying and promulgating successful practices and model program designs to improve the provision of core employment, job search assistance, and labor market information services;
- Investing in efforts to increase the competence of frontline service delivery staff through training, technical assistance activities and professional development opportunities; and
- Enhancing the use of electronic and internet-based employment and information tools.

**Funding Mechanism**

Funding for TAT activities is provided to states through grants or contracts. The funding for unfunded liabilities related to independent retirement plans for SWA employees currently goes to the state of Utah.

**Five-Year Program Category History**

<b>Fiscal Year</b>	<b>Funding</b> (Dollars in Thousands)	<b>FTE</b>
2005	2,976	0
2006	2,738	0
2007	2,738	0
2008	2,308	0
2009	2,349	0

NOTE: Excludes Recovery Act Funding. See budget activity head table.

## **EMPLOYMENT SERVICE NATIONAL ACTIVITIES TAT/SWA RETIREMENT**

### **FY 2010**

The Employment and Training Administration (ETA) is requesting \$2,349,000 for FY 2010 for the Employment Service National Activities to support TAT activities and to contribute the federal share of SWA Retirement System payments. With the infusion of the Recovery Act funds in 2009, technical assistance will be provided to states to continue to expand the bridging of unemployment insurance claimants information between the unemployment compensation system and the One-Stop Career Center system to ensure a data driven approach to reemployment.

### **FY 2009**

ETA received \$2,349,000 for FY 2009 to support TAT activities, and to make contributions toward financing unfunded liabilities of independent SWA Retirement Systems. TAT funds are used to support activities that build the capacity of the workforce investment system to provide critical core services such as career guidance and connecting businesses to the workers they need. As an example, a grant was provided to the state of Maine to support the transformation of its economic and workforce information services. The Department is also providing guidance and technical assistance to ensure that Employment Service and One-Stop Career Center partners are coordinating their strategies for and delivery of job search assistance, comprehensive career guidance, and workforce information. These core services are a critical component of assisting individuals in making informed employment, education, and training decisions and developing their skills for careers in high demand occupations.

### **FY 2008**

Employment Service National Activities funding supports TAT and contributions toward financing the unfunded liability in independent state retirement systems payments in the current program year. The TAT investment is focused on the continued integration of the Employment Service with the other partner programs in the One-Stop Career Center system to increase efficiency.

## FOREIGN LABOR CERTIFICATION

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>						
(Dollars in Thousands)						
	FY 2008 Enacted	FY 2009 Enacted	Diff. FY08 Enacted / FY09 Enacted	Recovery Act	FY 2010 Request	Diff. FY09 Enacted / FY10 Req
<b>Activity Appropriation</b>	<b>54,005</b>	<b>67,950</b>	<b>13,945</b>	<b>0</b>	<b>68,436</b>	<b>486</b>
FTE	75	131	131	0	131	0

Note: In FY 2008 Foreign Labor Certification was funded in two accounts. Federal Administration was funded in the ETA Program Administration account and Grants to States were funded in Employment Service National Activities. In FY 2009 all funds for FLC were appropriated to the FLC activity in SUIESO. For display purposes FY 2008 funds and FTE are included above.

### Introduction

The Immigration and Nationality Act (INA) delegates specific responsibilities to the U.S. Secretary of Labor for the administration of certain employment-based immigration programs which require a labor certification. These responsibilities include determining whether there are able, willing, and qualified U.S. workers for a requested position for which certification is required and whether there would be any adverse impact on similarly employed U.S. workers should labor certification be granted. Accordingly, statutory and regulatory provisions require all employers seeking a labor certification for either permanent or temporary nonimmigrant labor to first apply to the Secretary of Labor for certification. The Secretary has delegated these responsibilities to the Office of Foreign Labor Certification (FLC) within the Employment and Training Administration (ETA).

The programs currently administered by the FLC include the Permanent Labor Certification Program (PERM), H-1B Specialty Occupations Program, H-1B1 Specialty Worker Program (Chile and Singapore), E-3 Specialty Worker Program (Australia), H-2A Temporary Agricultural Program, H-2B Temporary Non-agricultural Program, and the D-1 Crewmember Program.

ETA has organized FLC as follows: A National Office is responsible for policies and administration while two National Processing Centers, one each in Atlanta and Chicago, adjudicate all program applications. Also, a FLC Prevailing Wage and Help Desk Center is scheduled to open in fiscal year 2009.

Performance goals established by the Department use indicators related to the visa programs it administers:

- Percent of H-1B applications processed within seven days of the filing date for which no prevailing wage issues are identified;
- Percent of employer applications for permanent labor certification, under the streamlined system, that are resolved within six months of filing;
- Percent of H-2A applications with no pending state actions processed within fifteen days of receipt and thirty days from the date of need; and
- Percent of the H-2B applications process within sixty days of receipt.

## FOREIGN LABOR CERTIFICATION

Two programs that contribute significantly to the overall performance goal to “Address worker shortages through the Foreign Labor Certification Program” are PERM and H-1B. Both these programs have been subject to a DOL Program assessment. In response to assessment findings, ETA is taking several steps to improve the integrity of the PERM program. These steps include revising the application to promote clarity and ease of use by employers, and modifying the current electronic filing system to incorporate the changes to the application form. ETA is also enhancing audit activities and implementing new oversight.

