

FY 2013

CONGRESSIONAL BUDGET JUSTIFICATION

EMPLOYMENT AND TRAINING ADMINISTRATION

Training and Employment Services

TRAINING AND EMPLOYMENT SERVICES

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**EMPLOYMENT AND TRAINING ADMINISTRATION
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APPROPRIATION LANGUAGE

(including transfer of funds)

For necessary expenses of the Workforce Investment Act of 1998 (referred to in this Act as "WIA"), and the Second Chance Act of 2007, [and the Women in Apprenticeship and Non-Traditional Occupations Act of 1992 ("WANTO"), including the purchase and hire of passenger motor vehicles, the construction, alteration, and repair of buildings and other facilities, and the purchase of real property for training centers as authorized by the WIA,] [\$3,195,383,000] \$3,231,812,000, plus reimbursements, shall be available. Of the amounts provided:

(1) for grants to States for adult employment and training activities, youth activities, and dislocated worker employment and training activities, [\$2,605,268,000] \$2,600,344,000 as follows:

(A) [\$770,922,000] \$769,465,000 for adult employment and training activities, of which [\$58,922,000] \$57,465,000 shall be available for the period July 1, [2012] 2013, through June 30, [2013] 2014, and of which \$712,000,000 shall be available for the period October 1, [2012] 2013 through June 30, [2013] 2014;

(B) [\$825,914,000] \$824,353,000 for youth activities, which shall be available for the period April 1, [2012] 2013 through June 30, [2013] 2014; and

(C) [\$1,008,432,000] \$1,006,526,000 for dislocated worker employment and training activities, of which [\$148,432,000] \$146,526,000 shall be available for the period July 1, [2012] 2013 through June 30, [2013] 2014, and of which \$860,000,000 shall be available for the period October 1, [2012] 2013 through June 30, [2013] 2014:

Provided, That notwithstanding the transfer limitation under section 133(b)(4) of the WIA, up to 30 percent of such funds may be transferred by a local board if approved by

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the Governor: Provided further, That a local board may award a contract to an institution of higher education or other eligible training provider if the local board determines that it would facilitate the training of multiple individuals in high-demand occupations, if such contract does not limit customer choice: Provided further, That notwithstanding section 128(a)(1) of the WIA, the amount available to the Governor for statewide workforce investment activities shall not exceed 5 percent of the amount allotted to the State from each of the appropriations under the preceding subparagraphs;

(2) for federally administered programs, [\$487,053,000] *\$540,230,000* as follows:

(A) [\$224,112,000] *\$223,688,000* for the dislocated workers assistance national reserve, of which [\$24,112,000] *\$23,688,000* shall be available for the period July 1, [2012] *2013* through June 30, [2013] *2014*, and of which \$200,000,000 shall be available for the period October 1, [2012] *2013* through June 30, [2013] *2014*: Provided, That funds provided to carry out section 132(a)(2)(A) of the WIA may be used to provide assistance to a State for statewide or local use in order to address cases where there have been worker dislocations across multiple sectors or across multiple local areas and such workers remain dislocated; coordinate the State workforce development plan with emerging economic development needs; and train such eligible dislocated workers: Provided further, That funds provided to carry out section 171(d) of the WIA may be used for demonstration projects that provide assistance to new entrants in the workforce and incumbent workers: Provided further, That none of the funds shall be obligated to carry out section 173(e) of the WIA;

(B) [\$47,652,000] *\$52,562,000* for Native American programs, which shall be available for the period July 1, [2012] *2013* through June 30, [2013] *2014*;

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(C) [~~\$84,451,000~~] *\$84,291,000* for migrant and seasonal farmworker programs under section 167 of the WIA, including [~~\$78,253,000~~] *\$78,104,742* for formula grants (of which not less than 70 percent shall be for employment and training services), [~~\$5,689,000~~] *\$5,678,222* for migrant and seasonal housing (of which not less than 70 percent shall be for permanent housing), and [~~\$509,000~~] *\$508,036* for other discretionary purposes, which shall be available for the period July 1, [2012] *2013* through June 30, [2013] *2014*: Provided, That notwithstanding any other provision of law or related regulation, the Department of Labor shall take no action limiting the number or proportion of eligible participants receiving related assistance services or discouraging grantees from providing such services;

[(D) \$998,000 for carrying out the WANTO, which shall be available for the period July 1, 2012 through June 30, 2013; and]

[(E) (*D*) [~~\$79,840,000~~] *\$79,689,000* for YouthBuild activities as described in section 173A of the WIA, which shall be available for the period April 1, [2012] *2013* through June 30, [2013] *2014*; and

[(F) (*E*) [~~\$50,000,000~~] *\$100,000,000* to be available to the Secretary of Labor (referred to in this title as ``Secretary'') for the Workforce Innovation Fund to carry out projects that demonstrate innovative strategies or replicate effective evidence-based strategies that align and strengthen the workforce investment system in order to improve program delivery and education and employment outcomes for beneficiaries, which shall be for the period July 1, [2012] *2013* through September 30, [2013] *2014*: Provided, That amounts shall be available for awards to States or State agencies that are eligible for assistance under any program authorized under the WIA, consortia of States, or

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partnerships, including regional partnerships: Provided further, That not more than 5 percent of the funds available for workforce innovation activities shall be for technical assistance and evaluations related to the projects carried out with these funds;

(3) for national activities, [\$103,062,000] *\$91,238,000*, as follows:

[(A) \$6,616,000, in addition to any amounts available under paragraph (2), for Pilots, Demonstrations, and Research, which shall be available for the period April 1, 2012 through June 30, 2013: Provided, That funds made available by Public Law 112-10 that were designated for grants to address the employment and training needs of young parents may be used for other pilots, demonstrations, and research activities and for implementation activities related to the VOW to Hire Heroes Act of 2011 and may be transferred to "State Unemployment Insurance and Employment Service Operations" to carry out such implementation activities;]

[(B) (A) [\$80,390,000] *\$85,238,000* for ex-offender activities, under the authority of section 171 of the WIA and section 212 of the Second Chance Act of 2007, which shall be available for the period April 1, [2012] *2013* through June 30, [2013] *2014*, notwithstanding the requirements of section 171(b)(2)(B) or 171(c)(4)(D) of the WIA: Provided, That of this amount, \$20,000,000 shall be for competitive grants to national and regional intermediaries for activities that prepare young ex-offenders and school dropouts for employment, with a priority for projects serving high-crime, high-poverty areas; *and*

[(C) \$9,581,000 for Evaluation, which shall be available for the period July 1, 2012 through June 30, 2013; and]

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[(D)] (B) [\$6,475,000] \$6,000,000 for the Workforce Data Quality Initiative, under the authority of section 171(c)(2) of the WIA, which shall be available for the period July 1, [2012] 2013 through June 30, [2013] 2014, and which shall not be subject to the requirements of section 171(c)(4)(D). (*Department of Labor Appropriations Act, 2012*)

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EXPLANATION OF LANGUAGE CHANGE

The Administration proposes amending the appropriations language under Training and Employment Services to eliminate funding to carry out the Women in Apprenticeship and Non-Traditional Occupations Act of 1992 (WANTO).

