

FY 2012

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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APPROPRIATION LANGUAGE

For authorized administrative expenses, \$147,584,000, together with not to exceed \$3,994,473,000 which may be expended from the Employment Security Administration Account in the Unemployment Trust Fund ("the Trust Fund"), of which:

(1) \$3,215,610,000 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, 2012, except that funds used for automation acquisitions or for competitive grants to be awarded to States to address worker misclassification shall be available for obligation by the States through September 30, 2014, and funds used for unemployment insurance workloads experienced by the States through September 30, 2012, shall be available for Federal obligation through December 31, 2012;

(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 \$83,864,000 from the General Fund of the Treasury, of which 8 percent, to remain available until September 30, 2013, shall be available to the Secretary for the Workforce Innovation Fund, as established by this Act, and of which \$703,576,000 is for grants to States in accordance with section 6 of the Wagner-Peyser

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Act, and shall be available for Federal obligation for the period July 1, 2012 through June 30, 2013;

(4) \$20,994,000 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) \$65,666,000 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 \$50,537,000 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) \$63,720,000 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, 2012 through June 30, 2013:

Provided, That to the extent that the Average Weekly Insured Unemployment ("AWIU") for fiscal year 2012 is projected by the Department of Labor to exceed 4,832,000, 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 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

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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, \$60,000,000 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.

Note. — A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111–242, as amended). The amounts included for 2011 reflect the annualized level provided by the continuing resolution.

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EXPLANATION OF LANGUAGE CHANGE

The FY 2012 language under the SUIESO heading is changed in paragraph (1) to provide that funds used for competitive grants to assist States in addressing worker misclassification would be available through September 30, 2014. This period of availability is the same period allowed for funds used for automation acquisition. The period is appropriate since these activities are not directly related to administrative workload and may include automation components.

The FY 2012 language under paragraph (3) is changed to make available to the Secretary of Labor 8 percent of the funds appropriated for the Wagner-Peyser formula grants to the States to be used for the Workforce Innovation Fund that would be established under this appropriations Act. The detailed provisions relating to the Fund are contained in the General Provisions in Title V of this appropriations Act and a description of the fund and its operation is contained in the ETA Overview narrative.

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ANALYSIS OF APPROPRIATION LANGUAGE

Not Applicable.

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AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2010 Enacted		FY 2011 Full Year C.R.		FY 2012 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	0	\$86,403	0	\$86,403	0	\$147,584
Other Supplementals and Rescissions	0	\$0	0	\$0	0	\$0
Appropriation, Revised	0	\$86,403	0	\$86,403	0	\$147,584
Real Transfer To EBSA:	0	-\$533	0	\$0	0	\$0
<i>Subtotal Appropriation</i>	<i>0</i>	<i>\$85,870</i>	<i>0</i>	<i>\$86,403</i>	<i>0</i>	<i>\$147,584</i>
Offsetting Collections From:						
Reimbursements	0	\$1,000	0	\$10,000	0	\$10,000
Trust Funds	181	\$4,027,278	174	\$4,027,278	174	\$4,054,473
Fees	31	\$11,000	31	\$13,000	31	\$13,000
<i>Subtotal</i>	<i>212</i>	<i>\$4,039,278</i>	<i>212</i>	<i>\$4,050,278</i>	<i>205</i>	<i>\$4,077,473</i>
B. Gross Budget Authority	212	\$4,125,148	212	\$4,136,681	205	\$4,225,057
Offsetting Collections						
Reimbursements	0	-\$1,000	0	-\$10,000	0	-\$10,000
Fees	-31	-\$11,000	-31	-\$13,000	-31	-\$13,000
Expenditure Transfer to ESBA	0	\$533	0	\$0	0	\$0
<i>Subtotal Offsetting Collections</i>	<i>-31</i>	<i>-\$11,467</i>	<i>-31</i>	<i>-\$23,000</i>	<i>-31</i>	<i>-\$23,000</i>
C. Budget Authority Before Committee	181	\$4,113,681	174	\$4,113,681	174	\$4,202,057
Before Committee	181	\$4,113,681	174	\$4,113,681	174	\$4,202,057
Offsetting Collections From						
Reimbursements	0	\$1,000	0	\$10,000	0	\$10,000
Fees	31	\$11,000	31	\$13,000	31	\$13,000
Real Transfer to EBSA	0	-\$533	0	\$0	0	\$0
<i>Subtotal Offsetting Collections</i>	<i>31</i>	<i>\$11,467</i>	<i>31</i>	<i>\$23,000</i>	<i>31</i>	<i>\$23,000</i>
D. Total Budgetary Resources	212	\$4,125,148	212	\$4,136,681	205	\$4,225,057
Other Unobligated Balances	0	\$0	0	\$0	0	\$0
Unobligated Balance Expiring	0	\$0	0	\$0	0	\$0
E. Total, Estimated Obligations	212	\$4,125,148	212	\$4,136,681	205	\$4,225,057

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SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2011 Full Year C.R.	FY 2012 Request	Net Change
Budget Authority			
General Funds	\$86,403	\$147,584	+\$61,181
Trust Funds	\$4,027,278	\$4,054,473	+\$27,195
Total	\$4,113,681	\$4,202,057	+\$88,376
 Full Time Equivalents			
General Funds	0	0	0
Trust Funds	174	174	0
Total	174	174	0

Explanation of Change	FY 2011 Base		Trust Funds		FY 2012 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	0	\$0	0	\$0	0	\$0	0	\$0
Personnel benefits	0	\$4,760	0	\$0	0	\$0	0	\$0
One day less of Pay	0	\$0	0	\$0	0	\$0	0	\$0
Benefits for former personnel	0	\$0	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$200	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$2,335	0	\$18	0	\$0	0	\$18
All Other Rental	0	\$0	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$494	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$250	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$19,427	0	\$0	0	\$0	0	\$0
Other services	0	\$48	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$0	0	\$0	0	\$0	0	\$0
Other government accounts (Census Bureau)	0	\$0	0	\$0	0	\$0	0	\$0
Other government accounts (DHS Charges)	0	\$0	0	\$0	0	\$0	0	\$0
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$9	0	\$0	0	\$0	0	\$0
Operation and maintenance of equipment	0	\$3,530	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$288	0	\$0	0	\$0	0	\$0
Equipment	0	\$204	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$0	0	\$0	0	\$0	0	\$0

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Explanation of Change	FY 2011 Base		Trust Funds		FY 2012 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Built-Ins Subtotal	0	+\$31,545	0	+\$18	0	\$0	0	+\$18
B. Programs:								
Innovation Fund Contribution	0	\$0	0	\$0	0	\$61,181	0	\$61,181
UI Misclassification	0	\$0	0	\$24,711	0	\$0	0	\$24,711
Reemployment (REAs)	0	\$50,000	0	\$10,000	0	\$0	0	\$10,000
High Performance Award Program	0	\$0	0	\$10,000	0	\$0	0	\$10,000
Programs Subtotal			0	+\$44,711	0	+\$61,181	0	+\$105,892
Total Increase	0	+\$31,545	0	+\$44,729	0	+\$61,181	0	+\$105,910
Decreases:								
A. Built-Ins:								
To Provide For:								
Grants, subsidies, and contributions	0	\$4,060,374	0	-\$14,746	0	\$0	0	-\$14,746
Built-Ins Subtotal	181	+\$4,060,374	0	-\$14,746	0	\$0	0	-\$14,746
B. Programs:								
Program Decrease for OFLC Program Administration	181	\$53,307	0	-\$2,788	0	\$0	0	-\$2,788
Programs Subtotal	181	\$53,307	0	-\$2,788	0	\$0	0	-\$2,788
Total Decrease	181	+\$4,082,136	0	-\$17,534	0	\$0	0	-\$17,534
Total Change	181	+\$4,113,681	0	+\$27,195	0	+\$61,181	0	+\$88,376

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY						
(Dollars in Thousands)						
	FY 2010 Enacted		FY 2011 Full Year C.R.		FY 2012 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
Unemployment Insurance	0	3,256,955	0	3,256,955	0	3,286,920
Unemployment Trust Funds	0	3,256,955	0	3,256,955	0	3,286,920
Reemployment Eligibility Assessments	0	50,000	0	50,000	0	60,000
Unemployment Trust Funds	0	50,000	0	50,000	0	60,000
State Administration	0	3,195,645	0	3,195,645	0	3,215,610
Unemployment Trust Funds	0	3,195,645	0	3,195,645	0	3,215,610
AWIU(Included in SA total)	0	0	0	0	0	0
Unemployment Trust Funds	0	0	0	0	0	0
National Activities	0	11,310	0	11,310	0	11,310
Unemployment Trust Funds	0	11,310	0	11,310	0	11,310
Employment Service	0	724,570	0	724,570	0	785,751
General Funds	0	22,683	0	22,683	0	83,864
Unemployment Trust Funds	0	701,887	0	701,887	0	701,887
Grants to State	0	703,576	0	703,576	0	703,576
General Funds	0	22,683	0	22,683	0	22,683
Unemployment Trust Funds	0	680,893	0	680,893	0	680,893
Employment Service National Activities	0	20,994	0	20,994	0	20,994
Unemployment Trust Funds	0	20,994	0	20,994	0	20,994
Innovation Fund Contribution	0	0	0	0	0	61,181
General Funds	0	0	0	0	0	61,181
TAT/SWA Retirement	0	2,474	0	2,474	0	2,474
Unemployment Trust Funds	0	2,474	0	2,474	0	2,474
WOTC	0	18,520	0	18,520	0	18,520
Unemployment Trust Funds	0	18,520	0	18,520	0	18,520

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Foreign Labor Certification	160	68,436	174	68,436	174	65,666
Foreign Labor Certification	160	68,436	174	68,436	174	65,666
Federal Administration	160	53,307	174	53,307	174	50,537
Unemployment Trust Funds	160	53,307	174	53,307	174	50,537
FLC State Grants	0	15,129	0	15,129		15,129
Unemployment Trust Funds	0	15,129	0	15,129		15,129
Workforce Information-Electronic Tools-System Building	0	63,720	0	63,720	0	63,720
General Funds	0	63,720	0	63,720	0	63,720
Work Incentive Grants	0	0	0	0	0	0
Total	160	4,113,681	174	4,113,681	174	4,202,057
General Funds	0	86,403	0	86,403	0	147,584
Unemployment Trust Funds	160	4,027,278	174	4,027,278	174	4,054,473

NOTE: FY 2010 reflects actual FTE.

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BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2010 Enacted	FY 2011 Full Year C.R.	FY 2012 Request	Change FY 12 Req. / FY 10 Enacted
	Full-Time Equivalent				
	Full-time Permanent	181	174	174	-7
	Other	31	31	31	0
	Total	212	205	205	-7
	Reimbursable	0	0	0	0
	Total Number of Full-Time Permanent Positions	212	212	205	-7
	Average ES Salary	\$172,302	\$172,302	\$179,366	\$7,064
	Average GM/GS Grade	12	12	12	0
	Average GM/GS Salary	\$90,516	\$90,516	\$94,227	\$3,711
	Average Salary of Ungraded Positions	0	0	0	0
11.1	Full-time permanent	15,413	15,413	16,469	1,056
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	0	0	494	494
11.9	Total personnel compensation	15,413	15,413	16,963	1,550
12.1	Civilian personnel benefits	3,802	3,802	4,559	757
13.0	Benefits for former personnel	42	42	0	-42
21.0	Travel and transportation of persons	245	245	200	-45
22.0	Transportation of things	5	5	0	-5
23.1	Rental payments to GSA	1,715	1,715	2,267	552
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	612	612	494	-118
24.0	Printing and reproduction	321	321	250	-71
25.1	Advisory and assistance services	16,047	16,047	17,826	1,779
25.2	Other services	76	76	48	-28
25.3	Other purchases of goods and services from Government Accounts	6,027	6,027	3,899	-2,128
25.4	Operation and maintenance of facilities	492	492	9	-483
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	7,318	7,318	3,530	-3,788
26.0	Supplies and materials	398	398	288	-110
31.0	Equipment	784	784	204	-580
41.0	Grants, subsidies, and contributions	4,060,374	4,060,374	4,151,520	91,146
42.0	Insurance claims and indemnities	10	0	0	0
	Total	4,113,681	4,113,681	4,202,057	88,386
1/Other Purchases of Goods and Services From Government Accounts					
	Working Capital Fund	4,939	4,939	3,899	-1,040
	Census Services	1,088	1,088	0	-1,088

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

PERFORMANCE STRUCTURE

Strategic and Outcome Goals Supporting Secretary Solis' Vision of <i>Good Jobs for Everyone</i>	Supporting Appropriations
Strategic Goal 1 – Prepare Workers for Good Jobs and Ensure Fair Compensation	
1.1 Increase workers' incomes and narrow wage and income inequality.	Employment Services
1.2 Assure skills and knowledge that prepare workers to succeed in a knowledge-based economy, including in high-growth and emerging industry sectors like “green” jobs.	Workforce Info/E-Tools/System Building
1.3 Help workers who are in low-wage jobs or out of the labor market find a path into middle class jobs.	Employment Services Workforce Info/E-Tools/System Building
1.4 Help middle-class families remain in the middle class.	Employment Services Workforce Info/E-Tools/System Building
1.5 Secure wages and overtime.	Foreign Labor Certification
1.6 Foster acceptable work conditions and respect for workers' rights in the global economy to provide workers with a fair share of productivity and protect vulnerable people.	
Strategic Goal 2 – Ensure Workplaces Are Safe and Healthy	
2.1 Secure safe and healthy workplaces, particularly in high-risk industries.	
Strategic Goal 3 – Assure Fair and High Quality Work-Life Environments	
3.1 Break down barriers to fair and diverse work places so that every worker's contribution is respected.	
3.2 Provide workplace flexibility for family and personal care-giving.	
3.3 Ensure worker voice in the workplace.	
Strategic Goal 4 – Secure Health Benefits and, for Those Not Working, Provide Income Security	
4.1 Facilitate return to work for workers experiencing workplace injuries or illnesses who are able to work.	
4.2 Ensure income support when work is impossible or unavailable.	Unemployment Insurance
4.3 Improve health benefits and retirement security for all workers.	
Strategic Goal 5 – Assure the Production of Timely and Accurate Data on Social and Economic Conditions of Workers and their Families	
5.1 Provide sound and impartial information on labor market activity, working conditions, and price changes in the economy for decision making, including support for the formulation of economic and social policy affecting virtually all Americans.	