ETA is also taking several steps to improve the H-1B program in response to assessment findings. ETA has obtained approval from the Office of Management and Budget for an enhanced application form and is working to revise the current electronic filing system to incorporate the necessary changes and implement mandatory registration and several validation edits.

Performance for all four application programs is expected to remain the same or slightly increase over the next two years. FLC also plans to revise the PERM measure and implement a new program integrity measure. The current PERM measure, employer applications resolved within six months, will be extended to nine months. The original measure was developed prior to implementation of the program. The enhancement of integrity actions during FY 2008 and early 2009 demonstrate that a nine month measure will more accurately reflect actual program performance. The new integrity compliance rate will be measured as the percent of resolved applications that have been selected for integrity review and found in compliance. ETA is currently developing baseline targets for an enhanced PERM performance measure and a new PERM integrity measure. These measures are scheduled for approval and implementation at the beginning of FY 2010.

### **Funding Mechanism**

Funding for FLC derives from two sources. The first source is dollars appropriated to the State Unemployment Insurance and Employment Service Operations (SUIESO) Account, which FLC has historically distributed to states as fiscal year formula grants to support foreign labor certification activities. Since FY 2009, the appropriations contained in SUIESO were also used to support Federal program administration. The second funding source is five percent of revenue from the H-1B fees collected by the Department of Homeland Security. This 5 percent supports labor certification processing activities and is separate from the DOL portion of H-1B funding allocated to U.S. worker training.

In FY 2010, ETA requests \$68,436,000 for the Foreign Labor Certification program – an increase of \$486,000 over the 2009 enacted level. The requested funds will be used to support Federal Administration and State Grant activities which are discussed in the following sections.

# FOREIGN LABOR CERTIFICATION

## Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	54,005	75
2009	67,950	131

NOTE: Excludes Recovery Act Funding. See budget activity head table.

# FOREIGN LABOR CERTIFICATION

## PERFORMANCE GOAL INDICATORS

Address worker shortages through the Foreign Labor Certification Program										
	FY 2005		FY 2006		FY 2007		FY 2008		FY 2009	FY 2010
	Goal Not Achieved		Goal Not Achieved		Goal Not Achieved		Substantially Achieved			
Performance Indicator	Target	Result	Target	Result	Target	Result	Target	Result	Target	Target
Percent of H-1B applications processed within seven days of the filing date for which no prevailing wage issues are identified	100%	100%	100%	100%	100%	98.4%	100%	100%	100%	100%
Percent of employer applications for permanent labor certification under the streamlined system that are resolved within 6 months of filing	Baseline	57%	60%	86%	65%	73.8%*	75%	92%	92%	92%
Percent of H-2A applications with no pending state actions processed within 15 days of receipt and 30 days from the date of need.	--	--	95%	57%**	95%	55%	60%	56%	61%	62%
Percent of the H-2B applications processed within 60 days of receipt	90%	85%	90%	56%**	90%	62.4%	64%	71%	71%	71%
Baseline(s):										
Data Sources: Program Electronic Review Management (PERM) system, Case Management System (CMS), H-1B Electronic Processing System.										
Comment:										

## FOREIGN LABOR CERTIFICATION

<b>WORKLOAD SUMMARY</b>			
<b>Actions</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Target</b>	<b>FY 2010 Target</b>
Carry-In, New Applications,	102,197	135,000	135,000
PERM Applications Processed	61,997	100,000	100,000
PERM Applications Remaining	40,200	35,000	35,000
H-1B Applications Processed	405,641	470,909	518,100
H-2A Applications Processed	5,338	9,288	13,932
H-2B Applications Processed	11,214	18,935	24,615
<b>Budget Resources</b>	<b>\$54,005</b>	<b>\$67,950</b>	<b>\$68,436</b>
Grants to States	\$12,518	\$15,129	\$15,129
Federal Administration	\$41,487	\$52,821	\$53,307