The Administration also proposes amending such language to eliminate separate funding to carry out Pilots, Demonstrations and Research and Evaluations. These activities would instead be funded pursuant to language amending the General Provisions applicable to the Department's appropriations to allow up to 0.5 percent of the appropriation under Training and Employment Services to be reserved by the Secretary to carry out evaluations, including applied research.

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AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2011 ¹ Enacted		FY 2012 ² Enacted		FY 2013 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	0	\$1,575,648	0	\$1,423,383	0	\$1,459,812
Reduction Pursuant to P.L. 112-10 for FY 2011	0	-\$3,151	0	\$0	0	\$0
Reduction Pursuant to P.L. 112-74 for FY 2012	0	\$0	0	-\$2,691	0	\$0
<i>Subtotal Appropriation</i>	<i>0</i>	<i>\$1,572,497</i>	<i>0</i>	<i>\$1,420,692</i>	<i>0</i>	<i>\$1,459,812</i>
Offsetting Collections From:						
Fees	0	\$130,975	0	\$125,000	0	\$125,000
<i>Subtotal Appropriation Offsetting Collections</i>	<i>0</i>	<i>\$130,975</i>	<i>0</i>	<i>\$125,000</i>	<i>0</i>	<i>\$125,000</i>
Advance Appropriation	0	\$1,772,000	0	\$1,772,000	0	\$1,772,000
Reduction Pursuant to P.L. 112-74 for FY 2012	0	-\$3,319	0	\$0	0	\$0
<i>Subtotal Advance Appropriation</i>	<i>0</i>	<i>\$1,768,651</i>	<i>0</i>	<i>\$1,772,000</i>	<i>0</i>	<i>\$1,772,000</i>
B. Gross Budget Authority	0	\$3,472,123	0	\$3,317,692	0	\$3,356,812
Offsetting Collections From:						
Fees	0	-\$130,975	0	-\$125,000	0	-\$125,000
Advance Appropriation	0	\$0	0	\$0	0	\$0
<i>Subtotal</i>	<i>0</i>	<i>-\$130,975</i>	<i>0</i>	<i>-\$125,000</i>	<i>0</i>	<i>-\$125,000</i>
C. Budget Authority Before Committee	0	\$3,341,148	0	\$3,192,692	0	\$3,231,812
Offsetting Collections From:						
Prior Year Balance	0	\$0	0	\$0	0	\$0
Fees	0	\$130,975	0	\$125,000	0	\$125,000
Advance Appropriation	0	\$0	0	\$0	0	\$0
<i>Subtotal</i>	<i>0</i>	<i>\$130,975</i>	<i>0</i>	<i>\$125,000</i>	<i>0</i>	<i>\$125,000</i>
D. Total Budgetary Resources	0	\$3,472,123	0	\$3,317,692	0	\$3,356,812
Unobligated Balances End of Year	0	-\$293	0	\$0	0	\$0
E. Total, Estimated Obligations	0	\$3,471,830	0	\$3,317,692	0	\$3,356,812

¹Amounts represent funding provided in the Department of Labor Appropriations Act, 2011 (P.L. 112-10 Division B) regardless of the period of availability.

²Amounts represent funding provided in the Department of Labor Appropriations Act, 2012 (P.L. 112-74, Division F) regardless of the period of availability.

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SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2012 Enacted	FY 2013 Request	Net Change
Budget Authority			
General Funds	\$3,192,692	\$3,231,812	+\$39,120
Trust Funds	\$0	\$0	\$0
Total	\$3,192,692	\$3,231,812	+\$39,120
Full Time Equivalents			
General Funds	0	0	0
Trust Funds	0	0	0
Total	0	0	0

Explanation of Change	FY 2012 Base		Trust Funds		FY 2013 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
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$0	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$15,371	0	\$0	0	\$0	0	\$0
Other services	0	\$0	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$3,177,321	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	0	+\$3,192,692	0	\$0	0	\$0	0	\$0
B. Programs:								
Workforce Innovation Fund	0	\$49,906	0	\$0	0	\$50,094	0	\$50,094
Restore Funding to the Reintegration of Ex-Offenders Program	0	\$80,238	0	\$0	0	\$5,000	0	\$5,000
Restore Funding to the Indian and Native American Program	0	\$47,562	0	\$0	0	\$5,000	0	\$5,000
Programs Subtotal	0	\$0	0	\$0	0	+\$60,094	0	+\$60,094
Total Increase	0	+\$3,192,692	0	\$0	0	+\$60,094	0	+\$60,094
Decreases:								
A. Built-Ins:								
To Provide For:								
Built-Ins Subtotal	0	\$0	0	\$0	0	\$0	0	\$0
B. Programs:								
Eliminate separate ETA Funding for Evaluation	0	\$9,563	0	\$0	0	-\$9,563	0	-\$9,563

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Explanation of Change	FY 2012 Base		Trust Funds		FY 2013 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Eliminate separate ETA Funding for Pilots, Demonstration and Research	0	\$6,603	0	\$0	0	-\$6,603	0	-\$6,603
Decrease Dislocated Workers Participants	0	\$1,008,151	0	\$0	0	-\$1,625	0	-\$1,625
Decrease Participants in Adult Employment and Training Activities	0	\$770,811	0	\$0	0	-\$1,346	0	-\$1,346
Eliminate Women in Apprenticeship Program	0	\$996	0	\$0	0	-\$996	0	-\$996
Reduce Funding for the Workforce Data Quality Initiative	0	\$6,463	0	\$0	0	-\$463	0	-\$463
Decrease Dislocated Worker National Reserve	0	\$224,066	0	\$0	0	-\$378	0	-\$378
Programs Subtotal			0	\$0	0	-\$20,974	0	-\$20,974
Total Decrease	0	\$0	0	\$0	0	-\$20,974	0	-\$20,974
Total Change	0	+\$3,192,692	0	\$0	0	+\$39,120	0	+\$39,120