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APPROPRIATION HISTORY (Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2002...1/	\$3,788,712	\$3,774,712	\$3,804,712		0
2003...2/	3,697,143	3,618,903	3,618,903	3,607,380	0
2004...3/	3,646,783	3,615,381	3,620,552	3,651,543	0
2005...4/	3,593,434	3,582,848	3,636,235	3,636,709	0
2006...5/	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...6/	2,454,134	3,382,614	3,386,632	3,375,833	75
2009...7/	2,665,267	0	3,692,363	3,694,865	181
2010	4,946,157	4,097,056	4,113,806	4,113,681	181
2011...8/	4,435,327	0	0	0	0
2012	4,202,057	0	0	0	0

1/ 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.

2/ 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.

3/ 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.

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

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

6/ Reflects 1.747% rescission.

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

8/ A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared.

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SUIESO Introduction

State Unemployment Insurance and Employment Service Operations (SUIESO) programs provide critical support for U.S. workers. SUIESO funds are allocated to states on a Federal-state partnership basis to administer programs that provide temporary assistance for unemployed workers, job search assistance for those seeking employment, certification of statutory compliance for permanent or temporary foreign workers, and by increasing the capacity of the public workforce system.

Programmatic activities under the SUIESO account include the Unemployment Insurance program which provides temporary wage replacement for unemployed workers, and the U.S. Employment Service which serves to connect job seekers with job opportunities in their local workforce area. The Office of Foreign Labor Certification protects the wages and working conditions of American and foreign nationals through the processing of both permanent and temporary work programs. Finally, resources devoted to system building and workforce information services bolster the capacity of the public workforce system to prepare workers to achieve or maintain middle class jobs.

Unemployment Insurance

The Federal-state Unemployment Insurance (UI) program 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. The program is a lifeline for unemployed workers providing them with income support when work is unavailable or impossible to find. In addition, UI has been a critical economic stabilizer during the recent recession. According to a study completed in 2010 by IMPAQ International analyzing the impact of the UI Program during the most recent recession, on average, for each \$1.00 of UI benefits spent, \$2.00 in economic activity was generated through the multiplier effect and that the program, including benefit extensions, boosted employment by 1.6 million jobs.

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. Regular UI benefits and administration are funded by state payroll and Federal taxes, respectively.

The UI program is an integral part of the public workforce investment system, and is often 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 funded by the UI State Administration line item. UI National Activities provides funds with which the Department of Labor supports the states collectively in administering their state UI programs. Reemployment and Eligibility Assessments fund states for in-person interviews with selected UI beneficiaries to promote quicker reemployment and to ensure continuing eligibility requirements are met.

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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.

Employment Service

The Wagner-Peyser Act of 1933, as amended by the Workforce Investment Act of 1998 (WIA) established a nationwide system of public employment offices that are now part of the One-Stop Career Center system. Wagner Peyser services are intended to improve the functioning of the nation's labor markets by bringing together individuals who are seeking employment and employers who are seeking workers. The system facilitates the match between jobseekers and employers, and has the capacity to meet the work test requirements of the State unemployment compensation system. In FY 2009, 17,584,000 individuals were served through Wagner Peyser funded services.

Foreign Labor Certification

The Office of Foreign Labor Certification (OFLC) protects the wages and working conditions of both American workers and foreign nationals working in the U.S. by administering the following programs: the Permanent Labor Certification Program (PERM) or the "Green Card"; the H-1B Specialty Occupations Program; H-1B1 Specialty Occupations Programs; E-3 Specialty Worker Program; H-2A Temporary Agricultural Program; H-2B Temporary Non-agricultural Program, and the D-1 Crewmember Program.

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. With the exception of the H-1B program, OFLC determines whether there are able, willing, and qualified U.S. workers for a position for which certification is requested and whether there would be any adverse impact on similarly employed U.S. workers should labor certification be granted. Employers are required to pay any foreign worker hired under the visa programs the prevailing wage rate in the area of employment for the occupation in which the vacancy is being filled. In addition, employers must comply with all laws governing the terms and conditions of the employment. The labor certification process administered by OFLC is the first step for many employment-based visas, and is the first opportunity for employers to attest to their compliance with these wage and worker protection requirements.

ETA has organized OFLC as follows: A National Office is responsible for policy development and administration; and three National Processing Centers, one located in Chicago handling all temporary non-immigrant applications; one in the District of Columbia responsible for processing all requests for prevailing wage determinations from employers seeking to hire foreign workers in the U.S. on a temporary or permanent basis; and one in Atlanta handling all permanent labor certification (PERM) applications, adjudicate all program applications.

Workforce Information-Electronic Tools- System Building

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

This Workforce Information/Electronic Tools/System Building line item provides funding for a number of different national activities designed to bolster the capacity of the workforce investment system to prepare workers—in and out of the labor market—with the skills and knowledge to succeed in a knowledge-based economy and move along career pathways from low-wage jobs to middle class jobs, or remain in the middle class. The activities include: 1) Collection, analysis, and widespread dissemination 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 about careers and education and training investments; 2) Development of robust career information, industry competency models, and provision of tools to identify career pathways and assess skills; 3) 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; 4) Infrastructure to support performance accountability; and 5) Technical assistance and capacity building that make use of social media and networking tools to foster the sharing of knowledge and best practices.

UNEMPLOYMENT INSURANCE

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2010 Enacted	FY 2011 Full Year C.R.	FY 2012 Request	Diff. FY 12 Req. / FY 10 Enacted
Budget Authority	3,256,955	3,256,955	3,286,920	29,965
FTE	0	0	0	0

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 temporarily or permanently laid-off from their jobs and helps to stabilize local economies where layoffs have occurred as well as the national economy. The program is a lifeline for unemployed workers providing them with income support when work is impossible to find. In addition, UI has been a critical economic stabilizer during the recent recession. According to a study completed in 2010 by IMPAQ International analyzing the impact of the UI Program during the most recent recession, on average, for each \$1.00 of UI benefits spent, \$2.00 in economic activity was generated through the multiplier effect and that the program, including benefit extensions, boosted employment by 1.6 million jobs.

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. Regular 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 funded by the Unemployment Insurance State Administration line item. UI National Activities provides funds with which the Department supports the states collectively in administering their state UI programs. Reemployment and Eligibility Assessments fund states for in-person interviews with selected UI beneficiaries to promote quicker reemployment and to ensure continuing eligibility requirements are met.

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.

The primary strategic areas that the UI program continues to focus on are improving program performance and accountability by partnering with the National Association of State Workforce Agencies to develop and implement action strategies and technical assistance to support states; improving UI integrity by employing strategies to prevent, detect, and recover improper payments; effectively deploying re-employment strategies to ensure UI claimants have access to

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the full continuum of services available; and modernizing UI by providing incentives to states to provide greater access to UI to workers who may be unemployed through no fault of their own but who are currently not eligible for benefits.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2007	\$2,507,670	0
2008	\$2,649,365	0
2009	\$3,325,947	0
2010	\$3,256,955	0
2011	\$0	0

NOTE: A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared.

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DETAILED WORKLOAD AND PERFORMANCE				
	FY 2010	FY 2010	FY 2011	FY 2012
	Target	Result	Target	Target
Unemployment Insurance				
Strategic Goal 1 - Prepare workers for good ob and ensure fair compensation.	--	--	--	--
Outcome Goal 1.4 - Helping middle-class families remain in the middle class.	--	--	--	--
Facilitate Claimant Reemployment: Percent of UI claimants reemployed by the end of the first quarter after quarter in which they received first payment.	58.60%	53.00%	54.40%	56.40%
Strategic Goal 4 - Secure health benefits and, for those not working, provide income security	--	--	--	--
Outcome Goal 4.2 - Ensure income support when work is impossible or unavailable.	--	--	--	--
Payment Timeliness: Percent of all intrastate first payments that will be made within 21 days.	85.90%	82.20%	84.00%	85.70%
Detect Overpayments: Percent of the amount of estimated overpayments that states detect and are established for recovery.	52.80%	49.50%	51.40%	52.30%
Percent of Employer 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.	90.00%	86.40%	86.40%	86.90%
Employer Tax Accounts (in thousands)	7,661	7,571	7,633	7,737
Initial Claims Taken (in thousands)	44,192	26,456	25,946	26,524
Weeks Claimed (in thousands)	416,043	255,051	242,244	247,345

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined

Workload and Performance Narrative

The workload table provides estimates for the number and length of claims to unemployment benefits and the number of contributing employer tax accounts. The Department projects an increase in the both number of employer tax accounts—from approximately 7,571,000 in FY 2010 to 7,737,000 in FY 2012—and the number of initial claims taken—from approximately 26,456,000 in FY 2010 to 26,524,000 in FY 2012, accompanied by a decrease in the number of weeks claimed—from approximately 255,051,000 in FY 2010 to 247,345,000 in FY 2012. It is important to note that UI workload volumes are unaffected by funding levels.

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2010 Enacted	FY 2011 Full Year C.R.	FY 2012 Request	Change FY 12 Req. / FY 10 Enacted
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
25.2	Other services	0	0	0	0
41.0	Grants, subsidies, and contributions	3,256,955	3,256,955	3,286,920	29,965
	Total	3,256,955	3,256,955	3,286,920	29,965

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CHANGES IN FY 2012

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
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Other services	0
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Grants, subsidies, and contributions	0
--------------------------------------	---

Built-Ins Subtotal	\$0
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Net Program	\$29,965
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Direct FTE	0
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	Estimate	FTE
Base	\$3,256,955	0
Program Increase	\$29,965	0

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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2010 Enacted	FY 2011 Full Year C.R.	FY 2012 Request	Diff. FY 12 Req. / FY 10 Enacted
Budget Authority	3,195,645	3,195,645	3,215,610	19,965
FTE	0	0	0	0

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 the Department's Operating Plan, ETA has developed strategic action plans in three key areas to address program and performance improvement overall: program performance and accountability, program integrity and reduction of improper payments; and reemployment of UI claimants.

The UI program has established four performance goals for FY 2012:

1) Payment Timeliness: 85.7 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." This measure, which includes nearly 90 percent of all State UI intrastate payments, is a good indicator of overall payment timeliness.

2) Detection of Overpayments (previously known as "Payment Accuracy"): Establish for recovery at least 52.3 percent of the amount of estimated overpayments that states can detect and recover.

Ensuring that benefits are paid only to those who meet eligibility requirements and that erroneous payments are detected and recovered is critical to the integrity of any benefit payment program.

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3) Facilitate Reemployment: This performance indicator is the percentage of UI claimants who are reemployed during the first quarter after the quarter in which they received their first UI payment. The FY 2012 target has been set at 56.4 percent.

Reemployment (in suitable jobs) is one of the underlying purposes of the UI program. Although the UI program does not provide reemployment services directly, many of its payment eligibility provisions, such as work search and Employment Service registration requirements, are designed to promote reemployment.

4) Establish Tax Accounts Promptly: 86.9 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.

Promptly enrolling new employers in the UI program is key to fulfilling major program objectives of supporting the timely payment of taxes--which fund UI benefits--and making timely and accurate eligibility determinations based on employer-reported wages.

Past Performance Results and Future Projections

1) **Payment Timeliness**: The FY 2010 target of 85.9 percent was not attained; 82.2 percent of first payments were made within 14/21 days, down from the FY 2009 level of 82.9 percent. First payment timeliness declined in 31 states. The 32 states performing below the 87 percent minimum acceptable level of performance in the UI performance management system (UI Performs) have submitted corrective action plans that outline the actions they will take to improve their performance as part of their FY 2011 State Quality Service Plan.

Statistical analysis indicates that the small decline in timeliness in 2010 was attributable to an increase in the volume of extended benefit claims. Although new initial claims for all programs remained virtually constant (26.5 million in 2010 vs. 26.9 million in FY 2009), extended benefit claims increased 2.7 million. Regression analysis indicates that change accounts for the drop in timeliness. The economic outlook for FY 2011 and FY 2012 indicates that economic conditions will provide only marginal help to timeliness as unemployment rates will decline only to 9.5 percent and 8.8 percent, respectively, from FY 2010's 9.7 percent. Despite the projected weakness in the labor market, FY 2011 and FY 2012 targets for first payment timeliness have been set above the FY 2009 and FY 2010 performance levels, reflecting ETA's special efforts to raise performance in a few states with chronic underperformance.

2) **Detection of Overpayments**: States detected and established for recovery 49.5 percent of the estimated overpayments, which was below the FY 2010 target of 52.8 percent. Recoverable overpayments estimated by the Benefit Accuracy Measurement (BAM) survey increased from \$2.8 billion in FY 2009 to \$4.0 billion in FY 2010 as regular benefits paid increased 50%, from \$50 billion to \$76 billion. Although states increased overpayment detections by 31%, from \$1.5 billion to almost \$2.0 billion, they could not keep pace with the increase in overpayments. Thirty-two states' detection of overpayments ratios fell from FY 2009 to FY 2010 as a result. Statistical analysis of this measure suggests that the gradual improvement in the economy should result in improved performance for this measure. The overpayment establishment component of

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the measure is quite sensitive to economic conditions. Improvement in the labor market should result in a decrease in benefit payments and a reduction in the total amount overpaid. Lower claims volumes should also result in less diversion of state Benefit Payment Control staff from integrity to claims taking functions, which should improve overpayment detection. These factors are reflected in the rising targets for FY 2011 and 2012, both of which are above FY 2010 performance levels.