## FOREIGN LABOR CERTIFICATION

<b>BUDGET ACTIVITY by OBJECT CLASS</b>						
(Dollars in Thousands)						
		<b>FY 2008 Enacted</b>	<b>FY 2009 Enacted</b>	<b>Recovery Act</b>	<b>FY 2010 Request</b>	<b>Change FY 10 Req / FY 09 Enacted</b>
11.1	Full-time permanent	8,652	11,297	0	11,564	267
11.3	Other than full-time permanent	110	140	0	143	3
11.5	Other personnel compensation	488	621	0	633	12
11.9	Total personnel compensation	9,250	12,058	0	12,340	282
12.1	Civilian personnel benefits	2,530	2,939	0	2,954	15
13.0	Benefits for former personnel	33	42	0	42	0
21.0	Travel and transportation of persons	187	238	0	239	1
22.0	Transportation of things	13	17	0	17	0
23.1	Rental payments to GSA	1,224	1,558	0	1,566	8
23.3	Communications, utilities, and miscellaneous charges	314	400	0	402	2
24.0	Printing and reproduction	25	32	0	32	0
25.1	Advisory and assistance services	14,229	19,118	0	19,214	96
25.2	Other services	60	76	0	76	0
25.3	Other purchases of goods and services from Government accounts 1/	4,690	3,971	0	3,991	20
25.4	Operation and maintenance of facilities	306	390	0	392	2
25.7	Operation and maintenance of equipment	7,707	10,813	0	10,867	54
26.0	Supplies and materials	337	429	0	431	2
31.0	Equipment	582	740	0	744	4
41.0	Grants, subsidies, and contributions	12,518	15,129	0	15,129	0
<b>Total</b>		<b>54,005</b>	<b>67,950</b>	<b>0</b>	<b>68,436</b>	<b>486</b>
1/Other Purchases of Goods and Services From Government Accounts						
	Working Capital Fund	4,490	3,971	0	3,991	20
	DHS Services	200	0	0	0	0



# FOREIGN LABOR CERTIFICATION

## CHANGES IN FY 2010

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	282
Personnel benefits	15
Travel	1
GSA Space Rental	8
Communications, utilities & miscellaneous charges	2
Advisory and assistance services	96
Purchase of goods and services from other Government accounts	20
Operation and maintenance of facilities	2
Operation and maintenance of equipment	54
Supplies and materials	2
Equipment	4
<b>Built-Ins Subtotal</b>	<b>486</b>

	Estimate	FTE
<b>Base</b>	<b>68,436</b>	<b>131</b>



## FEDERAL ADMINISTRATION

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>						
(Dollars in Thousands)						
	<b>FY 2008 Enacted</b>	<b>FY 2009 Enacted</b>	<b>Diff. FY08 Enacted / FY09 Enacted</b>	<b>Recovery Act</b>	<b>FY 2010 Request</b>	<b>Diff. FY09 Enacted / FY10 Req</b>
<b>Activity Appropriation</b>	<b>41,487</b>	<b>52,821</b>	<b>11,334</b>	<b>0</b>	<b>53,307</b>	<b>486</b>
FTE	75	131	131	0	131	0

### **Introduction**

The Federal Administration activity supports all of the Employment and Training Administration's (ETA) activities related to foreign labor certification, including Federal and contract staff to process applications, and system enhancements to improve case processing efficiency and program integrity.

### **FY 2010**

For FY 2010, the Budget requests \$53,307,000 to cover Federal administrative costs; an increase of \$486,000 over the FY 2009 enacted level. The \$486,000 is a built-in increase, while base funding supports mission-critical activities, including \$14,000,000 in overhead expenses, \$24,000,000 in Federal personnel costs, funding to maintain electronic case management systems serving all labor certification programs, and funding for contractor support critical to front-line processing of applications.

Beginning in FY 2010, FLC's goal is to reduce its reliance on contract staff in favor of a larger core of experienced Federal staff. ETA believes a larger core of Federal employees will be less costly and provide greater long-term stability. In FY 2009, after receiving an increase in appropriations, ETA quickly moved to hire, train, and strategically place additional Federal staff to eliminate bottlenecks, fill in organizational gaps, and help build longer-term human capital. As the number of FLC Federal staff increases over time, ETA will concurrently reduce contractor numbers. ETA believes this transition will ultimately result in greater consistency and quality of individual adjudications.

### **FY 2009**

Starting in FY 2009, funding for the administration of Foreign Labor Certification programs, formerly provided under ETA's Program Administration Account, was appropriated under ETA's State Unemployment Insurance and Employment Service Operations account. The 2009 appropriation of \$67,950,000 which included \$52,821,000 to cover Federal administrative costs was an increase of \$11,333,671 over the FY 2008 enacted.

The FY 2009 funding increase helped support ETA's move toward greater integrity and accountability in its foreign labor certification programs. The program increase was used to support comprehensive remediation and improvement of the large case management systems which FLC staff rely on to process hundreds of thousands of labor certification applications filed

## **FEDERAL ADMINISTRATION**

by employers every year. Prior to the improvements made to the case management systems, the processing of applications for the major temporary labor certification programs – H-2A and H-2B – was largely paper-based. The manual processing of paper applications increased the number of contractors required to review applications and seriously undermined FLC's efforts to strengthen the review process.

### **FY 2008**

In FY 2008, the Federal program administration funds were allocated to personnel costs, program overhead, the maintenance and improvement of mission-critical IT systems, and staffing contracts to support applications processing and other key operations. During the first quarter of FY 2008, ETA completed processing work on the permanent program backlog of applications. On December 31, 2007, ETA closed its two backlog processing centers in Philadelphia and Dallas, ending its successful effort to eliminate over 362,000 backlogged applications.