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2011 Enacted		FY 2012 Enacted		FY 2013 Request		Diff. FY13 Req. / FY12 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Adult Employment and Training Activities	0	769,576	0	770,811	0	769,465	0	-1,346
General Funds	0	769,576	0	770,811	0	769,465	0	-1,346
Formula Grants	0	769,576	0	770,811	0	769,465	0	-1,346
General Funds	0	769,576	0	770,811	0	769,465	0	-1,346
Youth Activities	0	825,914	0	824,353	0	824,353	0	0
General Funds	0	825,914	0	824,353	0	824,353	0	0
Youth Employment and Training Activities	0	825,914	0	824,353	0	824,353	0	0
General Funds	0	825,914	0	824,353	0	824,353	0	0
Dislocated Workers Employment and Training Activities	0	1,285,541	0	1,232,217	0	1,230,214	0	-2,003
General Funds	0	1,285,541	0	1,232,217	0	1,230,214	0	-2,003
Formula Grants	0	1,061,807	0	1,008,151	0	1,006,526	0	-1,625
General Funds	0	1,061,807	0	1,008,151	0	1,006,526	0	-1,625
National Reserve	0	223,734	0	224,066	0	223,688	0	-378
General Funds	0	223,734	0	224,066	0	223,688	0	-378

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2011 Enacted		FY 2012 Enacted		FY 2013 Request		Diff. FY13 Req. / FY12 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Workforce Innovation Fund	0	124,750	0	49,906	0	100,000	0	50,094
General Funds	0	124,750	0	49,906	0	100,000	0	50,094
Indian and Native American Programs	0	52,652	0	47,562	0	52,562	0	5,000
General Funds	0	52,652	0	47,562	0	52,562	0	5,000
Migrant and Seasonal Farmworkers	0	84,451	0	84,291	0	84,291	0	0
General Funds	0	84,451	0	84,291	0	84,291	0	0
Women in Apprenticeship	0	998	0	996	0	0	0	-996
General Funds	0	998	0	996	0	0	0	-996
Youthbuild	0	79,840	0	79,689	0	79,689	0	0
General Funds	0	79,840	0	79,689	0	79,689	0	0
Pilots, Demonstrations and Research	0	9,980	0	6,603	0	0	0	-6,603
General Funds	0	9,980	0	6,603	0	0	0	-6,603
Reintegration of Ex-Offenders	0	85,390	0	80,238	0	85,238	0	5,000
General Funds	0	85,390	0	80,238	0	85,238	0	5,000
Evaluation	0	9,581	0	9,563	0	0	0	-9,563
General Funds	0	9,581	0	9,563	0	0	0	-9,563

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY

(Dollars in Thousands)

	FY 2011 Enacted		FY 2012 Enacted		FY 2013 Request		Diff. FY13 Req. / FY12 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Workforce Data Quality Initiative	0	12,475	0	6,463	0	6,000	0	-463
General Funds	0	12,475	0	6,463	0	6,000	0	-463
Workforce Data Quality Initiative	0	12,475	0	6,463	0	6,000	0	-463
Total	0	3,341,148	0	3,192,692	0	3,231,812	0	39,120
General Funds	0	3,341,148	0	3,192,692	0	3,231,812	0	39,120

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BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
	Full-Time Equivalent				
	Total	0	0	0	0
	Average ES Salary	\$0	\$0	\$0	\$0
	Average GM/GS Grade	0	0	0	0
	Average GM/GS Salary	\$0	\$0	\$0	\$0
	Average Salary of Ungraded Positions	0	0	0	0
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
22.0	Transportation of things	0	0	0	0
24.0	Printing and reproduction	0	0	0	0
25.1	Advisory and assistance services	11,013	15,371	0	-15,371
25.2	Other services from non-Federal sources	0	0	0	0
41.0	Grants, subsidies, and contributions	3,330,135	3,177,321	3,231,812	54,491
	Total	3,341,148	3,192,692	3,231,812	39,120

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PERFORMANCE STRUCTURE

Strategic and Outcome Goals Supporting Secretary Solis' Vision of <i>Good Jobs for Everyone</i>	Supporting Budget Activities
Strategic Goal 1 – Prepare Workers for Good Jobs and Ensure Fair Compensation	
1.1 Increase workers' incomes and narrow wage and income inequality.	<ul style="list-style-type: none"> • Adult Employment & Training Activities • Dislocated Workers Employment & Training Activity • National Emergency Grants • Migrant & Seasonal Farmworkers • Indian & Native American Programs • Training for Employment in High Growth Industries • Youth • YouthBuild
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.	<ul style="list-style-type: none"> • Training for Employment in High Growth Industries • Youth • YouthBuild • Pilots, Demonstrations & Research
1.3 Help workers who are in low-wage jobs or out of the labor market find a path into middle class jobs.	<ul style="list-style-type: none"> • Adult Employment & Training Activities • Dislocated Workers Employment & Training Activity • National Emergency Grants • Migrant & Seasonal Farmworkers • Indian & Native American Programs • Training for Employment in High Growth Industries
1.4 Help middle-class families remain in the middle class.	<ul style="list-style-type: none"> • Adult Employment & Training Activities • Dislocated Workers Employment & Training Activity • National Emergency Grants • Migrant & Seasonal Farmworkers • Indian & Native American Programs • Training for Employment in High Growth Industries
1.5 Secure wages and overtime.	

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Strategic and Outcome Goals Supporting Secretary Solis' Vision of <i>Good Jobs for Everyone</i>	Supporting Budget Activities
1.6 Foster fair working conditions in the global economy that protect vulnerable people and provide workers with a fair share of productivity and voice in their work lives.	
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 Providing 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 and sufficient income and medical care for those who are unable to work.	
4.2 Ensure income support when work is impossible or unavailable.	
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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SIGNIFICANT ITEMS FROM THE FY 2012 CONFERENCE REPORT (H. Rept. 112-331), the JOINT STATEMENT OF MANAGERS, and the SENATE REPORT ACCOMPANYING S. 1599 (112-84)

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The conferees direct that, beginning with the fiscal year 2013 budget request, the TES detailed workload and performance tables in the congressional justification materials be modified to include, as a subset of the "Participants Served in Employment and Training Activities," the number of participants who participated in core and intensive services, the number of participants who participated in training services, the number of exiters, and the number of exiters who gained employment.

ETA Response: The Department has included in TES detailed workload tables to reflect participants, exiters, and those who entered employment by type of service including core, intensive, or training services. The only programs where these reporting categories are applicable are the Workforce Investment Act Adult and Dislocated Worker programs and National Emergency Grants. The other TES programs do not distinguish among types/levels of services and consequently states/grantees do not report such distinctions.

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The conferees continue to support the use of National Emergency Grants to meet unanticipated increases in demand for employment and training services and encourage a rapid execution of funding throughout the program year to address these needs throughout the country.

ETA Response: ETA agrees with the conferees in supporting the use of National Emergency Grants to meet unanticipated increases in demand for employment and training services and encourage a rapid execution of funding throughout the program year to address these needs throughout the country.