3) Facilitate Reemployment: In the year ending 6/30/2010--the latest data available--53.0 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 FY 2010 target of 58.6 percent, and represents a decrease of 1.8 percentage points from the FY 2009 level. Analysis of the state reemployment data indicates 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 about two percentage points for every one point rise in the unemployment rate, and so the 1.8 point decline is quite consistent with the 1.2-percentage point rise in the TUR. The administration expects that the TUR will fall to 8.8 percent from the 9.7 percent experienced during the year ending 6/30/2010, and so reemployment is expected to rebound to 56.4 percent by FY 2012. The measure is also sensitive to the percentage of UI claimants who have no expectation of recall to their previous employment. This group, which increases during economic downturns, has a reemployment rate significantly below the rate for claimants on temporary lay-off.

4) Establish Tax Accounts Promptly: In FY 2010, 86.4 percent of new status determinations were made within the specified 90-day period. Although this is considerably short of the 90 percent target, it represents a 2.3 -percentage point improvement from the year before. Statistical studies have indicated that new status timeliness is broadly countercyclical with a significant uptrend trend since 1997. As economic activity falls, status timeliness tends to rise because the status determinations workload falls. However, the broad historical relationship was broken temporarily by the recent recession, as it appears that many states reassigned staff from tax to UI claims functions in response to the sharply increased claims workloads. This caused status determinations timeliness to decline between FY 2008 and FY 2009 despite a fall in status determinations workloads. Staff diversion seems to have moderated between FY 2009 and FY 2010 as status performance improved. Reflecting the 2007-2009 recessions' impact, the FY 2011 target is 86.4 percent and the FY 2012 target is 86.9 percent.

Five-Year Program Category History

Fiscal Year	Funding (Dollars in Thousands)	FTE
2007	\$2,497,770	0
2008	\$2,639,638	0
2009	\$3,274,637	0
2010	\$3,195,645	0
2011	\$0	0

NOTE: A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared.

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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. This Act 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 each fiscal year. 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. For example, 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.

FY 2012

The FY 2012 Budget Request for UI State Administration is \$3,215,610,000, an increase of \$19,965,000 from the FY 2010 appropriated amount of \$3,195,645,000.

The funds requested are sufficient to process 4,832,000 continued claims per week (referred to as 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 \$49.7 billion in state unemployment taxes and to pay an estimated \$68.8 billion in Federal and State UI benefits to 12.5 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 2012 finances \$28,600,000 per 100,000 increase in the total AWIU. In addition, the appropriation language for FY 2012 continues to allow states up to three years to obligate their UI funds if those funds are used for automation activities or to address worker misclassification, which effectively allows states to obligate FY 2012 funds used for these purposes until September 30, 2014.

The FY 2012 Budget Request includes an increase of \$24,711,000 for an initiative focused on establishing capacity to address misclassification within the Federal/state administered Unemployment Insurance program. The first component, which was included in the FY 2011 Budget, which would provide states with the opportunity to compete for grants to: increase their capacity to participate in data sharing activities with the IRS and other Federal and state agencies; implement targeted audit strategies; establish a cross-state agency task force to target egregious employer schemes to avoid taxation through misclassification; and to develop education and outreach programs. The second component would pilot a high performance award

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program designed to incent states to improve misclassification efforts. States that are most successful (or most improved) at detecting and prosecuting employers that fail to pay their fair share of taxes due to misclassification and other illegal tax schemes that deny the Federal and state UI Trust Funds hundreds of millions of dollars annually will be rewarded. Modeled on a successful Food Stamps program, this initiative will provide a “high performance bonus” to the most successful states. States will be able to use these incentive funds to upgrade their misclassification detection and enforcement programs. In both components, states will be required to capture and report outcomes and cost/benefit information to enable evaluation and analysis of new strategies.

In addition, the Budget includes \$10,000,000 to create incentives for States to improve their UI operations. DOL currently provides non-monetary rewards to the top performing States nationwide in areas most critical to the UI system’s success: appeals, eligibility decisions, benefit payments and tax operations. In 2012, the Budget proposes to provide awards to States with the most improved performance in improper payments, timeliness, and productivity.

Also included in the FY 2012 Budget Request are three proposals for later transmittal that affect spending from the Unemployment Trust Fund. The first proposal would address state Unemployment Trust Fund (UTF) account solvency. The UI solvency proposal is designed to improve the solvency of state accounts in the UTF and to provide temporary relief to employers in states with Title XII advances. This would be accomplished by increasing the Federal wage base (last increased in 1983) and indexing it and by making Title XII advances interest-free for a specified period as well as delaying the application of the Federal Unemployment Tax Act (FUTA) credit reduction schedule in states that have outstanding Title XII advances. As many as 35 to 40 states would benefit from interest relief and as many as 30 states would benefit from the delay in application of the credit reduction schedule. The FUTA tax rate would be lowered when the higher Federal wage base goes into effect to make the proposal revenue neutral that year. As States react to the change in the Federal wage base, we expect that States will take the opportunity to adjust their UI tax structures to pay off their loans and improve their solvency.

The second proposal will create incentives for States to expand use of the Short-Time Compensation (STC) program. The STC program, also known as work sharing, promotes job retention and prevents workers from being laid off. Work sharing is a voluntary employer program designed to help employers maintain their staff by reducing the weekly hours of their employees, instead of temporarily laying off workers, when the employer is faced with a temporary slowdown in business. Workers with reduced hours under an approved STC plan receive a partial unemployment check to supplement the reduced paycheck. The Administration's proposal will provide temporary Federal financing of STC benefits for those States that have an STC law that meets certain guidelines. It will also create a temporary Federal program that will be available in other States and provide implementation funds for States to operate the program and conduct outreach to employers to expand use of STC.

The third legislative proposal is a multi-part legislative initiative to strengthen the financial integrity of the Unemployment Insurance (UI) system and to encourage the early reemployment of UI beneficiaries. This proposal builds upon the enactment of two key components of last year's UI integrity proposal that expanded collection of delinquent UI overpayments and

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employer taxes through garnishment of Federal tax refunds and improved the accuracy and utility of hiring data in the National Directory of New Hires. This proposal will boost States' ability to recover benefit overpayments and deter tax evasion schemes by permitting them to use a portion of recovered funds to expand enforcement efforts in these areas, including identification of misclassified employees. In addition, the proposal would require States to impose a monetary penalty on UI benefits fraud, which would be used to reduce overpayments, and to prohibit the non-charging of benefits to employers' UI accounts if they are found to be at fault when their actions lead to overpayments. The proposal would also improve the utility and accuracy of hiring data in the National Directory of New Hires by requiring employers to report rehires of employees who have been laid off. These efforts to strengthen the financial integrity of the UI system and encourage early reemployment of UI beneficiaries will keep State UI taxes down and improve the solvency of the State trust funds.

FY 2011

Figures shown for FY 2011 reflect the annualized Continuing Resolution level as a full-year appropriation has not been enacted at the time the budget was produced. Since this level is based on the FY 2010 enacted level, operations under a full-year Continuing Resolution would be consistent with those described in the FY 2010 section.

FY 2010

During FY 2010 the state agencies collected \$38.3 billion in state unemployment taxes and paid \$144.3 billion in Federal and state unemployment benefits to 11.4 million beneficiaries.

The FY 2010 appropriation language included a provision for making available, without further Congressional action, \$28,600,000 for every 100,000 of AWIU above 5,059,000. The total AWIU for FY 2010 did not exceed this level; therefore no AWIU contingency funds were apportioned by OMB.

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CHANGES IN FY 2012

(Dollars in Thousands)

Activity Changes		
Built-In		
To Provide For:		
Grants, subsidies, and contributions		- \$0
Built-Ins Subtotal		- \$0
Net Program		\$19,965
Direct FTE		0
	Estimate	FTE
Base	\$3,195,645	0

REEMPLOYMENT AND ELIGIBILITY ASSESSMENTS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2010 Enacted	FY 2011 Full Year C.R.	FY 2012 Request	Diff. FY 12 Req. / FY 10 Enacted
Budget Authority	50,000	50,000	60,000	10,000
FTE	0	0	0	0

Introduction

Reemployment and Eligibility Assessments (REAs) are in-person interviews with selected Unemployment Insurance (UI) beneficiaries to review their efforts to find new employment and other state UI eligibility requirements, refer them to reemployment services or training if needed, and provide labor market information to aid in their job search. Research has shown that similar services reduce UI duration and save UI trust fund resources by helping beneficiaries find jobs faster and eliminating payments to ineligible individuals.

Five-Year Program Category History

Fiscal Year	Funding (Dollars in Thousands)	FTE
2007	\$0	0
2008	\$0	0
2009	\$40,000	0
2010	\$50,000	0
2011	\$0	0

NOTE: A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared.

Funding Mechanism

States will receive funding based on proposals they submit to the Department in accordance with Departmental guidance to the states. States participating in the initiative in FY 2012 may describe how they will continue or expand their REA initiatives. States seeking to implement a new REA initiative will provide the REA design they propose to implement. A portion of the funds will be available for technology-based overpayment prevention, detection, and collection activities.

FY 2012

The FY 2012 budget requests \$60,000,000 for the REA initiative, which when combined with the \$10,000,000 included in State Administration would fund 980,000 REAs and save state UI Trust Fund Accounts \$237,000,000. This request level is \$10,000,000 higher than the amount that was appropriated for FY 2010 and will support continuation and expansion of the REA initiative in approximately 40 states.

REEMPLOYMENT AND ELIGIBILITY ASSESSMENTS

FY 2011

Figures shown for FY 2011 reflect the annualized Continuing Resolution level as a full-year appropriation has not been enacted at the time the budget was produced. Since this level is based on the FY 2010 enacted level, operations under a full-year Continuing Resolution would be consistent with those described in the FY 2010 section.

FY 2010

For FY 2010, \$60,000,000 (\$50,000,000 plus \$10,000,000 included in State Administration) was appropriated for REAs which funded approximately 840,000 REAs resulting in an estimated \$194,000,000 in state trust fund account savings. The \$50,000,000 was an increase of \$10,000,000 over the amount that was provided in the final passage of the FY 2009 budget. This amount supported the REA initiative in 34 states.

During FY 2010, ETA also provided 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 was on addressing the two top causes of improper payments: 1) UI claimants who return to work and continue to claim benefits and 2) errors made by state staff in making initial eligibility determinations.

REEMPLOYMENT AND ELIGIBILITY ASSESSMENTS

CHANGES IN FY 2012

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Grants, subsidies, and contributions \$0

Built-Ins Subtotal \$0

Net Program \$10,000

Direct FTE 0

Estimate FTE

Base \$50,000 0

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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2010 Enacted	FY 2011 Full Year C.R.	FY 2012 Request	Diff. FY 12 Req. / FY 10 Enacted
Budget Authority	11,310	11,310	11,310	0
FTE	0	0	0	0

Introduction

Unemployment Insurance National Activities provides funds to support the states collectively in administering their state UI programs which helps to support DOL’s strategic goal of improving program performance and accountability and is a vital component of the UI budget supporting system functions that help ensure income support to unemployed workers. National Activities funding provides an avenue for states to apply common technology-based solutions to improve the efficiency and performance of their UI operations through the Information Technology Support Center (ITSC). The mission of the ITSC, in partnership with the DOL, is to support the fifty-three (53) SWAs in applying automation and technology solutions to meet the needs of the UI program and related programs. The ITSC is dedicated to advancing the use of information technology (IT), which states may adopt, to provide more accurate, efficient, cost effective, and timely service for SWA customers. The ITSC also works with individual states on a variety of projects including Call Center Design and Implementation, Adjudication Automation, Benefit and Tax Systems Reengineering and Modernization, SWA Internet Application development (Benefits, Tax, Adjudication), and One-Stop Planning

In addition, National Activities funds the Interstate Connection Network (ICON), 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. The ICON currently facilitates the exchange of Interstate Benefits (IB) / Combined Wage Claims (CWC), wage and separation information for Unemployment Compensation for Ex-Service-members and Unemployment Compensation for Federal Employees claimants amongst SWAs, Social security number and name verification and checking for receipt of social security benefits, SSA access to state information in order to crossmatch with their Supplemental Security Income program, and Wage Record Interchange System that enables states to obtain wage record information for performance measurement and consumer information purposes. Additionally, the ICON provides connectivity of state SUN systems to the national office SUN system for the data collection of state workload, financial and performance summary reports used for oversight and monitoring purposes.

The UI Actuarial Support contract is funded with National Activities. The Actuarial contract staff supports the Office of Unemployment Insurance and State Workforce Agencies by providing training in quantitative methods and profiling methods, by maintaining and improving national budget and legislative models, by producing workload forecasts for the purpose of allocating administrative resources, by producing actuarial calculations for the DOL financial statements, and by compiling and publishing the UI Data Summary, UI Outlook, and other reports. The Actuarial Support staff also maintains State specific Benefit Financing Models for 25-30 SWAs, which helps states in the projection and analysis of their unemployment trust fund

NATIONAL ACTIVITIES

under varying taxation and benefit payment scenarios using varying economic assumptions. This activity is receiving particularly high attention as 30 states had outstanding loan balances totaling \$40.2 billion as of January 1, 2011.

Five-Year Program Category History

Fiscal Year	Funding (Dollars in Thousands)	FTE
2007	\$9,900	0
2008	\$9,727	0
2009	\$11,310	0
2010	\$11,310	0
2011	\$0	0

NOTE: A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared.

Funding Mechanism

UI National Activities is a separate line item in the State Unemployment Insurance Operations budget request. These activities 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.