## STATE GRANTS

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>						
(Dollars in Thousands)						
	<b>FY 2008 Enacted</b>	<b>FY 2009 Enacted</b>	<b>Diff. FY08 Enacted / FY09 Enacted</b>	<b>Recovery Act</b>	<b>FY 2010 Request</b>	<b>Diff. FY09 Enacted / FY10 Req</b>
<b>Activity Appropriation</b>	<b>12,518</b>	<b>15,129</b>	<b>2,611</b>	<b>0</b>	<b>15,129</b>	<b>0</b>

### **Introduction**

Under the FLC State Grant activity, the Employment and Training Administration (ETA) provides grants to State Workforce Agencies (SWAs) in 54 states and U.S. territories to fund employment service-related activities that are required components of the various foreign labor certification programs. These activities include SWA posting and circulation of job orders and other assistance to employers in the recruitment of U.S. workers, state safety inspection of employer provided housing, and development of prevailing practice surveys used to set wages and standards in a defined geographic area.

In accordance with the requirements of their foreign labor certification grant allocations, SWAs submit annual workplans to ETA's Office of Foreign Labor Certification's (FLC) to establish continued eligibility for the grant. These workplans describe the specific activities and workload expectations for the year and explain program priorities, including how grant funds will be allocated between agricultural and non-agricultural programs.

### **FY 2010**

For FY 2010, ETA requests \$15,129,000 to support state foreign labor certification activities, maintaining the same funding level that was provided in the FY 2009 appropriation. These programs are currently under review.

### **FY 2009**

In FY 2009, the appropriation funding state foreign labor certification activities was \$15,129,000, an increase of \$2,611,568 over the FY 2008 enacted. The increase in state grant funding was primarily used by state agencies to meet growing demand for their services.

### **FY 2008**

In FY 2008, the Budget included \$12,517,432 to support state activities. As in previous years, in FY 2008 state grants funded state activities to assist the processing of foreign labor certification applications, in particular in the temporary programs. The funds FLC provided to the SWAs for administering the "front end" of the H-2A and H-2B programs were almost exclusively for personnel who accepted applications and assisted employers, especially growers participating in the H-2A program. Through FY 2008, state activities included the issuance by SWAs of prevailing wage determinations in response to requests submitted by employers, an activity that was federalized in late FY 2009.



## WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>						
(Dollars in Thousands)						
	FY 2008 Enacted	FY 2009 Enacted	Diff. FY08 Enacted / FY09 Enacted	Recovery Act	FY 2010 Request	Diff. FY09 Enacted / FY10 Req
<b>Activity Appropriation</b>	<b>52,059</b>	<b>51,720</b>	<b>-339</b>	<b>0</b>	<b>51,720</b>	<b>0</b>

### Introduction

This budget line item provides funding for a number of different activities designed to bolster the capacity of the workforce investment system to carry out its mission, all of which are critical in the current economic climate. The activities include: 1) Collection and analysis of economic and workforce data and translation of that information into workforce intelligence to enable the workforce system and its customers to make informed decisions; 2) Development of robust career information, industry-driven competency models, tools to develop and implement career pathways, and assessment tools; 3) Infrastructure to support performance accountability; 4) Technical assistance and capacity building tools and activities; and 5) National electronic tools that support self-service and direct service delivery within One-Stop Career Centers as well as provide access and connectivity to One-Stops.

As the Nation struggles to recover from the current economic downturn, all of these functions take on new importance. Economic data and workforce information are crucial to developing economic recovery strategies. Career information and assessment tools are essential to transitioning workers making decisions about new careers and education alternatives, as well as for the workforce professionals supporting them. Connectivity to self-service information virtually and to One-Stop Career Centers nationally is part of the nation's safety net for unemployed workers.

More specifically, activities supported with these funds include:

- Workforce information grants to states to fund state workforce agency labor market information activity to project growth industries and occupations in their state and regional economies, and to leverage and integrate other data sources to answer and respond to economic and workforce questions; provide support to state and local workforce boards in analyzing and using regional data to support strategic decisions and investments; to support economic developers and businesses with economic data and labor market information key to business growth strategies; and to support national tools used as a self service option by customers and workforce professionals.
- National infrastructure (oversight of the development and use of common statistical methodologies, data standards, development and maintenance of common software for use by states, licensing of an employer data base, technical assistance to states, etc.) to enable states to carry out their mission of providing robust labor market and workforce information and to enable development of national tools that roll up state data.

## **WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING**

- Ongoing development and maintenance of the Occupational Information Network, or O\*NET, which catalogues the knowledge, skills and abilities for all of the Standard Occupational Classification defined occupations and others. This robust data base is the foundation for a wide array of uses including development of career information and assessment tools, development of job descriptions, development of competency models and career pathways, and many other uses in the public and private sectors.
- Funding to support hosting, development, and maintenance of national electronic tools delivered through the CareerOneStop.org portal including America's Service Locator which provides information on One-Stop Career Centers and other service providers by zip-code; and America's Career Information Network, which has a vast array of career information.
- Funding for key performance accountability infrastructure, such as the Wage Record Interchange System (WRIS), which enables connectivity to wage data to support identification of performance outcomes, and development and maintenance of Data Validation software provided to states.
- Hosting, development, and maintenance of an interactive, knowledge sharing and e-learning platform called Workforce3one.org to support national technical assistance strategies for the workforce system and other technical assistance activities.