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The conferees note that the National Guard's Youth ChalleNGe program at the Department of Defense provides a structured high school curriculum in a residential setting for 16- to 18-year old high school dropouts across 27 states. However, the success of this program is hindered by the lack of a formalized employment training component. As the Department of Labor has a long history with such endeavors, the conferees encourage the Secretary of Labor to work with the Department of Defense, providing technical assistance and guidance where needed, in establishing a vocational training component within the Youth ChalleNGe program.

ETA Response: The Department of Labor will work with the Department of Defense to provide technical assistance and guidance where needed for the vocational training

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component within the Youth ChalleNge program. DOL will provide this technical assistance through its work with Defense on the Interagency Working Group for Youth Programs.

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According to a survey conducted by IMLS and the Gates Foundation, 30 million people used public library computers to help address their career and employment needs and an estimated 3.7 million Americans found work with the support of their public libraries in 2009. The Committee encourages the Department to continue to invest in building and strengthening partnerships between the one-stop system and public libraries.

ETA Response: The Department agrees that public libraries are an important public access point for career assistance. In 2010, library locations were added to the service locator tool in the CareerOneStop Web site, and the Department will continue to invest in building and strengthening partnerships between the One-Stop Career Center system and public libraries. In FY 2012-2013, the Department plans to increase public awareness of the One-Stop system's locations and services, including how workforce services can be accessed via telephone, Internet, and in-person visits to local centers, and other facilities such as libraries and community-based organizations.

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The Committee encourages the Department to work with the Department of Education to examine and publish best practices from local organizations that integrate adult literacy and workforce development skills to help adults with the lowest literacy levels improve their overall skills and employment opportunities.

ETA Response: The Department will work with the Department of Education to examine and share such best practices through our technical assistance networks.

S. Report
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The Committee recommends \$100,000,000 in fiscal year 2012 funding for WIF to make competitive awards for workforce innovation activities. The budget request includes \$378,704,000 for this initiative by designating a portion of funds from the WIA formula programs and Department of Education Rehabilitation Services and Adult Education States Grants accounts. The Committee provided initial support for this initiative in fiscal year 2011 and requests that the Department brief the Committee not less than 30 days prior to the release of

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a solicitation of grant applications for this program. The Committee also encourages the Department to implement WIF in a manner consistent with the bipartisan framework that the Senate Health, Education, Labor and Pensions Committee developed for WIA reauthorization.

ETA Response: The Department received \$49 million for the Workforce Innovation Fund (WIF) in FY 2012, and was the sole agency to receive such funding. As we did in FY 2011, we will coordinate with our federal partner agencies in the design and implementation of the Innovation Fund, and will brief Congress prior to the release of the solicitation. We will endeavor to implement WIF in a manner consistent with the bipartisan framework that the Senate Health, Education, Labor and Pensions Committee developed for WIA reauthorization.

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In addition, the Committee believes that a component of the WIF should include the promising results of pay-for-performance models. These models have been particularly successful at reaching populations with the most significant barriers to employment. The Committee encourages the Secretary to use innovation funds to replicate pay-for-performance models with proven track records of helping hard-to-serve workers in additional sites.

ETA Response: The Department anticipates continued support for pay for success and pay for performance models as part of the FY 2012 Innovation Fund investments.

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The Committee recognizes the importance of building stronger linkages between title I job training programs and title II adult education and literacy programs in WIA in order to create career pathways that enhance participants' long-term economic success. The Committee urges the Department to expand funding to programs that have successfully implemented strategies for delivering basic literacy instruction together with employment training so that they may document and disseminate best practices related to this goal.

ETA Response: The Department will consider programs that create stronger linkages between job training programs and adult education and literacy programs as part of the FY 2012 Workforce innovation Fund.

TRAINING AND EMPLOYMENT SERVICES

APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2003...1/	2,573,228	2,674,513	3,170,364	2,726,789	0
2002 Advance for 2003....	2,463,000	2,463,000	2,463,000	2,446,991	
2004...2/	2,488,986	2,614,039	2,677,588	2,682,465	0
2003 Advance for 2004....	2,463,000	2,463,000	2,463,000	2,448,468	
2005...3/4/5//	2,863,292	2,649,728	2,914,662	2,879,183	0
2004 Advance for 2005....	2,463,000	2,463,000	2,463,000	2,344,296	
2006...5/	3,404,949	2,658,792	2,787,806	2,625,888	0
2005 Advance for 2006...5/6/	2,438,000	2,463,000	2,463,000	2,439,620	
2007	1,949,405	2,504,209	996,832	2,791,341	0
2006 Advance for 2007....	2,463,000	2,463,000	2,463,000	2,438,000	
2008...7/8/	2,776,972	1,758,530	1,815,138	1,804,268	0
2007 Advance for 2008....	2,463,000	1,772,000	1,772,000	1,741,043	
2009...9/	1,338,600	0	1,854,448	1,854,448	0
2008 Advance for 2009....	1,772,000	0	1,772,000	1,772,000	
2010	2,061,563	2,030,961	0	2,056,530	0
2009 Advance for 2010....	1,772,000	1,772,000	0	1,772,000	
2011...10/	2,153,475	0	2,105,478	1,572,497	0
2010 Advance for 2011....	1,772,000	0	0	1,772,000	
2012...	1,854,947	0	1,538,247	1,420,692	0
2011 Advance for 2012....11/	1,772,000	0	1,772,000	1,768,651	
2013	1,459,812	0	0	0	0
2012 Advance for 2013....	1,772,000	0	1,772,000	1,772,000	

- 1/ Reflects a 0.65% across-the-board reduction pursuant to P.L. 108-7.
2/ Reflects a 0.59% across-the-board rescission pursuant to P.L. 108-199.
3/ Reflects a 0.80% across-the-board rescission pursuant to P.L. 108-447
4/ Reflects a portion of \$18,000,000 rescission to Labor/HHS/Educ pursuant to P.L. 108-447.
5/ Reflects a 1.0% government-wide rescission pursuant to P.L. 109-148.
6/ Reflects a \$25,000,000 decrease in Job Corps Construction, Rehabilitation, and Acquisition
7/ Reflects 1.747% rescission pursuant to P.L. 110-161.
8/ Excludes \$250,000,000 for Recovery Act pursuant to P.L. 111-5.
9/ This bill was only reported out of Subcommittee and was not passed by the Full House.
10/ Reflects a 0.2% across-the-board rescission pursuant to P.L. 112-10.
11/ Reflects a 0.189% across-the-board rescission pursuant to P.L. 112-74.

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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req. / FY 12 Enacted
Budget Authority	769,576	770,811	769,465	-1,346
FTE	0	0	0	0

Introduction

The Workforce Investment Act (WIA) Adult formula program prepares workers – particularly disadvantaged, low-skilled, and underemployed adults – for good jobs in three ways:

- The program increases workers’ incomes by helping unemployed and underemployed workers obtain employment in industries and occupations that offer good wages and opportunities for advancement.
- It aids workers who are in low-wage jobs or out of the labor market to find a path into middle-class jobs by helping them match their current skills to better jobs or acquire new skills that enable them to compete for better jobs.
- It helps middle-class families remain in the middle class by enabling workers to develop the skills they need to succeed in today’s increasingly competitive labor market.