FY 2012

The FY 2012 Budget request for UI National Activities (NA) is \$11,310,000, no change from the amount appropriated for FY 2010. In addition to funding activities which support states collectively, NA will support continuation of upgrades to information technology (IT) systems and technical assistance activities will continue to focus on three priority areas including program performance and accountability, integrity, and connecting UI claimants to reemployment services through the workforce system.

FY 2011

Figures shown for FY 2011 reflect the annualized Continuing Resolution level as a full-year appropriation has not been enacted at the time the budget was produced. Since this level is based on the FY 2010 enacted level, operations under a full-year Continuing Resolution would be consistent with those described in the FY 2010 section.

FY 2010

FY 2010 NA were used to support a wide array of state technical assistance strategies and UI system infrastructure investments, including upgrading systems for collection and storage of data. The upgrades helped ensure a secure and stable IT environment as well as provided a long run effective solution in terms of procurement and support costs. Technical assistance strategies were focused in three priority areas including program performance and accountability, integrity, and connecting UI claimants to reemployment services through the workforce system.

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CHANGES IN FY 2012

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Grants, subsidies, and contributions

\$0

Built-Ins Subtotal

\$0

Net Program

\$0

Direct FTE

0

Estimate

FTE

Base

\$11,310

0

EMPLOYMENT SERVICE

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2010 Enacted	FY 2011 Full Year C.R.	FY 2012 Request	Diff. FY 12 Req. / FY 10 Enacted
Budget Authority	724,570	724,570	785,751	61,181
FTE	0	0	0	0

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>
2007	\$736,298	0
2008	\$723,361	0
2009	\$723,293	0
2010	\$724,570	0
2011	\$0	0

NOTE: A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared.

EMPLOYMENT SERVICE

DETAILED WORKLOAD AND PERFORMANCE				
	FY 2010	FY 2010	FY 2011	FY 2012
	Target	Result	Target	Target
Employment Service				
Strategic Goal 1 – Prepare workers for good jobs and ensure fair compensation.	--	--	--	--
Outcome Goal 1.1 – Increase workers’ incomes and narrow wage and income inequality.	--	--	--	--
Average Earnings	\$10,394.00	\$12,789.00	\$12,602.00	\$12,824.00
Strategic Goal 1 – Prepare workers for good jobs and ensure fair compensation.	--	--	--	--
Outcome Goal 1.3 – Help workers who are in low-wage jobs or out of the labor market find a path into middle class jobs.	--	--	--	--
Entered Employment	56.90%	47.80%	46.6%	47.4%
Participants Served in Employment and Training Activities	17,589,400	22,447,124	22,447,124	22,447,124
Cost Per Participant Served in Employment and Training Activities	\$40.00	\$31.00	\$31.00	\$31.00
Strategic Goal 1 – Prepare workers for good jobs and ensure fair compensation.	--	--	--	--
Outcome Goal 1.4 – Help middle class families remain in the middle class.	--	--	--	--
Employment Retention	77.00%	75.20%	70.60%	71.00%
Employment Service National Activities				
WOTC				
Strategic Goal 1 – Prepare workers for good jobs and ensure fair compensation.	--	(r)	--	--
Outcome Goal 1.1 – Increase workers’ incomes and narrow wage and income inequality.	--	(r)	--	--
WOTC Certifications/Participants	698,520	914,491	914,491	914,491
Cost Per Certification	\$26.51	\$20.25	\$20.25	\$20.25

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined

Workload and Performance Narrative

The main goal of the ES is to ensure that individuals have universal access to a full array of employment services. Since FY 2010, the Department has been providing additional guidance and technical assistance to states on how to improve seamless service integration with other ETA programs such as WIA services (including training), unemployment insurance and one-stop partners. During the most recent recession, the demand for all services provided through the One-Stop system, including online workforce information services and staff-assisted services, increased substantially nationwide. Resources have thus shifted to building the capacity of the

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system to respond to this increased demand; increase the capacity of front-line staff to more effectively provide career counseling and assessment services; build on promising and new approaches developed through the Recovery Act-funded Reemployment Services; work with states to help them utilize technology more effectively; and support targeted service delivery to small businesses. All of these activities are intended to further the goal of preparing workers for good jobs and ensuring fair competition.

The FY 2010-2012 targets for entered employment, employment retention and average earnings are based on a methodology developed by DOL for setting national performance targets using regression analysis. This regression uses program results from the prior year, current labor market conditions and individual characteristics to correct for the effects of the business cycle and labor market conditions on the outcomes of employment and training programs, producing targets that objectively reflect the impact of the economic environment on program performance. Targets were set based on the estimated effect of unemployment rates on program performance outcomes and OMB's assumptions about future unemployment rates and the CPI-U. The base for setting performance targets is the performance results for PY2009, the most recently program year for which performance results are available. Performance outcomes are aligned with the unemployment rates and CPI-U within the quarters for which each measure is derived for the outcome in each program year. For instance, in PY2010, the time period reported for entered employment in the WIA programs was from 10/1/09 to 9/30/10; for retention and earnings, the time period was from 4/1/09 to 3/31/10. Descriptions of the estimation of the effect of unemployment for each measure and program and of the methodology used to set targets are available in various technical reports. Estimation was conducted and technical reports and performance targets were prepared by the W.E. Upjohn Institute for Employment Research through a grant from ETA. The Department provides an estimated cost-per-participant under the Innovation Fund; however, this estimate is likely to change as the Fund is further developed and specific investment priorities are identified.

Participant data was derived by using annual PY 2009 data. The cost per participant measure for the regular formula funded program was developed using the number of participants served from the PY 2009 final results divided into the funding level yielding the \$31 figure in the table above.

The Department measures performance for the Employment Service based on three interrelated outcome measures: entered employment, average earnings, and employment retention. The services delivered through the One Stop Career Center system are designed to address all three outcomes, in order to help customers get employed in a job that pays a middle class wage and for which they are qualified and can succeed in.

The Department monitors grantee performance regularly through Federal Project Officers located in DOL regional offices to ensure that they are in compliance with the statute and on target to meet performance goals. Such monitoring informs the design and delivery of technical assistance to improve performance. As part of program monitoring, the Department looks at the following system outputs:

1. number of people served by the system
2. number of people that receive workforce information services

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3. number of people that receive staff-assisted services
4. number of people exiting the program

These outputs help DOL understand whether the states are implementing strategies that will help them meet their outcome goals. Due to the nature of the Employment Service, evaluations are based on individual states and focused on UI beneficiaries. The Department conducts evaluations to evaluate the specific strategies promoted to support goal achievement. The results of such evaluations and research are used to revise and update strategies regularly.

The workload table also provides an estimate for the number of WOTC certifications. The number of certifications issued has steadily increased over the past decade with the addition of new target groups, while funding to support State Workforce Agency (SWA) processing has been reduced or remained level. In FY 2010, the program issued 914,491 certifications at a cost of \$20.25 per issuance. With the receipt of level funding, the program projects similar results in FY 2011 and FY 2012.

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2010 Enacted	FY 2011 Full Year C.R.	FY 2012 Request	Change FY 12 Req. / FY 10 Enacted
41.0	Grants, subsidies, and contributions	724,570	724,570	785,751	61,181
	Total	724,570	724,570	785,751	61,181

EMPLOYMENT SERVICE

CHANGES IN FY 2012

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Grants, subsidies, and contributions

\$0

Built-Ins Subtotal

\$0

Net Program

\$61,181

Direct FTE

0

Estimate

FTE

Base

\$724,570

0

Program Increase

\$61,181

0

GRANTS TO STATES

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2010 Enacted	FY 2011 Full Year C.R.	FY 2012 Request	Diff. FY 12 Req. / FY 10 Enacted
Budget Authority	703,576	703,576	703,576	0
FTE	0	0	0	0

Introduction

The Employment Service, authorized by the Wagner-Peyser Act of 1933, prepares workers for good jobs in the following ways:

1. The program increases workers' incomes by helping unemployed and underemployed job seekers obtain employment in industries and occupations with higher wages and career pathways through job search assistance and other services.
2. The program helps workers in low wage jobs and those out of the labor market find career pathways to middle-class jobs through job listing and referral services.
3. The program helps unemployed workers remain in the middle-class through reemployment services strategies, such as assessments, career counseling, that help these workers return to work quickly.

With the nation's unemployment rate at 9.0 percent for January 2011 (Bureau of Labor Statistics <http://www.bls.gov/>), millions of unemployed workers continue their search for jobs. For the vast majority of these individuals, their only resource is the One-Stop Career Center system. The background of today's unemployed workers range from low-skilled, entry level workers to highly qualified, highly trained individuals. The biggest challenge to any one of these individuals is matching his or her skills to the right employer and/or the right job.

According to data from the Bureau of Labor Statistics, as of January, 2011, the number of unemployed persons was 13.9 million and the number of long-term unemployed (those jobless for 27 weeks and over) was at 6.2 million. Those individuals made up 43.8 percent of the unemployed persons. BLS data also shows there were 1,483 mass layoff actions in December, 2010 that resulted in the separation of 137,992 workers. Each action involved at least 50 persons from a single employer. The number of mass layoff events in December, 2010 decreased by 96 from the prior month, and the number of associated initial claims increased by 10,808. The number of events reached its lowest level since April 2008 (Bureau of Labor Statistics, Mass Layoffs–December 2010). These data indicate that American workers who lost their jobs in the recession continue to need assistance to reconnect with employment opportunities. The unique needs and challenges of these unemployed workers are often addressed by the One-Stop partner programs which primarily provide job search assistance, career counseling, labor market information, and other targeted employment services.

The public Employment Service system is the critical element that supports the national network of One-Stop Career Centers created under the Workforce Investment Act of 1998 (WIA). The ES provides a variety of employment related labor exchange services including but not limited to job search assistance, job referral, and placement assistance for job seekers, re-employment

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services to Unemployment Insurance (UI) claimants, and recruitment services to employers with job openings. Job seekers can access these services through self-directed or staff assisted activities, as well as online.

A guiding principle for the workforce system, but particularly germane to the Employment Service, is the dual customer approach. Through equal emphases on serving job seekers and employers, One-Stop Career Centers can assist employers in meeting their workforce needs. This is of particular benefit to small businesses, since the One-Stop Career Centers can provide labor market information, referrals of qualified applicants, job listing services, and other customized services they might otherwise not be able to access.

ES also plays a special role in administering and conducting the work-test assessments of UI claimants (monitoring UI claimants to ensure that they are able to work, available for work, and actively seeking work.) Wagner-Peyser Act funded staff provides the required reemployment services in three-quarters of all states and cooperate in the UI program's Worker Profiling and Reemployment Services (WPRS) service delivery in all other states.

ES, as the only public labor exchange system in the nation, has no eligibility criteria; therefore, it is the program within the One-Stop system that has universal access for all job seekers and employers. From PY 2007 to PY 2009, as the economy began to worsen, ES experienced a 38 percent increase in participants served, and a 39 percent increase in UI claimants served (see table below.) The veteran population being served continues to escalate as well, and as more and more of our veterans return home and re-enter the civilian labor market, this number will continue to increase.

Program Year	Total participants served	Total Eligible UI Claimants	Total Veterans Served
PY 2007	13,952,240	5,073,066	1,165,540
PY 2008	19,550,756	8,349,443	1,533,693
PY2009	22,447,124	10,712,573	1,674,034

Five-Year Program Category History

Fiscal Year	Funding (Dollars in Thousands)	FTE
2007	\$715,883	0
2008	\$703,376	0
2009	\$703,576	0
2010	\$703,576	0
2011	\$0	0

NOTE: A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared.

GRANTS TO STATES

Funding Mechanism

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

The Workforce Innovation Fund grants will be awarded competitively through Solicitations for Grant Applications (SGAs) for the demonstration of new ideas and for the replication of proven practices. A portion of these funds will be reserved for evaluation and technical assistance.

FY 2012

To address continuing high levels of unemployment and the acute needs of employers seeking qualified workers in FY 2012, the Department requests funds to fully operate the Employment Service nationwide. This includes serving 22,447,124 individuals with core services such as job search assistance, labor market information, career counseling, and other services. It also includes the infrastructure funding for the network of One-Stop Career Centers through which public workforce system services are delivered. The Department has set an entered employment rate target of 47.4 percent, an employment retention target of 71.0 percent, and an average earnings goal of \$12,824.

To meet those targets, the Department will encourage a number of strategies and activities:

- Improve staff-assisted and workforce information services.
- Implement newer and more sophisticated skill assessment tools that allow for better skills matching, and for the continuous improvement of job matching and referrals systems.
- Increase the capacity of front-line staff to more effectively provide career counseling and assessment services through technical assistance activities conducted by the national and regional offices.
- Develop promising and new approaches to Reemployment Services, including promoting and supporting replication and adaption of practices that assist unemployed workers in returning to work quickly.
- Encourage states to utilize technology more effectively to connect the workforce and the UI systems and decrease the time that job seekers receive unemployment compensation.
- Provide improved labor market information to employers, including good information on available workers and their skill levels to meet the workforce needs of employers.
- Prompt States and localities to come forward with promising ideas and make sure the job training system continues to evolve. Through the Workforce Innovation Fund, the Department will test new ideas and replicate proven, cost-effective strategies for delivering better employment and training results. Through competitive grants to States, consortia of States, and regional workforce and education partnerships, the Department will invest in projects that
 - Engage employers more deeply in the workforce system to ensure that participants get relevant training and have strong employment outcomes
 - Work across program silos to provide comprehensive services

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- Improve and incentivize services to those with the greatest barriers to employment
- Promote more cost-effective service delivery, better measurement of cost per outcome, and cost/benefit analysis
- Support regional and sectoral collaboration
- Encourage use of data and rigorous evaluation to assess outcomes, inform continuous improvement, and provide meaningful information on workforce system and training provider performance.