Workforce Information Grants to States require some core deliverables, such as development of occupational projections and populating a national Workforce Information Data Base, but also offer states flexibility in shaping their workforce information strategies. This flexibility extends to the annual economic analysis and annual report on accomplishments. States are required to consult with the State workforce investment boards (SWIB), regional economic development leadership within the state, other economic development partnerships, local workforce investment boards (LWIB), and involved organizations in order to receive significant stakeholder input into the development of the grant deliverables. Because these investments contribute to multiple facets of the workforce system – both strategic and in support of One-Stop service delivery, the performance outcomes of the WIA and the Wagner-Peyser Act programs are considered the outcomes for these investments. All investment and strategies contribute to the workforce investment system's efforts to improve the employment, retention, and earnings of individuals served by the system.

Performance for the suite of Electronic Tools is assessed based on usage statistics, such as the number of site visits to the various Web-based tools. The industry standard for measuring the traffic to a Web site has evolved over time to be site visits, since this measure is more stable and less easily manipulated than other Web site metrics. The current measures are:

- Performance Goal Indicator 1: Number of O\*NET site visits.
- Performance Goal Indicator 2: Number of CareerOneStop site visits



## **WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING**

- Performance Goal Indicator 3: Number of Career Voyages (a subset of the CareerOneStop suite of tools) site visits

The various data sets delivered through the sites are refreshed as each new data set becomes available. Enhancements in presentation and new tools are also developed and implemented to encourage return visits and provide value to a broad range of user communities. Usage has been increasing over time, with a total of over 9.3 million site visits per quarter to the combined E-tools Web sites in 2008. Additional detail is provided in the table on Performance Goals and Indicators.

### **Funding Mechanism**

The Workforce Information Grants to States are funded by formula to all states. O\*NET, the CareerOneStop Portal, America's Career Information Network, and America's Service Locator are managed through grants to specific states (Minnesota and North Carolina), who administer the tools with state cooperation. Other tools and services are supported by Federal technical assistance resources.

### **Five-Year Budget Activity History**

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2005	97,974	0
2006	81,662	0
2007	63,855	0
2008	52,059	0
2009	51,720	0

NOTE: Excludes Recovery Act Funding. See budget activity head table.

### **FY 2010**

The Department requests \$51,720,000 in FY 2010. This request includes \$32,000,000 for state core data products and services under the Workforce Information Grants to States. The remaining amount funds the national infrastructure, development and maintenance of O\*NET, national electronic tools delivered through the CareerOneStop.org portal, performance accountability infrastructure, and knowledge sharing e-learning platform described above.

A key area of emphasis for FY 2010 is the ongoing support and investment in the activities described in the Introduction, with a core focus using these critical resources to support economic recovery. The goal is to advance the development of workforce information, products, tools, and services that support the national economic recovery, global competitiveness, effective use of Recovery Act resources, worker reemployment, and growth of green jobs. In addition, these resources are foundational to the sector partnerships creating innovative workforce strategies to ensure a skilled workforce for renewable energy, broadband and

## **WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING**

telecommunications, health care, advanced manufacturing, and other high demand and emerging industries and occupations which will drive national, state, and regional economic growth.

States are expected to use workforce and labor market information and data as the foundation on which to build and implement sound workforce development investment decisions and strategies. To achieve this, states and workforce information grantees are encouraged to leverage grant funding with Recovery Act funds.

### **FY 2009**

The Department received \$51,720,000 in FY 2009 to support these activities. Within the amount requested for One-Stop Career Center and Labor Market Information, ETA was directed to fund workforce information grants to States at not less than \$32 million and to direct \$2,500,000 for competitive grants to States agencies to identify job openings and skill requirements for the energy efficiency and renewable energy industries and to refer workers to job openings and training programs.

The remaining \$17,220,000 funds the national infrastructure, O\*NET, CareerOneStop.org, performance accountability infrastructure, and knowledge sharing e-learning platform described above.

For FY 2009, the goal is to advance the development of workforce information, products, tools, and services that support the national recovery, global competitiveness, economic stimulus, worker reemployment, and growth of green jobs. States are expected to use workforce and labor market information and data as the foundation on which to build and implement sound workforce development investment decisions and strategies. To achieve this, states and workforce information grantees are encouraged to leverage grant funding with Recovery Act funding.

The Department will continue to support the activities of the CareerOneStop portal and the Occupational Information Network (O\*NET) data collection and dissemination to ensure users have access to information that will enable them to explore career options, assess their transferable skills, identify skill gaps and needed education and training to transition to new careers in sectors of the economy that are still in need of workers.

The workforce system will play a vital role in America's economic recovery by assisting workers who are facing unprecedented challenges to retool their skills and re-establish themselves in viable career paths. Through collaboration with partners from labor management organizations, and occupational and business and industry associations, the Department will create or update industry-driven competency models for key sectors, disseminate the information and maintain support for tools that allow partners in regional economies to map out the career ladders that exist in their local labor market so that workers can retool their skills and establish themselves in viable career paths based on the skills and competencies needed.