Disadvantaged and low-skilled adults have been disproportionately affected by the recent economic downturn as evidenced by high rates of unemployment among those groups. Data from the Bureau of Labor Statistics¹ show a 13.1 percent unemployment rate for adults over the age of 25 without a high school diploma. This is well above the 8.3 percent national average (January 2012). This clear discrepancy in unemployment for adults without credentials closely ties into the Department’s Priority Goal to increase the percent of training program exiters who earn industry-recognized credentials by ten percent by September 2013. The immediate employment and training needs of low-skilled adults must be addressed to prevent this disadvantaged population from slipping further out of the middle-class.

As the economy recovers, low-skilled adults are at risk of being left behind. The economic downturn may have lingering effects on both low-skilled adults and employers. Industries that previously employed a large number of low-skilled adults (such as basic manufacturing) will no longer be drivers of the economy, replaced instead by job growth in occupations that require some postsecondary education or training². If current graduation and credential attainment rates continue at their low levels, employers will experience significant shortages in skilled workers, constraining economic growth and increasing the risk that the jobs will be permanently lost.

¹Bureau of Labor Statistics, January 2012
<http://www.bls.gov/news.release/empsit.t04.htm>

²Carnevale, Anthony P., Postsecondary Education and Training as We Know it is Not Enough, Paper prepared for the Georgetown University and the Urban Institute, 2010.
http://cew.georgetown.edu/uploadedfiles/412071_postsecondary_education.pdf

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The WIA Adult program helps prepare low-skilled adult workers for good jobs through formula grants to states to provide an array of statutorily prescribed employment and training services at the state and local level. Services are primarily delivered through a network of One-Stop Career Centers, of which there are nearly 3,000 across the United States.

WIA provides employment and training services at three broad levels: core, intensive and training. The program is designed to provide customers with the level of service that most efficiently meets their needs and helps them get a good job. Core services such as job search, placement assistance, and real-time labor market information help workers who have marketable skills and work experience but who need information to target their job search. Intensive services such as comprehensive skills assessments, career counseling, and career planning help workers who need assistance identifying their skills and developing their career goals and job search strategies. Training services help workers who need to upgrade their skills to compete in the job market. Training services include options such as on-the-job training, skill upgrading and retraining, entrepreneurial training, customized training, occupational training, and training in basic skills. In FY 2013, it will be critical to maintain WIA training services, especially given the current and projected barriers to employment faced by low-skilled adults. Finally, for customers who have other barriers to employment, such as dependent care responsibilities, homelessness, and/or lack of transportation, WIA can provide supportive services such as transportation, childcare, dependent care, housing, and needs-related payments.

The public workforce system delivers services to adults based on principles that have produced, over time, consistent and high rates of employment and retention, and increased average earnings for participants. These principles recognize a dual customer approach with services geared for job seekers and employers alike, and include an emphasis on training that leads to industry-recognized credentials in emerging occupational sectors and industries. They also include the use of well-developed labor market information as a cornerstone of program planning and design.

There is a significant body of evidence to support the effectiveness of WIA Adult employment and training services for increasing the skills, credentials, employment and earnings of program participants. A 2011 evaluation of Washington state's workforce programs found that adults served through WIA had higher employment and earnings than non-participants three quarters following their participation in the program. Similarly, a 2008 study of WIA adult participants in 12 states found "large and immediate impacts on earning and employment for individuals who participated in the WIA adult program,"³ while a 2005 study of WIA services in seven states found that WIA participants, especially those who received training, were more likely to be employed and to have higher earnings than non-participants.⁴

³WashingtonState Workforce Training and Education Coordinating Board, *Results of the Net Impact Study of 12 Workforce Programs*, April 2011.

⁴Carolyn Heinrich, Peter Mueser and Kenneth Troske, *Workforce Investment Act Non-Experimental Net Impact Evaluation, Final Report*, IMPAQ International, December 2008.

http://wdr.doleta.gov/research/FullText_Documents/Workforce%20Investment%20ACT%20Non-Experimental%20Net%20Impact%20Evaluation%20-%20Final%20Report.pdf

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Even in today’s challenging economic environment, with limited funding and historically high levels of unemployment and demand for services, the WIA Adult program has been successful in meeting the needs of businesses and workers served through the One-Stop Career Center system. As the data from the WIA Adult program from July 2010-June 2011 indicates, WIA-supported job training services appear to help individuals to enter employment during one of the most challenging labor markets since the Great Depression. The entered employment rate was nearly 70 percent for program participants who received training compared to only 53.5 percent of those who did not receive training services. In addition, the employment retention rate and six-month average earnings for individuals who received training services were also significantly higher than those of participants who only received core and intensive services. Individuals who received training services had an employment retention rate of 87.2 percent and six months average earnings of \$16,223 compared to an employment retention rate of 78.7 percent and six months average earnings of \$13,340 for those who did not receive training.

WIA Annual Performance Data July 2010 – June 2011	Individuals Who Received Training Services	Individuals Who Only Received Core and Intensive Services
Entered Employment Rate	69.6%	53.5%
Employment Retention Rate	87.2%	78.7%
Six Month Average Earnings	\$16,223	\$13,340

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$849,101	0
2009	\$861,540	0
2010	\$861,540	0
2011	\$769,576	0
2012	\$770,811	0

Funding Mechanism

WIA Adult funding allotments for states are based on formula provisions defined in the legislation. Under Title I of WIA, formula funds are provided to states and outlying areas for the operation of both Adult and Dislocated Worker employment and training activities, in accordance with 29 USC 2861. States distribute resources by formula to local workforce investment areas. The WIA allotments for outlying areas are based on a formula as authorized under WIA Title I.

FY 2013

To address the acute unemployment levels of low-skilled adults anticipated in FY 2013, the Department requests \$769,465,000 to fully operate the WIA Adult program in all 50 states and

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five territories, the same as the FY 2012 enacted appropriation. These funds will serve 4.4 million adults with core, intensive and/or training services. The Department has set an entered employment rate target of 54.6 percent, an employment retention rate target of 75.0 percent, and a six months average earnings target of \$13,701.

In order to meet these targets, the Department will focus on improvement of the employment prospects for millions of Americans, particularly those who are identified as low-skilled, disadvantaged, or displaced, so they can take advantage of available jobs. One reason job seekers struggle to find work is that they are not able to document or verify their workplace skills, knowledge, and experience. Another reason is that the 21st century economy requires a different skill mix from prior decades; many jobs today require greater analytical and interactive skills along with the ability to respond to the unexpected.