In order to fully implement these strategies and fund these services, the Department is requesting \$785,751,000. Of that amount, \$703,576,000 is requested to fund ES grants to states – the infrastructure funding for the national network of One-Stop Career Centers. Eight percent, \$61,181,000 will be contributed to the Workforce Innovation Fund as described in the overview section of the ETA budget.

FY 2011

Figures shown for FY 2011 reflect the annualized Continuing Resolution level as a full-year appropriation has not been enacted at the time the budget was produced. Since this level is based on the FY 2010 enacted level, operations under a full-year Continuing Resolution would be consistent with those described in the FY 2010 section.

FY 2010

In FY 2010, Employment Service (ES) funds continued to play a critical role in funding a variety of reemployment services to millions of workers. In a recent survey by the National Association of State Workforce Agencies, states were asked to list the services that were the top five priorities for the use by their ES funds. The majority of the states (83 percent) reported reemployment services for UI claimants were among the top five priorities for unemployed workers. Job finding and placement services was a close second, with 73 percent of the states indicating this was one of their top five priorities. Job search workshops and assessment and career counseling came in next with approximately 67 percent of the states identifying these services as one of their top five priorities. The availability and use of labor market information (LMI) Services garnered 55 percent of the response.

Throughout the year, the Department's technical assistance to states continued to include highlighting effective approaches to use 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. Additionally, the Department encouraged states to utilize a portion of Wagner-Peyser funding to enhance labor market information availability and utilization. Such investments have been critical to identifying businesses and sectors of the economy still in need of workers and those that began to grow as the economy recovers, as well as identifying transferable skills for workers who lost their jobs and need career transition assistance.

By coupling FY 2010 formula funds and additional resources made available through the Recovery Act, a large majority of states were able to implement ETA's policy and program

GRANTS TO STATES

recommendations. Many states reported having made moderate or significant enhancements to assessment and career counseling services in the form of:

- Triage processes and tools;
- Skills assessment processes and tools; and
- Skills transferability analysis tools

GRANTS TO STATES

CHANGES IN FY 2012

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Grants, subsidies, and contributions

\$0

Built-Ins Subtotal

\$0

Net Program

\$61,181

Direct FTE

0

Estimate

FTE

Base

\$703,576

0

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2010 Enacted	FY 2011 Full Year C.R.	FY 2012 Request	Diff. FY 12 Req. / FY 10 Enacted
Activity Appropriation	18,520	18,520	18,520	0
FTE	0	0	0	0

Introduction

The Work Opportunity Tax Credit (WOTC) Program helps disadvantaged workers gain employment in good jobs by providing businesses with an estimated \$800 million in tax credits for hiring individuals from certain targeted groups that have consistently faced significant barriers to employment. The main objective of this program is to enable the targeted individuals to gradually move from economic dependency to self-sufficiency as they earn a steady income and become contributing taxpayers. The participating employers are compensated by being able to reduce their federal income tax liability. WOTC joins other workforce programs that help incentivize workplace diversity and facilitate access to good jobs for American workers.

For disadvantaged populations, particularly low-income individuals, training and employment services are critical on their journey from poverty to middle-class jobs. Among disadvantaged populations, however, there are specific groups of individuals with such significant barriers to employment that the government provides incentives to employers to hire them and provide important work experiences.

WOTC was created by Congress through the enactment of the Small Business Job Protection Act of 1996 as a Federal tax incentive to private businesses for hiring new individuals from its original seven target groups to nine target groups as of 2011 with consistently significant barriers to employment. The target groups currently served through WOTC are: long-term Temporary Assistance to Needy Families (TANF) recipients; other qualified TANF recipients; qualified Supplemental Nutrition Assistance Program (SNAP, or food stamp) recipients; designated community residents; summer youth employees; qualified veterans; vocational rehabilitation referrals; qualified ex-felons; and SSI recipients. The American Recovery and Reinvestment Act (ARRA) created two additional target groups—unemployed veterans and disconnected youth—for workers hired prior to 2011. The tax credit creates a financial incentive for employers to seek out and hire new workers from these target groups. The tax credit may be as much as \$2,400 for each new adult hire, \$1,200 for each summer youth hire, \$4,800 for each new disabled veteran hire, and \$9,000 for each new long-term TANF recipient hired over a two-year period.

For the individuals in these target groups, establishing a connection to the workforce is critical. By gaining valuable work experience, they begin a career pathway that will lead them out of poverty. Research indicates that youth with work experience during their teen years are more likely to work in later years. Likewise, for the over one million adults receiving TANF each month and the approximately 40.4 million people receiving SNAP each month, gaining and maintaining employment, particularly during hard economic times, is a challenge. Only 29 percent of SNAP households had earnings in 2008.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

Veterans and disabled veterans may require additional support to reintegrate into civilian life. , Data from the Bureau of Labor Statistics shows that there were 5.5 million disabled veterans in 2008. With the increased rate of service related disabilities of service men and women serving in Afghanistan and Iraq, the number of disabled veterans will undoubtedly increase leading to the need for additional supports to gain employment.

For ex-offenders, employers' perceptions are the main challenge to gaining employment. In fact, research shows that employers are less willing to hire ex-offenders than any other disadvantaged group. Helping ex-offenders find and retain employment is one of the keys to avoiding recidivism.

The Department receives funds to administer the WOTC certification process. Funds provided to the Department for this purpose are used to:

1. Provide resources to State Workforce Agencies (SWAs) to support staff processing applications for certifications for the 12 target groups.
2. Provide technical assistance to SWAs on new ways to process certifications and decrease certification backlogs.
3. Encourage full automation of the WOTC verification and certification process for the states through a web-based approach.

During FY 2010, SWAs issued 914,491 certifications to employers, and the figure is expected to continue growing. During a 13-year span, the SWAs issued 5.8 million certifications to participating employers for hiring the hard-to-employ.

Five-Year Program Category History

Fiscal Year	Funding (Dollars in Thousands)	FTE
2007	\$17,677	0
2008	\$17,677	0
2009	\$17,368	0
2010	\$18,520	0
2011	\$0	0

NOTE: A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared.

Funding Mechanism

WOTC funding historically has been distributed to SWAs using a three-part funding formula based on: 1) civilian labor force, 2) WOTC workload, and 3) a percentage of the welfare population. The Department is considering revisions to the formula to better reflect the full work load related to processing all WOTC applications.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

FY 2012

To support states' processing of certification requests and to reduce the sizable certifications backlog that currently exists, the Department requests funds to operate the WOTC program. The Department estimates that close to 914,491 certifications will be processed during FY 2012, taking into account the current backlog (about 900,000) and the number of certifications issued during the last full fiscal year for which data are available.

The Department helps individuals in the low-income target groups covered by WOTC enter the job market and improve their earnings by providing funding to SWAs to administer the WOTC. SWAs use the funding to certify new applications submitted by employers; deny ineligible applications; decrease the backlogs of applications pending because of insufficient documentation; and move towards automation of the application process.

The Department assists the SWAs' efforts to process certifications more efficiently – by providing joint national-regional technical assistance to the employer community. Strong partnerships with the IRS and other external and internal partners allow the Department to provide states with timely legal and programmatic clarifications that help improve the accuracy of their processing and certification systems.

Currently, the majority of applications submitted are processed through a paper-manual system by states. It is a time- and labor-intensive process to input applications, verify eligibility documentation, and issue the certifications or denials. Several states have moved toward automation of certain portions of the application process and one state is moving towards full automation of the certification process.

State Workforce Agencies (SWAs) administer WOTC and will help ensure the timely processing of applications. The operational management of the WOTC certification process includes: 1) determining whether the certification requests received were filed in a timely manner, 2) verifying target group eligibility with different state service providers, and 3) issuing to employers the state's final determination (i.e., a certification or a denial).

The Department requests \$18,520,000 for FY 2012 to support continued administration of the WOTC program by the SWAs.

FY 2011

Figures shown for FY 2011 reflect the annualized Continuing Resolution level as a full-year appropriation has not been enacted at the time the budget was produced. Since this level is based on the FY 2010 enacted level, operations under a full-year Continuing Resolution would be consistent with those described in the FY 2010 section.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

FY 2010

Despite progress in the economy in the wake of the recession, businesses remained reluctant to hire. As in all economic downturns, vulnerable populations found it more difficult to find jobs. The Work Opportunity Tax Credit continued to provide a Federal tax credit to private-sector businesses for hiring individuals from 11 target groups who have consistently faced significant barriers to employment. The groups eligible under WOTC include: long-term TANF recipients; other qualified TANF recipients; qualified food stamp recipients; designated community residents; summer youth employees; qualified veterans; vocational rehabilitation referrals; qualified ex-felons; SSI recipients; unemployed veteran; and disconnected youth. In FY 2010, over 914,000 WOTC certifications were issued to employers, incentivizing job opportunities for some of the country's most at-risk populations.

State administration of the WOTC program faced significant challenges including backlogs of certification requests in a number of areas due to general increase in employer demand for WOTC as well as the extra requests spurred by the creation of two new target groups in ARRA. In FY 2010, the two new ARRA categories (i.e., Unemployed Veterans and Disconnected Youth) accounted for 16.6 percent of all WOTC certifications. In addition to increased demand, the backlog has been due, in part, to the technical nature of the certification requests. In response to frequent legislative changes and increased workload, ETA provided comprehensive technical assistance to states through its national and regional office WOTC coordinators. Additionally, ETA continued to work with State Workforce Agencies and other internal and external partners to encourage the expansion of processing technologies that would allow for greater automation of certain portions of the application process in order to decrease the current backlog. At the end of the Fiscal Year, approximately 1 million WOTC certification requests were pending approval.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

CHANGES IN FY 2012 (Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Built-Ins Subtotal

0

Estimate

FTE

Base

18,520

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

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2010 Enacted	FY 2011 Full Year C.R.	FY 2012 Request	Diff. FY 12 Req. / FY 10 Enacted
Activity Appropriation	2,474	2,474	2,474	0
FTE	0	0	0	0

Introduction

The Employment Service National Activities helps the workforce system achieve the Secretary’s goals of preparing workers for good jobs and ensuring workers have the skills and knowledge that prepare them to succeed in a knowledge-based economy. The appropriation provides funding to support Technical Assistance and Training (TAT) activities that help to ensure that workforce system front line staff and leaders have the tools and information necessary to design and implement high quality employment and training services.

The ability of the workforce system to achieve its performance goals is directly related to the program design and service delivery strategies implemented at the state and local level. Under the current laws, regulations, and federal policy guidance, states have a great deal of flexibility in program design and service delivery. The Department helps inform good program design and service delivery through the provision of technical assistance.

The requested funding for technical assistance will be focused on supporting the Department’s efforts to create a more effective and responsive One-Stop Career Center delivery system using the following strategies:

- Identifying and promulgating successful practices and model program designs to improve the provision of core employment, job search assistance, and labor market information services, to all unemployed workers, including to those with multiple barriers to employment such as individuals with disabilities and racial and ethnic minorities;
- Investing in efforts to increase the competence of frontline service delivery staff in addressing the needs of diverse job seekers through training, technical assistance activities and professional development opportunities; and
- Enhancing the use of electronic and internet-based employment and information tools that also incorporate assistive technology applications for a diverse customer population.

Additionally, a portion of these funds are used to contribute the Federal share of State Workforce Agencies Retirement System payments. Prior to 1982, the Department agreed to provide funding for improvements to SWA retirement plans to make their benefits more comparable to the benefits provided to Federal employees. The improvements created an unfunded liability because the benefit improvements were payable to present plan members, including retirees, although neither the employer nor the employees were able to put the necessary resources into the plan to cover the improvements. The Department’s solution to this problem was to determine the amount needed to cover the improvements in the plan and then amortize the costs over a span of years.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES TAT/SWA RETIREMENT

Five-Year Program Category History

Fiscal Year	Funding (Dollars in Thousands)	FTE
2007	\$2,738	0
2008	\$2,308	0
2009	\$2,349	0
2010	\$2,474	0
2011	\$0	0

NOTE: A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared.

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, the only state for which this obligation remains.

FY 2012

A total of \$2,474,000 is requested for Employment Service National Activities, which is the same as funded in FY 2010, to support TAT activities and to make contributions toward financing unfunded liabilities of independent SWA Retirement Systems in the current program year. The TAT investment in FY 2012 will focus on providing states access to expertise to improve the provision of core services, job search assistance, and labor market information services, to all unemployed workers including those with multiple barriers to employment such as individuals with disabilities and racial and ethnic minorities. The Department will build on FY 2011 activities to enhance staff development and training, particularly for frontline One-Stop Career Center staff. Training topics will focus on strategies to improve system outcomes, and may include topics such as guidance on how to conduct skill assessments for customers and the use of needs-related payment to support disadvantaged populations during training.

Other critical technical assistance will include enhancing the use of electronic and internet-based employment and information tools that also incorporate assistive technology applications for a diverse customer population. General technical assistance will continue to cover provision of labor market information, including user friendly workforce information tools that support the states' reemployment function and help workers obtain the skills and knowledge necessary to succeed in a knowledge-based economy. Lastly, increased integration of employment and training programs, including the Workforce Investment Act programs, to support training and career advancement will also be a strategic focus during the fiscal year. Ultimately, these enhanced programs will improve the quality of services workers receive through the One-Stop system, which will in turn help workers be prepared for and find middle class jobs.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES TAT/SWA RETIREMENT

FY 2011

Figures shown for FY 2011 reflect the annualized Continuing Resolution level as a full-year appropriation has not been enacted at the time the budget was produced. Since this level is based on the FY 2010 enacted level, operations under a full-year Continuing Resolution would be consistent with those described in the FY 2010 section.

FY 2010

The Employment and Training Administration received \$2,474,000 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 was 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.