The Department will continue to support activities that enhance the capacity of the workforce investment system, such as the sharing of innovative and promising practices around providing

## **WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING**

reemployment services, strategic partnerships, collaboration, and leveraging resources in support of regional economic recovery and global competitiveness through its knowledge sharing portal.

### **Recovery Act**

No specific funds were provided under ARRA for this line item.

### **FY 2008**

ETA received \$52,059,000 in FY 2008. Key activities in FY 2008 included improved provision of career information and guidance on in-demand occupation and high growth industry sectors, continued collaboration with business and industry, increased efforts to connect customers to the Workforce Investment System, the maintenance of basic critical infrastructure, and funding for development and dissemination of workforce information products.

**WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM  
BUILDING**

<b>WORKLOAD SUMMARY (Dollars in Thousands)</b>			
	<b>FY 2008 Actual</b>	<b>FY 2009 Target</b>	<b>FY 2010 Target</b>
<b>Workforce Information/National Electronic Tools/System Building</b>			
<b>Site visits for CareerOneStop, O*NET, and Career Voyages (in millions)</b>	37.1	39.8	41.75
<b>Budget Activity Total</b>	\$52,059	\$51,720	\$51,720

## WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

### PERFORMANCE GOAL AND INDICATORS

<b>Build a demand-driven workforce system by increasing the accessibility of workforce information through the National Electronic Tools.</b>										
<b>Performance Indicator</b>	<b>PY 2005</b>		<b>PY 2006</b>		<b>PY 2007</b>		<b>PY 2008</b>		<b>PY 2009</b>	<b>PY 2010</b>
	<b>Goal Achieved</b>		<b>Goal Achieved</b>		<b>Goal Not Achieved</b>					
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
1. Number of page views on America's Career InfoNet.	Baseline	61.4 million	62 million	87.2 million	Baseline	142.5 million	--	RNA	--	--
2. Number of O*NET site visits	3.9 million	7 million	7.5 million	9.7 million	12 million	10.6 million	11.25 million	RNA	12 million	12.75 million
3. Number of page views on Career Voyages	Baseline	7.9 million	8.5 million	10.9 million	12.5 million	10.8 million	--	--	--	--
4. Number of CareerOneStop site visits	--	--	--	--	Baseline	23.6 million	24 million	RNA	25 million	26 million
5. Number of Career Voyages site visits	--	--	--	--	Baseline	2.1 million	2.4 million	RNA	2.8 million	3 million
<b>Baseline(s):</b> A baseline for measuring the number of page views for America's Career InfoNet was collected in PY 2007 due to the closure of America's Job Bank on June 30, 2007.										
<b>Data Source(s):</b> Since PY 2005, data for America's Career InfoNet have been provided by Minnesota (grantee). Web statistics for O*NET and CareerOneStop are provided by the state grantees using AWstats and WebTrends software. Career Voyages statistics are provided by ETA's <i>Workforce System Results</i>										
<b>Comments:</b> ETA is proposing new measures for PY 2008 and beyond to OMB. The proposed measures for National Electronic Tools are to use site visits for all of the measures, rather than page views for two of them. The industry standard for measuring the traffic to a Web site has evolved over time to be site visits because this measure is more stable and less easily manipulated than other Web site metrics. The proposed new measures are: (1) number of O*NET site visits, (2) number of CareerOneStop site visits, and (3) number of Career Voyage site visits.										

**WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM  
BUILDING**

<b>BUDGET ACTIVITY by OBJECT CLASS</b>						
(Dollars in Thousands)						
		<b>FY 2008 Enacted</b>	<b>FY 2009 Enacted</b>	<b>Recovery Act</b>	<b>FY 2010 Request</b>	<b>Change FY 10 Req / FY 09 Enacted</b>
41.0	Grants, subsidies, and contributions	52,059	51,720	0	51,720	0
<b>Total</b>		<b>52,059</b>	<b>51,720</b>	<b>0</b>	<b>51,720</b>	<b>0</b>

**WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM  
BUILDING**

**CHANGES IN FY 2010**  
(Dollars in Thousands)

**Activity Changes**  
**Built-In**  
To Provide For:  
**Built-Ins Subtotal**

**0**

**Estimate**

**FTE**

**Base**

**51,720**

**0**





## WORK INCENTIVE GRANTS

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>						
(Dollars in Thousands)						
	<b>FY 2008 Enacted</b>	<b>FY 2009 Enacted</b>	<b>Diff. FY08 Enacted / FY09 Enacted</b>	<b>Recovery Act</b>	<b>FY 2010 Request</b>	<b>Diff. FY09 Enacted / FY10 Req</b>
<b>Activity Appropriation</b>	<b>14,393</b>	<b>17,295</b>	<b>2,902</b>	<b>0</b>	<b>0</b>	<b>-17,295</b>

### Introduction

The Employment and Training Administration (ETA) administers the Work Incentive Grant (WIG) program, a pilot program designed to increase the labor force participation, life-long learning opportunities, and career advancement of persons with disabilities. The WIG pilot program was developed to explore new approaches to improving accessibility of One-Stop services, with the intent for states to ultimately assume responsibility to provide these services through integration within the One-Stop Career Center system.