DOL will address the challenge of job seeker competitiveness by emphasizing three goals:

- **Increasing credential attainment:** Research shows that training resulting in a meaningful credential increases employment rates and allows individuals to maintain or improve their incomes. According to the Bureau of Labor Statistics (BLS), post-secondary credential attainment rates are declining, pointing to an important role for the public workforce system in supporting skills development.⁵ Specifically, BLS data shows that:
 - During the recession, unemployment rates for individuals with a high school diploma or less were around 5 percentage points higher than for individuals with some post-secondary education, and nearly 10 percentage points higher than individuals with a bachelor's degree.
 - In 2010 the weekly earnings of an individual with an associate's degree were 42% higher than an individual with only a high school diploma.
 - Fifteen percent of U.S. adults lack a high school diploma or GED and another 30% have only a high school diploma. These individuals make up over half of today's unemployed adults.
 - Adults without a high school diploma are not only more likely to be unemployed, but they can each cost the federal government \$671 every year in temporary cash assistance and in-kind benefits such as Medicaid, food stamps, and housing subsidies.

Because credential attainment is so strongly associated with improved labor market outcomes for workers, the Department will increase the impact of adult formula resources by working with the states and local areas to increase the percent of exiters receiving an industry-recognized credential in PY 2013. The Department will also continue to work with the Department of Education to jointly encourage states to leverage Adult Basic Education and post-secondary education programs delivered through community colleges

⁵ Bureau of Labor Statistics, 2011
<http://www.bls.gov/news.release/empsit.toc.htm>

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and other high-quality community organizations.

In addition, the workforce system will also direct individuals to available training resources beyond those allocated to the Department, such as Federal Pell grants; these resources are provided to low-income undergraduate students to help them so they can access post-secondary education and training, thereby secure an the educational foundation and attain industry-recognized credentials critical to securing employment.

- **Promoting tailored training strategies to meet the unique needs of low-skilled adults:** Research shows that low-skilled adults experience better education and employment outcomes in training programs that provide integrated education and occupational skills education; an accelerated and contextualized format; and delivery through partnerships that include the workforce system, educational institutions, community-based organizations, and employers.⁶ While these models go by various names – bridge programs, sector strategies, career pathway models – they all are designed around the specific skill demands of local employers (often with their direct participation) and the remedial educational needs of the local population (English proficiency, reading, numeracy, etc.). Through robust technical assistance, the Department will help the workforce system play a leadership role in developing such training programs and helping customers enter such programs.
- **Meeting employer needs for skilled workers:** The third focus of the FY 2013 WIA Adult program is to strengthen the public workforce system’s role in meeting the skill needs of employers so they can compete effectively in today’s global economy. Recent data from the Bureau of Labor Statistics⁷ indicates that occupations that usually require an industry-recognized credential or post-secondary degree are expected to account for nearly half of all new jobs from 2008 to 2018, and one-third of total job openings. Among the education and training categories, the fastest growth will occur in occupations requiring an associate degree. While labor market projections and employer surveys point to a strong and growing demand for skilled workers, educational attainment levels in the United States are declining. According to the most recent Bureau of Labor Statistics report (July, 2011), of over 10 million unemployed adults, more than half, lack any post-secondary degree or certificate. Furthermore, of the 352,699 dislocated workers who received WIA intensive or training services this past year, 55.9 percent had only high school equivalency education or less. A recent study from the Georgetown Center

⁶ For information on the effectiveness of integrated education and training for increasing credential attainment, see Davis Jenkins, Matthew Zeidenberg, Gregory Kienzl. *Educational Outcomes of I-BEST, Washington State Community and Technical College System’s Integrated Basic Education and Skills Training Program: Findings from a Multivariate Analysis*. Working Paper, Teachers College, Columbia University, New York: Community College Research Center, 2009, 31. For information on the effectiveness of sector strategies for increasing the earnings and employment of low-skilled adults, see the results of the random assignment evaluation conducted by Public/Private Ventures at http://www.ppv.org/ppv/publication.asp?section_id=26&search_id=&publication_id=325

⁷ Bureau of Labor Statistics, 2009, <http://www.bls.gov/news.release/ecopro.nr0.htm>

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on Education and the Workforce indicates that 64 percent of jobs in 2018 will require more than a high school diploma, but at our current rate of post-secondary graduation, the country faces a shortfall of over 3 million post-secondary graduates to fill those jobs.

The WIA Adult program will enable state and local areas to prepare workers with the skills employers need to compete in today's global economy. The Department will also leverage additional funds to provide technical assistance to help the system better engage employer customers. The Department believes that stronger employer partnerships will lead to improved employment and retention outcomes. Expansion in training services for in-demand skills meets the Department's goal of providing a dual customer approach to workforce development services that serves the needs of both employers and job seekers.

In order to deploy these strategies and achieve outcome goals for the program, the Department requests \$769,465,000 for WIA Adult activities in FY 2013. These funds will support the delivery of WIA Adult core, intensive, and training services in all fifty states and the territories. At the FY 2013 funding request level, 4,468,697 individuals will receive services through formula-funded programs at an average cost of \$172.19 per participant.

Statewide reserve funds allocated to the Governors under the Workforce Investment Act will remain at the five percent level in FY 2013, as established in FY 2011 and continued in FY 2012. This will ensure that local workforce areas do not have reduced allotments. Statewide reserve funds are often used by Governors to operate demonstration projects within local areas; however, the Workforce Innovation Fund will offset the loss of such funds by providing targeted demonstration projects across the country. The Workforce Innovation Fund will be able to test specific innovative models across the country that can be applied to future programming, arguably a more effective use of funds to pilot what works than disparate state projects.

FY 2012

FY 2012 funding for the WIA Adult program is \$770,811,000. At this funding level, 4,610,665 individuals will receive services through formula-funded programs, based on an average cost of \$167.18 per participant. The Department has set an entered employment rate target of 53.7 percent, an employment retention rate target of 73.7 percent, and a six months average earnings target of \$13,178. In order to meet these targets, the Department is promoting and implementing a number of strategies in FY 2012, including:

- **Increasing the rate of industry-recognized credential attainment among customers who receive training.** Research shows that training resulting in a meaningful credential increases employment rates and allows individuals to maintain or improve their incomes (Strawn, 2010).
- **Tailoring training strategies to the unique needs of low-skilled adults.** Research shows that low-skilled adults experience better education and employment outcomes in training programs that provide integrated education and occupational skills education, are provided in an accelerated and contextualized format, and are delivered through partnerships that include the workforce system, educational institutions, community-

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based organizations and employers.⁸ Successful programs make extensive use of wrap-around services, including subsidies for transportation, childcare, income supports and other needs-related payments.