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

CHANGES IN FY 2012
(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Built-Ins Subtotal

0

Estimate

FTE

Base

2,474

FOREIGN LABOR CERTIFICATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2010 Enacted	FY 2011 Full Year C.R.	FY 2012 Request	Diff. FY 12 Req. / FY 10 Enacted
Budget Authority	68,436	68,436	65,666	-2,770
FTE	160	174	174	+14

NOTE: FY 2010 reflects actual FTE. Authorized FTE for FY 2010 was 181.

Introduction

The Immigration and Nationality Act (INA) assigns specific responsibilities to the U.S. Secretary of Labor for the administration of certain employment-based immigration programs that require a labor certification. These statutory responsibilities include determining whether there are able, willing, and qualified U.S. workers for a requested position for which certification is requested 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 the responsibilities for the administration of these programs to the Employment and Training Administration's (ETA) Office of Foreign Labor Certification (OFLC).

The programs currently administered by the OFLC include: the immigrant Permanent Labor Certification Program (PERM) or the "Green Card"; the nonimmigrant H-1B and H-1B1 (Chile and Singapore) Specialty Occupations Programs; 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 OFLC into a National Headquarters Office responsible for policy and regulatory activities, national processing center program management, administration and finance, information technology, and other related management responsibilities. OFLC administers its program responsibilities through three national processing centers; one located in Chicago that adjudicates all temporary nonimmigrant applications; one in Atlanta that adjudicates all immigrant permanent labor certification (PERM) applications; and a third center located in Washington, D.C. which provides prevailing wage determinations nationwide upon request to employers considering whether to hire foreign workers on a temporary or permanent basis, except for the H-2A applicants. The D.C. center also reviews employer and university wage surveys tasks previously carried out by State Workforce Agencies (SWAs).

Foreign labor certification programs assist in achieving the Secretary's Strategic Goal 1: *Prepare Workers for Good Jobs and Ensure Fair Compensation*, as well as Goal 1.5: *Secure Wages and Overtime* by protecting the wages and working conditions of both American workers and foreign nationals who are working in the U.S. Foreign labor certification programs have as a primary responsibility the review of employer applications requesting the Secretary of Labor's certification to ensure that the hiring of a foreign worker will not adversely impact the wages and

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working conditions of U.S. workers, and that no qualified U.S. workers are willing or available to fill a given vacancy.

U.S. employers who perform good faith recruitment efforts and cannot locate a domestic worker in their area of intended employment are required to pay a worker hired under the program the prevailing wage rate in that area for the occupation in which the vacancy is being filled. Employers must comply with all federal and state laws governing the terms and conditions of the employment. The labor certification process is the first opportunity for employers to comply with these wage and worker protection requirements. Following labor certification, the Wage and Hour Division and Office of the Solicitor of Labor have jurisdiction to enforce these requirements and address any suspected labor and workplace violations.

ETA must process certain applications within certain statutory timeframes or take certain actions. Each foreign labor certification program is administered under a different set of requirements according to its unique role in the labor market. Performance indicators support goals for timeliness and quality governing the major labor certification programs:

1. *Percent of employer applications for permanent labor certification that are resolved within six months of filing.* OFLC will continue to extract data from the PERM case management system to track daily – and report weekly – applications awaiting various actions, including number and types of determinations and average number of days to resolve permanent program applications. Managers at OFLC headquarters and the national processing center levels will, where feasible, attempt to implement operational strategies to maintain production levels while enhancing audit investigations and other program integrity efforts. In FY 2011, the Department is considering proposing legislation to establish a cost-based user fee to ultimately partially fund the PERM, H-2A and H-2B programs making the programs more responsive to labor market demand, and ensure financial resources to timely process applications.
2. *Percent of resolved permanent labor certification applications selected for integrity review and found to be in compliance.* OFLC will apply stricter scrutiny to applications to hire foreign workers on a permanent basis during economic downturns such as the present one, when U.S. workers are more likely to be available for certain requested positions. Resources permitting, OFLC will conduct more audit investigations and supervised recruitments on applications for “low skill” positions, which historically have a higher rate of denial for program violations. Increased integrity activities such as these increase the average length of time to resolve an application as audit investigations and supervised recruitment efforts are labor-intensive regulatory processes. Finally, OFLC will also revise the PERM application form – which expires in June 2011 – to strengthen its integrity by clarifying program requirements and to seek more detailed justifications in key parts of the form. These proposed changes will also apply to the PERM electronic filing and processing module.
3. *Percent of resolved permanent labor certification applications selected for quality review and found in compliance with established standard operating procedures (SOP).*

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OFLC will initiate a baseline review of its SOPs to confirm they are still accurate and appropriate for the current business process, and develop a methodology to randomly select a sample of resolved permanent program applications for quality review. Implementation of this quarterly review process will be labor intensive and requires maintaining an adequate level of staffing to achieve the desired performance outcome.

4. *Percent of H-1B applications resolved within seven days of the filing date.* OFLC will continue to extract data from the iCERT Visa Portal System to track daily – and report weekly – staff-level production on H-1B applications, manage workload, and allocate staff resources. During the H-1B peak filing period of February – April, when approximately 70% of the fiscal year’s applications are received – OFLC will, to the extent feasible, implement contingency staffing plans to maintain timely processing. OFLC will support these process improvements with enhancements to case processing functions in the iCERT Visa Portal System’s H-1B module.

5. *Percent of H-2A employer applications resolved within 15 days of the filing date and thirty (30) days from the start date of need.* OFLC will continue to extract data from the H-2A Case Management System to track in real time – and report weekly – staff-level production on H-2A temporary agricultural applications, manage workload, and allocate staff resources. Senior managers – as they do currently – will monitor and, where necessary, implement corrective actions where OFLC is accepting applications or advising employers of application deficiencies beyond the seven-day statutory/regulatory deadline to which the agency is bound. Under an agreement with the Small Business Administration, OFLC will develop an H-2A Program Handbook to assist small agricultural employers seeking temporary foreign labor certification. Finally, to support greater efficiency and effectiveness in the processing of H-2A applications, OFLC will initiate development of a new H-2A module that will be integrated with the iCERT Visa Portal System.

6. *Percent of H-2B employer applications resolved within 60 days of the filing date.* OFLC will continue to extract data from the H-2B Case Management System to track in real time – and report weekly – staff-level production on applications for H-2B temporary non-agricultural labor filed under the attestation-based program model contained in the 2008 Final Rule. Senior managers will continue to use this data to monitor and, where feasible, improve processing times. To support greater efficiency in the filing and processing of H-2B applications, OFLC will initiate development of a new H-2B module that will be integrated with the iCERT Visa Portal System.

Both the PERM and H-1B Programs were subject to PART assessments during the previous administration. In response to assessment findings, and in the years since, ETA continues to improve these programs’ integrity and accountability. In each case, ETA has continuous improvement procedures, e.g. revising the program application to promote clarity and customer service and modifying the electronic filing and case management systems to incorporate changes to the application forms. In the permanent program, ETA has enhanced audit activities and strengthened oversight by instituting a supervised recruitment unit within the Atlanta National Processing Center.

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A key and long standing challenge within the foreign labor certification programs has been “balancing” program integrity activities and the impact of those efforts on overall case processing times and the generation of case backlogs. Eligible U.S. employers will continue to have access to foreign workers when qualified domestic workers are not available. However, additional screens and analytical rigor in the foreign labor certification programs helps ensure American jobs are truly open to U.S. workers, that they get those opportunities first as the Congress originally intended, and that job opportunities are made available to foreign workers only when employers can establish need based on a sound labor market test (H-1B excepted). Greater scrutiny also ensures, as the statute requires, that the hiring of foreign workers occurs subject to all terms and conditions, including wages, which safeguard the employment and economic security of American workers and their families.

ETA implemented a new program integrity measure in FY 2010. The new integrity compliance rate measure will provide a complementary indicator of the effectiveness of the program. ETA will monitor actual performance for all measures and make adjustments to targets as needed.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2007	\$0	0
2008	\$54,005	75
2009	\$67,950	181
2010	\$68,436	181
2011	\$0	0

NOTE: A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared.

Funding Mechanism

Under the SUIESO account, Congress appropriates funding for state activities supporting foreign labor certification and the federal administration of foreign labor certification programs as two separate activities. The Federal Administration activity funds federal program functions, such as the full federal program costs of the Office of Foreign Labor Certification (OFLC), including salary and expenses, IT systems development, contractors to support case adjudications, center rent and supplies, ETA and Departmental indirect costs, etc. The State Grants activity funds state employment services supporting the federal foreign labor certification programs. ETA distributes this funding annually to states as fiscal year formula grants in accordance with approved state plans.

In addition to Congressional appropriations, OFLC receives five percent of revenue from the employer-funded H-1B processing fee collected by the Department of Homeland Security. This five percent supports H-1B labor certification processing activities (these funds may also be used to support PERM processing activities) and is separate from the ETA portion of H-1B funding allocated to U.S. worker training. OFLC estimates the H-1B Program utilizes 100 percent of this fee revenue to support the H-1B Program’s costs.

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DETAILED WORKLOAD AND PERFORMANCE				
	FY 2010	FY 2010	FY 2011	FY 2012
	Target	Result	Target	Target
Foreign Labor Certification				
Strategic Goal 1 - Prepare workers for good jobs and ensure fair competition.	--	--	--	--
Outcome Goal 1.5 - Secure wages and overtime.	--	--	--	--
Percent of H-1B applications processed within seven days of the filing date for which no prevailing wage issues are identified	100.00%	100.00%	100.00%	100.00%
Percent of employer applications for permanent labor certification resolved within six months of filing	80.00%	37.00%	81.00%	--
Percent of resolved permanent applications selected for integrity review and found in compliance	60.00%	55.00%	61.00%	--
Percent of H-2A applications with no pending state action processed within 15 days of receipt and 30 days from the date of need	53.00%	58.00%	57.00%	57.00%
Percent of H-2B applications processed within 60 days of receipt	65.00%	99.00%	72.00%	72.00%
Percent of permanent labor certification determinations issued by OFLC in compliance with established standard operating procedures	--	.00%	--	TBD
PERM Carry-In, New Applications	118,000	111,001	99,589	91,589
PERM New Applications Filed	--	43,984	70,000	75,000
PERM Applications Processed	92,500	81,412	83,000	57,500
PERM Applications Remaining	25,500	29,589	16,589	34,089
H-1B – New Applications Filed	270,711	350,039	256,137	365,200
H-1B Applications Processed	270,711	347,039	259,683	360,000
H-1B Applications Remaining	--	3,546	--	5,200
H-2A– New Applications Filed	8,150	7,640	8,034	10,195
H-2A Applications Processed	8,150	7,424	7,818	9,900
H-2A Applications Remaining	--	216	--	295
H-2B– New Applications Filed	7,090	4,694	6,738	9,430
H-2B Applications Processed	7,090	4,631	6,801	9,100
H-2B Applications Remaining	--	63	--	330

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined

Workload and Performance Summary

The OFLC adjustments to FY 2010 and 2011 workload estimates and projections for FY 2012 in nonagricultural visa programs are a function of: (1) current information on the impact of PERM rapid backlog reduction activities through May 2010 and increased Federal hiring throughout FY 2010, as part of the multi-sector workforce planning pilot, to perform final adjudicatory decisions on applications; and (2) positive economic forecast assumptions starting in FY 2011

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for U.S. unemployment and labor force employment levels leading to increasing number of new applications being filed. Despite the current economic downturn, program usage of the H-2A temporary agricultural program continues to increase and FY 2012 projections represent annual increases in workload by 7% based upon average increases over the last three years. Finally, to measure process quality, OFLC will be developing and establishing baseline data for compliance with established operating protocols. This outcome measure will take the number of PERM determinations found in compliance with established OFLC standard operating procedures divided by the number of PERM determinations sampled for a process quality review and completed during the reporting period. Samples of PERM cases will be identified on a rolling four quarter basis and performance estimates made available within 15 calendar days following the end of each quarter. A formal sampling methodology and pilot collection of data will begin in FY 2011. The OFLC case management systems for PERM, H-2A, H-2B, and H-1B serve as the primary source for all performance measures and workload data.

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2010 Enacted	FY 2011 Full Year C.R.	FY 2012 Request	Change FY 12 Req. / FY 10 Enacted
11.1	Full-time permanent	15,413	15,413	16,469	1,056
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	0	0	494	494
11.9	Total personnel compensation	15,413	15,413	16,963	1,550
12.1	Civilian personnel benefits	3,802	3,802	4,559	757
13.0	Benefits for former personnel	42	42	0	-42
21.0	Travel and transportation of persons	245	245	200	-45
22.0	Transportation of things	5	5	0	-5
23.1	Rental payments to GSA	1,715	1,715	2,267	552
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	612	612	494	-118
24.0	Printing and reproduction	321	321	250	-71
25.1	Advisory and assistance services	16,047	16,047	17,826	1,779
25.2	Other services	76	76	48	-28
25.3	Other purchases of goods and services from Government Accounts	6,027	6,027	3,899	-2,128
25.4	Operation and maintenance of facilities	492	492	9	-483
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	7,318	7,318	3,530	-3,788
26.0	Supplies and materials	398	398	288	-110
31.0	Equipment	784	784	204	-580
41.0	Grants, subsidies, and contributions	15,129	15,129	15,129	0
42.0	Insurance claims and indemnities	10	10	0	-10
	Total	68,436	68,436	65,666	-2,770
1/Other Purchases of Goods and Services From Government Accounts					
	Working Capital Fund	4,939	4,939	3,899	-1,040
	Census Services	1,088	1,088	0	-1,088

FOREIGN LABOR CERTIFICATION

CHANGES IN FY 2012

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	-\$681
Personnel benefits	0
One day less of Pay	-182
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	18
All Other Rental	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services	0
Working Capital Fund	-1,943
Other government accounts (Census Bureau)	0
Other government accounts (DHS Charges)	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

Built-Ins Subtotal **-\$2,788**

Net Program **\$0**

Direct FTE **0**

Estimate **FTE**

Base **\$65,648** **181**

FEDERAL ADMINISTRATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2010 Enacted	FY 2011 Full Year C.R.	FY 2012 Request	Diff. FY 12 Req. / FY 10 Enacted
Budget Authority	53,307	53,307	50,537	-2,770
FTE	181	181	174	-7

Introduction

The Federal Administration activity funds the salaries and expenses necessary to conduct the programs, including those of the Office of Foreign Labor Certification (OFLC) related to carrying out the Secretary of Labor's responsibilities as stipulated in the Immigration and Nationality Act. These costs include federal and contract staff necessary to initially process employer-filed applications, information technology systems required to process all applications across multiple temporary and permanent programs, buildings for three national processing centers, supplies, travel, agency indirect costs, and national office staff.