People with disabilities continue to be disproportionately underemployed, unemployed, and living in poverty. According to recent studies, in 2007, over 22 million people had one or more disabilities, representing 12.8 percent of the working age population (ages 21-64 years old). Only 36.9 percent of working age people with disabilities were employed, as compared to 79.76 percent of working age people without disabilities; representing a gap of 42.8 percent. 24.7 percent of people with disabilities were poor compared to 9 percent of working age people without disabilities. People with disabilities are disproportionately represented in the populations with multiple employment challenges that are increasingly seeking service at the One-Stop Career Centers, e.g., Temporary Assistance to Needy Families recipients, ex-offenders, older workers, homeless, limited English proficient, English as a Second Language, at-risk youth, etc.

ETA has worked to improve the One-Stop Career Center system services for job seekers with disabilities by establishing the Disability Program Navigator (DPN) Initiative. The DPN initiative grew out of joint coordination with the Social Security Administration (SSA) to fund, implement, pilot, and evaluate Navigator positions in the One-Stop Career Center system to ensure that people with disabilities would have ready access to information about work incentives, work support programs available at the One-Stop Career Centers, and the business community. DPNs promote meaningful and effective physical, programmatic, and communication access to the One-Stop Career Center system; conduct outreach to the disability community; establish linkages to employers to increase job and career opportunities; develop new, and maintain ongoing, partnerships to achieve a seamless integrated workforce system; and establish Integrated Resource Teams (IRT) across workforce and disability systems that address multiple employment needs of job seekers with disabilities.

In Program Year (PY) 2007, 45 states, the District of Columbia, and Puerto Rico were operating a DPN initiative and approximately 525 Navigators were established in local workforce investment areas. Currently, there are approximately 425 Navigators funded in PY 2008. Cooperative agreements will continue with 16 Round I, 13 Round II, and 16 Round III DPN

## WORK INCENTIVE GRANTS

states using the \$17,295,000 in PY 2009 WIG funds. States are asked to supplement their DPN initiative through other Federal or state resources in order to maintain current Navigator levels. There were four new Round IV DPN cooperative agreements awarded in March 2009 and funded through March 2011.

In response to a program assessment and to improve the program's performance, ETA is monitoring One-Stop Career Centers to assess access by and services provided to individuals with disabilities, reviewing annual data, and conducting an evaluation of program results.

To measure performance, the Work Incentive Grant program utilizes the three performance measures similar to the ones used for other employment and training programs. These measures describe how many people got a job, how many stayed employed, and what were their earnings. These measures are applied to those local workforce investment areas that received Work Incentive Grants. The definitions of the measures are as follows:

- *Entered Employment Rate* - Percent of exiters with disabilities employed after program exit;
- *Employment Retention Rate* - Percent of exiters with disabilities who retain employment after exit;
- *Average Earnings* - The average earnings six months after placement.

The program also captures results for the following measure:

- *Percent of Exiters with Disabilities*

Last year, the Work Incentive Grant program had 59.6 percent of exiters with disabilities enter employment; 79.6% percent retain employment after exit; and have average earnings of \$10,862. Targets for entered employment (66.0%) and retention (79.6%) were not met. Average earnings exceeded the target of \$9,955. The percent of exiters remained unchanged.

### **Funding Mechanism**

ETA has issued Solicitations for Grants for Statewide Cooperative Agreements to identified states through several grant cycles since PY 2002, when the program was first funded. Invitations to initial states were conducted in coordination with SSA's projected initiatives or demonstrations. To date, ETA has invested \$112,000,000 and SSA has invested \$12,000,000 (over a three year period) into the DPN initiative.

### **Five-Year Budget Activity History**

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2005	19,711	0
2006	19,514	0
2007	19,514	0
2008	14,393	0
2009	17,295	0

NOTE: Excludes Recovery Act Funding. See budget activity head table.

# WORK INCENTIVE GRANTS

## **FY 2010**

The FY 2010 Budget proposes to terminate funding for the WIG program, given the nature of the pilot program, and the fact that the seven years of dedicated funding has accomplished the goal of demonstrating new approaches to improving the accessibility of One-Stop services for job seekers with disabilities. Separate grants are no longer needed to promote accessibility. States and localities can now implement these approaches as part of their regular One-Stop Career Center activities, particularly with the information available to date from the pilots. States may continue to use other Federal or state resources to aid those with disabilities obtain employment. ETA expects to continue to see a significant increase in workforce service levels to job seekers with disabilities in the One-Stop Career Center system, even with the termination of program funding.

## **FY 2009**

The FY 2009 Budget allocates \$17,295,000 to fund the WIG/DPN grants. This will allow Rounds I, II, and III DPN state cooperative agreements to be continued at reduced funding levels. Due to the pilot nature of the program, funding has been gradually diminished to reflect anticipated state absorption of service provision for job seekers with disabilities through integration within the One-Stop Career Centers. Consequently, there are now approximately 425 DPNs throughout the country. Three states have dropped out of the DPN program and two states have declined to participate. Even with the funding reductions, the DPN initiative continues to effectively increase the capacity of the One-Stop Career Center system to provide comprehensive, integrated, and accessible services to customers with disabilities; connect one of the most disadvantaged, unconnected, unemployed, and underemployed populations to the One-Stop Career Center system for services; and promote quality employment outcomes of people with disabilities so that they can sustain a life of financial self-sufficiency.