- **Increasing training in green jobs, health care and other high growth occupations.** In order to ensure that workers are competitive in the changing economy, the Department will provide technical assistance to support training in sectors of projected growth.
- **Developing partnerships between the public workforce system and education, economic development and community-based organizations.** This strategy allows states and local service providers to align policies that meet the needs of low-income workers with wide-ranging supportive services.

Of funds set aside for statewide activities, states are authorized to reserve no more than five percent of the total allotments for the Adult Worker program for state administration. As a result, states will be running more efficient, streamlined operations while continuing to make investments in activities central to the management of funds. This decrease in the Governor's Reserve from 15 to 5 percent will also impact some states that use these funds for innovative statewide activities. However, the investment in the Workforce Innovation Fund will offset the loss of such funds by providing for targeted demonstration projects across the country.

FY 2011

The FY 2011 appropriation for the WIA Adult program was \$769,576,000. The WIA Adult program remained a critical funding stream to the One-Stop Career Center system. Current trade and industry conditions intensified the crucial role of the workforce system and the need for participants to continue to receive the highest quality services. In addition to providing several million participants with core services, the WIA Adult program placed over 510,600 participants in intensive and training services to help maximize their chances to succeed in the labor market.

Adult literacy and skill remediation remained critical components of the WIA Adult program. The Department of Labor collaborated with the Department of Education to help leverage Adult Basic Education (ABE) and post-secondary education programs to provide such services. This collaboration helped direct individuals to available training funds beyond dedicated Department of Labor resources, such as Federal Pell grants. These need-based grants to low-income undergraduate and certain post-baccalaureate students promoted access to post-secondary

⁸For information on the effectiveness of integrated education and training for increasing credential attainment, see Davis Jenkins, Matthew Zeidenberg, Gregory Kienzl. *Educational Outcomes of I-BEST, Washington State Community and Technical College System's Integrated Basic Education and Skills Training Program: Findings from a Multivariate Analysis*. Working Paper, Teachers College, Columbia University, New York: Community College Research Center, 2009, 31. For information on the effectiveness of sector strategies for increasing the earnings and employment of low-skilled adults, see the results of the random assignment evaluation conducted by Public/Private Ventures at http://www.ppv.org/ppv/publication.asp?section_id=26&search_id=&publication_id=325 http://www.ppv.org/ppv/publication.asp?section_id=26&search_id=0&publication_id=294

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education and were a critical resource to help individuals attain the educational foundation necessary to secure future employment.

The WIA Adult program also leveraged workforce development strategies, such as career pathway approaches, which more fully integrated basic skills and technical/occupational education. Central to these approaches were the integration of adult basic education and English proficiency offerings with career-specific technical skills training. This integration of basic education with technical and occupational education was one method for helping individuals secure all of the relevant skills necessary to succeed in emerging middle class jobs.

Training was also provided that included new contextual learning models to address learning deficiencies. In addition, occupational skills training and the opportunity for credential attainment were provided and both earn-and-learn strategies (such as transitional jobs and on-the-job training) and bridge models were enacted. (Bridge models assist workers to “bridge” the gap in post-secondary education by attaining industry-recognized, transferable credentials and degrees.) A host of supportive services including needs related-payments were also offered to make WIA Adult training more family-friendly.

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DETAILED WORKLOAD AND PERFORMANCE				
	PY 2010 Enacted	PY 2011 Enacted⁹	PY 2012 Enacted	PY 2013 Request
	Result	Target	Target	Target
Adult Employment and Training Activities				
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.	--	--	--	--
Six Months Average Earnings	\$13,801.00	\$12,865.00	\$13,178.00	\$13,701.00
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 Rate	55.20%	53.10%	53.70%	54.60%
Participants Served in Employment and Training Activities	7,125,900 ¹⁰	4,741,396	4,610,665	4,468,697
Cost Per Participant Served in Employment and Training Activities	\$157.58	\$162.31	\$167.18	\$172.19
Strategic Goal 1 - Prepare workers for good jobs and ensure fair compensation.	--	--	--	--
Strategic Goal 1.4 - Help middle class families remain in the middle class.	--	--	--	--
Employment Retention	80.00%	73.10%	73.70%	75.00%

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

Workload and Performance Narrative

The Department measures performance in the WIA Adult program based on three interrelated outcomes: entered employment rate, employment retention rate, and six-month average earnings. The training and employment services delivered through the WIA Adult program are designed to address all three outcomes. States and local areas target their service delivery strategies to the specific needs of their employer and worker populations, and DOL provides policy and programmatic guidance to help states and local areas identify strategies that are beneficial in improving successful employment outcomes in the current economy. In the FY 2013 section, the Department outlines a number of specific strategies to achieve its performance targets for the WIA Adult program in the current economic environment, where the supply of workers is exceeding the number of available jobs.

⁹ Reflects data from PY 2010.

¹⁰ Because WIA reporting does not differentiate between formula and ARRA participants, a baseline was derived using a two year average which comprises the participant workload of both the formula and ARRA funds.

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The FY 2011-2013 targets for entered employment rate, employment retention rate, and six-month average earnings are based on a methodology developed by DOL for setting national performance targets using regression analysis. The 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. In the next few months, targets will be updated based on PY 2010 results.

In addition to outcomes, the Department also measures workload in terms of the number of participants served by the program. In FY 2013, the Department projects that the program will serve 4,468,697 participants, a decrease of 141,968 from FY 2012. This decrease in participants served is commensurate with the slight decline in requested resources (\$769,465,000 in FY13 as compared to \$770,811,000 in FY12). It should be noted that during the past two years, the 'participants served' figures have surged above historical averages aided in large part by the American Recovery and Reinvestment Act (ARRA). In addition to data on the overall participants served, additional data is collected on the intensity of participant services based on the number served, exiters, and those with positive outcomes for entered employment.

It is important to note that in establishing the performance accountability system in WIA section 136, Congress specified the core indicators of performance and directed that these indicators should not apply to self-service and informational activities. The Department monitors grantee performance regularly through Federal Project Officers in regional offices to ensure grantees are 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:

- Number of people served by the program,
- Number of people that received training,
- Number of people that received intensive services,
- Number of people in training that received a credential, and
- Amount of funds spent.

In addition to the measures noted above, the Department conducts evaluations of WIA formula programs to evaluate the specific strategies promoted to support goal achievement. The results of such evaluation and research are used to revise and update strategies regularly. In FY 2012, the WIA Adult and Dislocated Worker Programs Gold Standard Evaluation (WGSE) is continuing. The WGSE is a rigorous random assignment evaluation of the formula programs established under Title I of WIA. The evaluation is examining the Adult and Dislocated Worker programs' impacts on participants' post-program employment and earnings and their cost effectiveness. The evaluation is comparing the outcomes of WIA participants to the outcomes of similar individuals who do not receive WIA services. The evaluation will provide critical intelligence on the impact and cost effectiveness of intensive and training services for participants in the WIA program. The first impact findings from the WGSE are expected to be available in 2014.