FY 2012

The FY 2012 Request of \$50,537,000 represents a decrease of \$2,770,000 and 7 FTE from the FY 2010 enacted level of \$53,307,000. The request includes a program decrease of \$2,788,000 and a built-in increase of \$18,000 for rent.

In FY 2012, OFLC will continue to dedicate core financing to ensuring the stability, reliability, and capability of the integrated case processing system (iCERT) to perform critical functions of foreign labor certification programs. Funds this fiscal year will be dedicated to the initial development of IT systems to implement recent and pending changes to the H-2A, PERM, H-1B, prevailing wage, and H-2B programs. OFLC continues to implement its one-stop visa portal system – iCERT – which will consolidate systems and access. Once fully implemented, the iCERT system will improve customer service and reduce overall information technology expenses, providing a more efficient and cost effective means of operating application processing systems.

In addition, OFLC will take the following key actions:

1. *Integration of system into overall comprehensive IT "vision" compatible with OMB Exhibit 300 planned outlays and products.* OFLC faces significantly increased demand for its processing services and, in particular, online visa application filing, case processing and tracking, and document management services. In collaboration with ETA's Office of Information Systems and Technology (OIST), OFLC implemented a one-stop portal system on April 15, 2009, formally called the iCERT System, to improve customer service through a more seamless, transparent and integrated business solution across all visa programs, enhance program integrity, and better position OFLC to implement new regulatory and application form requirements. The vision is for the iCERT system to support all foreign labor certification programs (it currently supports only the H-1B and prevailing wage functions). Although OFLC operates separate case management systems for PERM, H-2A

FEDERAL ADMINISTRATION

and H-2B Programs, OFLC is working closely with the Department's Office of the Chief Information Officer (OCIO) and ETA's OIST to develop an Exhibit 300 IT Investment Plan to integrate these disparate systems into a fully integrated iCERT visa portal.

2. *Fully documented professional development of IT system for the H-2B and related OFLC IT processing systems.* Since the temporary programs have statutory and regulatory deadlines for the Department associated with processing of applications and for taking specific actions, timely resolution of temporary program applications is critical to overall compliance as well as to the achievement of program performance goals. Reducing case processing times depends, in part, on the successful development of electronic tools for employers and OFLC case processing staff. OFLC is working closely with ETA's OIST and the DOL OCIO to develop business requirements and design documentation for a new H-2B electronic filing and application processing module designed to be added to OFLC's integrated iCERT visa portal.
3. *Full electronic filing capability for customers and electronic storage of official documentation and correspondence, e.g., audit responses, referrals, etc. on each application for case analyst review and adjudication decision-making.* OFLC intends to develop a comprehensive electronic document management system consistent with the large number of applications, case-related documents, correspondence, and other adjudicatory, administrative, and policy documents it receives and generates every year.
4. *Fully tested system prior to deployment for both external customer/stakeholder use but also features benefiting open government, fraud detection and prevention, Wage & Hour investigations, and enabling more efficient processing of applications.* Appropriate, reliable testing of IT systems prior to going live supports program integrity, system integrity, and more efficient processing of applications in the long term.

In FY 2012, OFLC will begin directly experiencing the benefits of the new, streamlined procurement strategy put in place in FY 2011. Through continuing efforts to convert contractor positions to federal staff (50 in FY 2010 and proposed 15 in FY 2011), OFLC will have a much smaller number of contracts to manage, each with higher-skilled contract staff, and a larger, more stable and experienced complement of federal staff. The Office will also have moved from high-risk, labor-hour contracts to a fixed-price, performance-based contract vehicle and have generated significant savings in contractor overhead costs. OFLC will be able to add federal reviewers where needed, assist in the elimination of backlogs and bottlenecks, create federal positions to fill emerging needs created by program growth, and perform other activities across the Office that historically have been neglected due to resource constraints.

FY 2011

Figures shown for FY 2011 reflect the annualized Continuing Resolution level as a full-year appropriation has not been enacted at the time the budget was produced. Since this level is based on the FY 2010 enacted level, operations under a full-year Continuing Resolution would be consistent with those described in the FY 2010 section.

FEDERAL ADMINISTRATION

FY 2010

The FY 2010 enacted appropriation of \$53,307,000 covered Federal administrative costs and represented a built-in increase of \$486,000 over the FY 2009 enacted level. Beginning in FY 2010, OFLC started formal planning to reduce the overall large number of contractors it utilizes and to formally end its high-risk labor supply contracts and award performance-based contracts. The goal of OFLC was 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. The large contractor contingent was contributing to the creation of program backlogs as the too few Federal staff could not process the volume of work generated by the contractors. OFLC participated in a pilot OMB multi-sector workforce project where 50 contractors were “converted” to Federal staff creating both backlog relief and cost savings. This effort was very successful and OFLC is proposing an additional smaller conversion in FY 2011. In FY 2009, after receiving an increase in appropriations, ETA quickly moved to hire, train, and strategically place additional Federal staff to reduce program bottlenecks, fill in organizational gaps, and help build longer-term human capital.

FEDERAL ADMINISTRATION

BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2010 Enacted	FY 2011 Full Year C.R.	FY 2012 Request	Change FY 12 Req. / FY 10 Enacted
11.1	Full-time permanent	15,413	15,413	16,469	1,056
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	0	0	494	494
11.9	Total personnel compensation	15,413	15,413	16,963	1,550
12.1	Civilian personnel benefits	3,802	3,802	4,559	757
13.0	Benefits for former personnel	42	42	0	-42
21.0	Travel and transportation of persons	245	245	200	-45
22.0	Transportation of things	5	5	0	-5
23.1	Rental payments to GSA	1,715	1,715	2,267	552
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	612	612	494	-118
24.0	Printing and reproduction	321	321	250	-71
25.1	Advisory and assistance services	16,047	16,047	17,826	1,779
25.2	Other services	76	76	48	-28
25.3	Other purchases of goods and services from Government Accounts	6,027	6,027	3,899	-2,128
25.4	Operation and maintenance of facilities	492	492	9	-483
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	7,318	7,318	3,530	-3,788
26.0	Supplies and materials	398	398	288	-110
31.0	Equipment	784	784	204	-580
42.0	Insurance claims and indemnities	10	10	0	-10
	Total	53,307	53,307	50,537	-2,770
1/Other Purchases of Goods and Services From Government Accounts					
	Working Capital Fund	4,939	3,899	3,899	-1,040
	Census Services	1,088	0	0	-1,088

FEDERAL ADMINISTRATION

CHANGES IN FY 2012

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	-\$681
Personnel benefits	0
One day less of Pay	-182
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	18
All Other Rental	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services	0
Working Capital Fund	-1,943
Other government accounts (Census Bureau)	0
Other government accounts (DHS Charges)	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Insurance claims and indemnities	0

Built-Ins Subtotal **-\$2,788**

Net Program **\$0**

Direct FTE **0**

Estimate **FTE**

Base **\$53,307** **181**

STATE GRANTS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2010 Enacted	FY 2011 Full Year C.R.	FY 2012 Request	Diff. FY 12 Req. / FY 10 Enacted
Budget Authority	15,129	15,129	15,129	0
FTE	0	0	0	0

Introduction

Under the State Grant activity, the ETA provides annual grants to State Workforce Agencies (SWAs) in 55 states and U.S. territories to fund employment-based immigration activities that are required components of the various foreign labor certification programs. These activities include, but are not limited to, SWA posting and circulation of inter-state and intra-state job orders and other assistance to employers in the effective recruitment of U.S. workers, state safety inspection of employer provided H-2A housing, and developing and conducting prevailing practice and wage surveys used to set wages and standards in a defined occupation within their state.

In accordance with the requirements of their foreign labor certification grant allocations, SWAs submit annual workplans to ETA's Office of Foreign Labor Certification (OFLC) to establish continued eligibility for the grant. These workplans describe the specific activities and workload expectations for the year and explain program priorities.

FY 2012

For FY 2012, ETA requests \$15,129,000 to support SWA foreign labor certification activities; the level is the same as the FY 2010 appropriated level of \$15,129,000. These grants will fund personnel costs associated with state activities to assist the processing of foreign labor certification applications.

FY 2011

Figures shown for FY 2011 reflect the annualized Continuing Resolution level as a full-year appropriation has not been enacted at the time the budget was produced. Since this level is based on the FY 2010 enacted level, operations under a full-year Continuing Resolution would be consistent with those described in the FY 2010 section.

FY 2010

The FY 2010 enacted level of \$15,129,000 supported state foreign labor certification activities, maintaining the same funding level provided in the FY 2009 appropriation.

STATE GRANTS

BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2010 Enacted	FY 2011 Full Year C.R.	FY 2012 Request	Change FY 12 Req. / FY 10 Enacted
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
12.1	Civilian personnel benefits	0	0	0	0
41.0	Grants, subsidies, and contributions	15,129	15,129	15,129	0
	Total	15,129	15,129	15,129	0

STATE GRANTS

CHANGES IN FY 2012

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

One day less of Pay \$0

Grants, subsidies, and contributions 0

Built-Ins Subtotal \$0

Net Program \$0

Direct FTE 0

Estimate FTE

Base \$15,129 0

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2010 Enacted	FY 2011 Full Year C.R.	FY 2012 Request	Diff. FY 12 Req. / FY 10 Enacted
Budget Authority	63,720	63,720	63,720	0
FTE	0	0	0	0

Introduction

U.S. Department of Labor programs funded through the Workforce Information/E-Tools/System Building line item assist working-age individuals, employers, government entities, and non-profit organizations. The resources supported through this line item are foundational to creating innovative workforce strategies to ensure a skilled workforce for renewable energy, energy efficiency, health care, broadband and telecommunications, advanced manufacturing, and other high demand and emerging industries and occupations providing good jobs for workers. One principal goal of these programs is to assist individuals with career choice, education and training planning, and job search by arming them with essential advice, resources, and knowledge about careers, skill requirements, and employment projections and other workforce information through online electronic tools. This goal is particularly vital in the current economy. The challenge of putting unemployed Americans back to work is exacerbated by rising demand for employment services and reduced resources. The challenge would have grown even without an economic downturn, because natural growth in the labor force significantly increases the workforce system's customer base. At present, the workforce system is faced with larger caseloads and the needs of unemployed individuals have become more diverse and complex. Many dislocated workers cannot return to their previous occupation or industry, and thus need considerable information and guidance in order to identify career alternatives. The national electronic tools expand the capacity of the public workforce system to assist these individuals.

Program strategies that support the goal of providing advice, tools and knowledge about careers, skills and employment include: 1) collecting, producing and analyzing workforce information through activities such as state and local employment projections for occupations and industries; 2) collecting information on the skills necessary to perform work in occupations; and 3) disseminating information through Web-based guidance on how to search for work; where to obtain employment counseling; how to identify related education, training, credentials or licenses to qualify for careers; where to find relevant course offerings; and how to locate and benefit from government-financed employment programs and other assistance.

Another principal goal of this budget activity is assisting planners and leaders to make full use of workforce development data, information, promising practices, and research available from DOL, other government entities such as the U.S. Census Bureau, and private- and nonprofit-sector sources. DOL organizes, analyzes, integrates, adapts, and delivers this information to make it practical, actionable, and user-friendly so that it meets both the short- and long-term needs of all customers. Federal, state, and local workforce system program administrators rely

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on DOL’s information for strategic planning, targeting participants, selecting training courses and providers, and performance reviews. Most DOL programs described elsewhere in these budget narratives depend on this workforce information and electronic tools to serve priority customers such as low-income individuals, youth and older workers, dislocated workers, women, Native Americans, migrant and seasonal farmworkers, those with limited-English proficiency, and other groups.

By providing information to support strategic planning of workforce programs and for individual decision-making on career choices, education and training plans, and job searches, these programs support the Department of Labor’s Strategic Goals of preparing workers for good jobs, increasing workers’ incomes, ensuring that workers have the skills and knowledge to succeed in a knowledge-based economy, helping workers who are in low-wage jobs or out of the labor market find a path into middle class jobs, and helping middle-class families remain in the middle class.

Table 1. *The average monthly number of unemployed jobseekers who use public employment agencies has nearly tripled since 2006*

	Percent who use public employment agencies	Number using public employment agencies (thousands)	Percent increase from 2006 to 2010
2010 (Jan. to July)	22.5	3,064	191%
2009	22.6	2,851	
2008	18.9	1,465	
2007	17.7	1,080	
2006	17.3	1,052	

Source: Unpublished BLS tables on job search methods, from the *Current Population Survey*

Billions of dollars in public sector investments must be based on accurate information about which jobs and skills are in demand, both locally and nationally, now and in the future. The Department fully utilizes Internet resources to deliver workforce information to new labor force entrants, dislocated workers, and other job seekers. These virtual services provided through the Electronic tools greatly expand the reach of the One-Stop Career Center system and enable self-service use by customers as well as support staff-assisted services.