## **FY 2008**

States with DPN positions received continued funding through June 30, 2009. In addition to pursuing the overall Navigator role, state project activities are also focused on sustainability through coordination with other disability entities (e.g., participation in the Ticket to Work program), developing integrated resource teams to enhance service delivery for customers with disabilities, and identifying and disseminating promising practices.

Recent major activities include:

- issuing a Solicitation for Statewide Cooperative Agreements to expand the DPN program;
- facilitating the public workforce investment system's state and local Workforce Investment Boards and One-Stop Career Centers in becoming Employment Networks (ENs) and promoting alternative providers in the promotion of employment of people with disabilities receiving Social Security disability benefits;

## WORK INCENTIVE GRANTS

- supporting the Internal Revenue Service and National Disability Institute's Real Economic Impact Tour to promote financial literacy, economic self-sufficiency, and increase the use of the Earned Income Tax Credit for people with disabilities;
- providing ongoing technical assistance and training to the current 46 DPN grantees;
- linking the DPN initiative to the workforce investment system by incorporating promising practices and resources into ETA's best practices Web site, developing a community of practice on the employment of people with disabilities, developing resource toolkits, issuing training and employment notices, and conducting webinars; and
- working with Mathematica Policy Research, Inc. to complete the quantitative evaluation of the DPN initiative allowing matching of SSA disability beneficiary data with individual outcome data for WIA exiters and Wagner-Peyser Act registrants in four states.

## WORK INCENTIVE GRANTS

<b>WORKLOAD SUMMARY</b> <b>(Dollars in Thousands)</b>			
	<b>FY 2008 Actual</b>	<b>FY 2009 Target</b>	<b>FY 2010 Target</b>
<b>Work Incentive Grants</b>			
Participants Served *	23,750	24,468	NA
Cost per Participant	\$606	\$707	NA
Budget Activity Total	\$14,393	\$17,295	NA

\*Participant projections are based on actual PY 2007 results for *exiter* data as reported in the PY 2007 annual WIASRD submission. In FY 2010, no funding has been requested for the program. Participant estimates are for the number of job seekers with disabilities who are served by the workforce investment areas receiving Work Incentive Grants.

## WORK INCENTIVE GRANTS

### PERFORMANCE GOAL AND INDICATORS

Improve the employment, retention and earnings of individuals with disabilities served by the workforce investment system through Work Incentive Grants									
Performance Indicator	PY 2005		PY 2006		PY 2007		PY 2008	PY 2009	PY 2010
	Substantially Achieved		Goal Not Achieved		Goal Not Achieved				
	Target	Result	Target	Result	Target	Result	Target	Target	Target
1. Percent of exiters with disabilities.	6.20%	6.9%	6.3%	4.5%	4.6%	4.5%	4.6%	4.7%	--
2. Percent of exiters with disabilities employed after program exit.	66.0%	69.9%	67.0%	65.0%	66.0%	59.6%	67.0%	68.0%	--
3. Percent of exiters with disabilities who retain employment after exit.	81.0%	80.4%	82.0%	78.8%	80.0%	79.6%	81.0%	82.0%	--
4. Average earnings in the second and third quarters after exit.	\$1,872	\$3,256	Base-line	\$9,856	\$9,955	\$10,882	\$10,055	\$10,155	--
<b>Baseline(s):</b> In PY2006, the program collected baseline data for the new average earnings measure; 2004-05 data are based on a similar earnings measure, earnings gain.									
<b>Data Source(s):</b> State Workforce Investment Act Standardized Record Data (WIASRD) submitted to DOL, Unemployment Insurance Wage Records									
<b>Comments:</b> The data shown are for exiters with disabilities for those Workforce Investment Areas with navigators. New measures were developed during the PY 2004 budget. In FY 2010, no funding has been requested for the program. Data for Work Incentive Grants is collected annually from the WIASRD.									

## WORK INCENTIVE GRANTS

<b>BUDGET ACTIVITY by OBJECT CLASS</b>						
(Dollars in Thousands)						
		<b>FY 2008 Enacted</b>	<b>FY 2009 Enacted</b>	<b>Recovery Act</b>	<b>FY 2010 Request</b>	<b>Change FY 10 Req / FY 09 Enacted</b>
41.0	Grants, subsidies, and contributions	14,393	17,295	0	0	-17,295
<b>Total</b>		<b>14,393</b>	<b>17,295</b>	<b>0</b>	<b>0</b>	<b>-17,295</b>

# WORK INCENTIVE GRANTS

## CHANGES IN FY 2010

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

#### Built-Ins Subtotal

0

#### Net Program

-17,295

#### Direct FTE

0

Estimate

FTE

#### Base

17,295

0

#### Program Decrease

-17,295

0