The Department invests these funds in alignment with the following four strategies:

1. **Collect and integrate statistical and other labor market information/workforce information.** This line item supports information infrastructure activities ranging from projections software systems to database structures to ensure that state and local data are consistent, comprehensive, comparable, accessible, and of high quality across the nation. These activities include data collection and dissemination for the Occupational

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Information Network (O*NET) system as well as support for state and local employment projections. This information supplies individuals, workforce system decision makers, businesses, governments, and other organizations with essential information to productively invest private and public sector dollars. O*NET information describes the knowledge, skills and abilities necessary to perform in all occupations, the tools and technologies used in these occupations, and the detailed tasks performed in each occupation. Employment projections indicate which careers that are growing and expected to be in demand, fundamental information for guiding millions of unemployed workers into new careers.

2. **Deliver Web-based information, interactive tools, and technical assistance designed for both broad and targeted audiences.** All programs are user-friendly and most are designed for self-service by jobseekers, but they are also designed to meet the needs of intermediaries that serve disadvantaged individuals (such as employment counselors and job training personnel), including those without Internet access. These Electronic Tools (E-Tools) are visited by about 40 million individuals annually – and include CareerOneStop, American’s Career Information Network, America’s Service Locator, O*NET Online, and the new mySkills myFuture skills transferability tool. DOL’s Workforce3One is designed for employment and training practitioners, providing both technical assistance to the workforce system and a means by which practitioners can electronically share information, advice, ideas and best practices.

The E-Tools suite includes dozens of tools, products and services, including: 1) tools to obtain jobs; 2) employment and career information; 3) education and training information; 4) the mySkills myFuture tool that enables previously employed job seekers to match their occupational skills and experiences with the skills needed in other occupations, in order to enhance their career mobility and economic prospects; 5) information about other assistance to individuals (e.g., unemployment insurance and social, family, housing and emergency services); and 6) employer and economic development tools.

Many of the sites can be used interactively to provide a customized product that meets the specific needs of the individual. Service delivery mechanisms include:

- a. *Locators*, which help individuals find locations such as One-Stop Career Centers, businesses, Workforce Investment Act (WIA) programs, schools, libraries, miscellaneous government offices, Web sites, etc.;
- b. *Searchable databases* of resources such as information on certifications and state occupational licensing requirements;
- c. *Guidance* on performing essential tasks, including how to prepare a resume and find and apply for jobs; apply for unemployment insurance (UI); decide upon a career; learn about specific occupations and industries; apply for financial aid; etc.;
- d. *Help tailored for specific groups*, including employers, youth, individuals with disabilities, veterans, minorities, former auto workers, ex-offenders, etc.; and

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- e. *Information* on essential topics such as WIA and UI eligibility rules, Federal employment laws and regulations, health insurance, etc.
3. **Monitor program and grants, and operate a performance-driven system.** These resources support key performance accountability systems, including the Federal Employment Data Exchange System, and the Common Reporting and Information System; development and maintenance of Data Validation software, which is used by states to ensure that the performance results reported are accurate and consistent across all states; and performance information analysis to determine trends and support policy guidance for the workforce system based on the results reported. This also supports the Wage Record Interchange System that uses administrative wage records collected through the UI system to collect reliable performance data such as placement, retention, and wage gains for federally funded employment and training program exiters and then use these data to gauge program effectiveness.
4. **Enable specialized in-person staff in the public workforce system to expand the capacity of the workforce system to serve persons with disabilities and assist them in obtaining training and employment.** The Disability Employment Initiative (DEI) is funded at a total of \$24 million, of which \$12 million is included in this budget activity, while another \$12 million is in the Office of Disability Employment Policy (ODEP) request. The two agencies will collaborate on implementation. The DEI addresses the continuing problems of unemployment, underemployment, and poverty of persons with disabilities by funding full-time, dedicated staff person(s) with expertise in disability and workforce (Disability Resource Coordinators) in the One-Stop Career Centers to implement successful strategies that promote the meaningful and effective employment of persons with disabilities. The initiative is implemented through three-year competitive grants to fund projects via cooperative agreements with state WIA-administering entities. These grants are designed to improve the training and employment outcomes (especially focusing on career path jobs which lead to economic self-sufficiency) of persons with disabilities who are unemployed, underemployed, or receiving Social Security disability benefits.

The DEI projects will implement and replicate exemplary service delivery strategies through the public workforce system for job seekers with disabilities, building upon the Disability Program Navigator initiative and other models. In 2010, nine projects (Alaska, Arkansas, Delaware, Illinois, Arkansas, Maine, New Jersey, New York, and Virginia) were funded to support extensive partnerships, collaboration, and service coordination across multiple service delivery systems to improve the employment outcomes of persons with disabilities. In addition to the state grants, the DEI has initiated a rigorous evaluation, based on random assignment, to determine the efficacy of its service delivery strategies and approaches. The DEI also has a Technical Assistance component, targeted to both the DEI projects and the whole workforce system; needs assessments have been conducted and trainings, resources, curricula, and toolkits are being developed.

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Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2007	\$63,855	0
2008	\$52,059	0
2009	\$51,720	0
2010	\$63,720	0
2011	\$0	0

NOTE: A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared.

Funding Mechanism

The Workforce Information Grants are funded by formula to all states. The Electronic Tools are comprised of the CareerOneStop portal—including American’s Career Information Network and America’s Service Locator—and O*NET OnLine and related sites. These sites as well as other investments in workforce information infrastructure for all the states are managed through grants to the states. Elements of the infrastructure for reporting and performance monitoring systems to track progress toward goals are implemented through contracts. The funds for the DEI will be primarily distributed to state workforce agencies through a competitive solicitation for cooperative agreements. The grants will be designed to improve the effective and meaningful participation of persons with disabilities in the workforce and to continue the promising practices implemented by the Disability Program Navigators, including the effective deployment of staff in selected states.

FY 2012

The FY 2012 Budget requests \$63,720,000 for this activity, the same as the FY 2011 appropriation.

DOL plans to: 1) develop robust career information, industry competency models, and tools to identify career pathways and assess skills; 2) collect, analyze, and widely disseminate economic and workforce data, and translate it into strategic intelligence to enable the workforce system and its customers to make informed decisions about careers, education and training; 3) maintain national electronic tools that support both self-service to individuals and provide assistance to One-Stop Career Centers that augment DOL’s electronic tools with personalized customer service; 4) maintain the current infrastructure to ensure the system’s performance accountability; and 5) bolster technical assistance and capacity building by expanding the use of social media and networking tools to foster the sharing of data, information and best practices.

The information development and dissemination supported by this line item supports economic recovery by helping to direct the human resource investments of the public workforce system as well as expand its capacity to serve the increasing numbers of customers turning to the local One-Stop Career Centers for assistance. Nearly half of this line item goes directly to states via formula grants to enable them to collect data and produce workforce information analyses documenting changing labor market conditions, including shifts in the industrial base or in occupations that alter skills needed by the workforce. These data products are developed and

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presented in a wide variety of well organized, valid, reliable data formats and analyses. In addition, a portion goes to several state grants to support infrastructure that ensures that these data are comparable across states. This line item also supports national internet-based dissemination and tools, such as CareerOneStop, O*NET OnLine. In particular, the mySkills myFuture skills transferability tool launched in September 2010 addresses the needs of those dislocated workers who may need to prepare for or find work in a new industry or occupation. These tools make available a wide range of workforce information to state and local area workforce development staff, customers, and the public at large to support good employment and training decisions that will result in positive employment outcomes.

Of this line item, \$12,000,000 is devoted to continuing the Disability Employment Initiative. This funding is matched by a request for the ODEP for the same objective.

FY 2011

Figures shown for FY 2011 reflect the annualized Continuing Resolution level as a full-year appropriation has not been enacted at the time the budget was produced. Since this level is based on the FY 2010 enacted level, operations under a full-year Continuing Resolution would be consistent with those described in the FY 2010 section.

FY 2010

The Department received \$63,720,000 in FY 2010, including \$32,000,000 for Workforce Information Grants to States to finance core data products and services, and \$12,000,000 for the Disability Employment Initiative described above. The balance supported the infrastructure, maintenance of and selected new development for the national electronic tools and services, including CareerOneStop, O*NET, industry competency models, and the national performance reporting and accountability infrastructure. The majority of these funds support activities in Program Year 2010 which began on July 1, 2011.

In September 2010 the Department launched a major electronic tool, mySkills myFuture, which enables previously employed job seekers to match their occupational skills and experiences with the skills needed in other occupations, in order to enhance their career mobility and economic prospects. This tool will be progressively improved, with the addition of new features. The Department will launch a major new O*NET tool to deliver occupational information in a manner that is user-friendly, accessible, and easy to read and introduces a Web-based interest assessment of an individual's interests and preferences to suggest potentially suitable occupations and careers. This site is designed for labor market entrants, students, and career explorers with lower educational and literacy levels and with little or no work experience.

The Department continued to improve its Web site services, electronic tools and Web-based strategies by adding new services (such as employment information for oil-spill and disaster-affected areas and laid-off Census workers) and updating its existing products, simplifying the language and navigability of the sites, and incorporating new strategies (such as crowd-sourcing to identify more than 600 employment-related tools for job seekers and workers, and the creation

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of several electronic Communities of Practice to enable workforce investment system professionals to share best practices). States also produced and used workforce and labor market information and data as the foundation on which to build and implement sound workforce development investment decisions and strategies.

ETA and ODEP developed a Memorandum of Agreement to embed the promising practices of the Disability Program Navigator initiative and ODEP's customized employment initiative into the Disability Employment Initiative to continue to improve the employment outcomes of individuals with disabilities served by One-Stop Career Centers.

Note: FY 2010 appropriations fund activity in Program Year 2010, thus annual results are not available until after June 30, 2011.

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DETAILED WORKLOAD AND PERFORMANCE				
	FY 2010* Enacted		FY 2011 Estimate	FY 2012 Request
	Target	Result	Target	Target
Workforce Information-Electronic Tools-System Building				
Strategic Goal 1 - Prepare workers for good jobs and ensure fair competition.	--	--	--	--
Outcome Goal 1.2 - Assure skills and knowledge that prepare workers to succeed in a knowledge-based economy, including in sectors like "green" jobs.	--	--	--	--
Number of O*NET site visits (in millions)	15.00	16.84(e)	15.00	16.00
Outcome Goal 1.3 - Help workers who are in low-wage jobs or out of the labor market find a path into middle class jobs.	--	--	--	--
Number of CareerOneStop site visits (in millions)	23.00	20.71(e)	24	24
Combined site visits for CareerOneStop, O*NET (in millions)	38.00	37.55(e)	39.50	40.00
Cost per site visit	\$0.52	\$0.53(e)	\$0.50	\$0.49

Note: FY 2010 appropriations fund activity in Program Year 2010, thus annual results are not available until after June 30, 2011.

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined

Workload and Performance Narrative

Performance for the Workforce Information and Electronic Tools program is measured by the number of site visits to various E-tools websites. Performance targets for E-tools for FY 2012 are 24 million site visits for CareerOneStop and 16 million site visits for O*NET, for a total of 40 million site visits.

The primary outputs are workforce information and the electronic delivery of information. DOL is able to measure the number of Web site visitors who access information and services, which has steadily grown. DOL does not have information on how site visitors use these services or their later employment experience, because the information is free to the public and no registration or private information is required to access it. Thus the currently collected information on site visits reflects intermediate rather than final outcomes. Even if DOL tracked such outcomes, as is done for employment and training program participants, this still would not allow DOL to gauge the impact of receiving information alone, without controlling for other inputs.

Several studies indicate the usefulness of these services. A 2009 cost-benefit analysis published by the Brookings Institution of One-Stop Career Center job search assistance to the unemployed estimated that each dollar of expenditures returns \$3.90 to taxpayers, principally due to reduced unemployment insurance costs and additional tax revenue (generated because previously

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unemployed individuals were now employed and paying taxes). Compared to the Web-based services funded by this line item, employment counselor assistance provided through the One-Stops is relatively labor-intensive. Therefore, it is probable that DOL's electronic services are a cost-effective way to serve a large number of jobseekers.

A 2006 Government Accountability Office (GAO) study of employer use of One-Stops found that employers reported that the services "saved them time and money." Some 26 percent of employers surveyed use LMI from the One-Stops (much of which is produced or financed by DOL through this line item), and virtually all of these found it "useful or very useful." Since this GAO study, DOL has significantly enhanced its electronic services to employers. These include a specific "Business Center" site and a "Job Description Writer" step-by-step guide that incorporates O*NET data to enable employers to write descriptions for job postings that increases their chances of hiring a qualified applicant.

The number of unemployed job seekers who use public employment agencies has nearly tripled since the pre-recession level. Reports from the system itself (and from other service providers such as librarians, surveyed in a major 2010 Institute of Museum and Library Services study supported by the Gates Foundation) indicate that the One-Stops have been inundated with customers as a result of high levels of unemployment. The One-Stop system was much better able to respond to rising customer demand because of the Web-based assistance provided by DOL.

Although this funding level does not support major enhancements, the demand for DOL's Web-based products and services is such that Website traffic has steadily risen. The data and information disseminated through the sites are regularly refreshed by new and updated postings. Such updates are essential to ensure that the sites reflect changing demand and skill requirements. As funding permits, CareerOneStop has added information and services in response to economic dislocations due to natural disasters and major layoffs. Continuous improvement in customer service remains a top priority, and DOL utilizes multiple approaches to obtain customer feedback and input through the use of social media and other forms of interactive communication.

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2010 Enacted	FY 2011 Full Year C.R.	FY 2012 Request	Change FY 12 Req. / FY 10 Enacted
25.2	Other services	0	0	0	0
41.0	Grants, subsidies, and contributions	63,720	63,720	63,720	0
	Total	63,720	63,720	63,720	0

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CHANGES IN FY 2012

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Other services \$0

Grants, subsidies, and contributions 0

Built-Ins Subtotal \$0

Net Program \$0

Direct FTE 0

Estimate FTE

Base \$63,720 0