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	0	0	0	0
41.0	Grants, subsidies, and contributions	769,576	770,811	769,465	-1,346
	Total	769,576	770,811	769,465	-1,346

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CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
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Advisory and assistance services	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	-\$1,346
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Direct FTE	0
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	Estimate	FTE
Base	\$770,811	0
Program Decrease	-\$1,346	0

YOUTH ACTIVITIES

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req. / FY 12 Enacted
Budget Authority	825,914	824,353	824,353	0
FTE	0	0	0	0

Introduction

The Workforce Investment Act (WIA) Youth program aligns with the Secretary’s goals in two ways:

- The WIA Youth program prepares workers for good jobs and assures that workers have the skills and knowledge to succeed in a knowledge-based economy.
- It targets low-income youth with barriers to employment and provides them with services that prepare them for employment and post-secondary education.

America’s youth and young adults are facing three challenges today that, if unaddressed, will have long-term consequences for our nation: record youth unemployment; a high school dropout crisis; and, a shift to a knowledge and service-based economy, requiring greater levels of skills and education. According to the U.S. Department of Labor’s Bureau of Labor Statistics (BLS), in 2011, unemployment for 16-24 year old youth hit 18.1% (not seasonally adjusted), one of the highest July rates since records began in 1948. BLS also reported that in July 2011, the traditional summertime peak for youth employment, the proportion of the 16 to 24 year old population employed was 48.8%, setting a record low. In July 2011, the rate of unemployment for teens 16 to 19 years old was 25%. The seasonally adjusted data also showed that the labor force participation rate for teens 16 to 19 dropped from 37.8 percent in July 2009 to 34.6 percent in July 2010 and even further down to 33.7 percent in July 2011.

In order to combat this drop-out crisis, ETA is placing an even greater focus on credential and degree attainment. As such, WIA Youth and YouthBuild will be key programs in the Department’s Priority Goal to improve the percent of program completers who attain a credential or degree. These programs assist youth who have dropped out of high school without a degree by getting them back into school or another training program where they can earn a diploma or GED, which could possibly lead to a post-secondary degree.

The nation faces increased challenges in economic competitiveness in this 21st century global economy as the dropout crisis worsens. The National Center for Education Statistics estimates that in school year 2008-2009, 75 percent of students who enter 9th grade will graduate with a regular diploma in 12th grade. High school graduation rates are substantially lower for most minority groups (66 percent for Hispanic students and 64 percent for Black students) and particularly for males. The Center for Labor Market Studies at Northeastern University suggests

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that these young dropouts experience a wide array of labor market, earnings, social and income problems that exacerbate their inability to transition to careers from their mid-20s onward.¹¹

While too many youth are not completing high school, jobs paying family-sustaining wages increasingly require a post-secondary degree. In its 2009 Employment Projections, BLS reported that occupations that require a post-secondary degree are expected to account for nearly half of all new jobs from 2008 to 2018. In addition, projected employment growth is concentrated in the service-providing sector, requiring young people to have strong work readiness skills, particularly those “soft skills” such as communication, team-work, customer service and problem-solving skills. In fact, the Department has emphasized training as a path to credential attainment to make youth more competitive in today’s job market.

Given the challenges faced by today’s youth, employment and training programming for youth is critical to the current and future well-being of our nation and its youth and young adults. The WIA Youth program is well positioned to prepare youth for success in the knowledge-based economy. Under Title I of the WIA, Youth Activities funds are allocated by formula to states that in turn, allot funds to local areas to deliver a comprehensive array of youth workforce investment activities. These activities help assure that youth obtain skills and knowledge to succeed in a knowledge-based economy, including in growing and emerging industry sectors such as health care. WIA authorizes services to low-income youth (ages 14 through 21) with barriers to employment, including youth who are deficient in basic skills or are homeless, are runaways, are pregnant or parenting, or are ex-offenders, school dropouts, or foster children. The program serves both in- and out-of-school youth, including youth with disabilities, and other youth who may require additional assistance to complete an educational program or to secure and hold employment. Service providers prepare youth for employment and post-secondary education by stressing linkages between academic and occupational learning. They also assist youth by providing tutoring, alternative secondary school services, summer and year-round work experiences, occupational training, supportive services, leadership development opportunities, mentoring, counseling, and follow-up services.

The services offered through the WIA Youth activities help ensure that low-income youth will see their wages increase, thereby reducing wage and income inequality. The services also help youth acquire the skills and knowledge necessary to succeed in the knowledge-based economy.

¹¹Sum. A. et al. 2009. “The Consequences of Dropping Out of High School: Joblessness and Jailing for High School Dropouts and the High Cost for Taxpayers.”Center for Labor Market Studies, Northeastern University.

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Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$924,069	0
2009	\$924,069	0
2010	\$924,069	0
2011	\$825,914	0
2012	\$824,353	0

Funding Mechanism

Under Title I of WIA, formula funds are provided to states and local areas for the operation of WIA Youth training programs, in accordance with 29 USC 2851 Chapter 4. Funds for youth services are allocated to state that in turn, allocate funds to local areas based on a formula distribution as defined in Sec.127(b)(1)(C)(ii) of WIA.

FY 2013

To address the skill needs and youth employment issues anticipated in 2013, the Department requests \$824,353,000 for the WIA Youth program, the same as FY 2012 enacted level. These funds will serve over 238,000 low-income youth who face barriers to employment. The Department has set a placement in employment/education/training target of 54.0 percent, a degree/certificate attainment target of 51.4 percent, and a literacy/numeracy gains target of 38.6 percent. In order to meet these targets, the Department will promote and/or implement a number of strategies within four focus areas: increasing credential attainment, increasing work experience and training in the health care sector, connecting to private sector employers, and developing and expanding collaborative partnerships to leverage resources for youth participants.

Increasing the credential attainment of WIA youth participants is essential if they are to demonstrate mastery of desired skills that will help them compete in our knowledge-based economy. BLS reported that 43 percent of job openings between 2008 and 2018 will be “middle-skill” jobs – those requiring more than a high school diploma but less than a bachelor’s degree. Occupations that usually require a post-secondary degree or award are expected to account for nearly half of all new jobs from 2008 to 2018 and one-third of total job openings.¹² DOL will continue to promote credential attainment for WIA Youth program participants, especially in high-growth sectors such as health care.

Health care is one of the fastest growing industries in the nation and can be an excellent field for youth who are at-risk, out-of-school, or have other barriers to employment. According to the BLS, 10 of the 20 fastest growing occupations are health care-related. Health care is projected to generate 3.2 million new wage and salary jobs between 2008 and 2018, more than any other industry. Most workers in health care have positions that require less than four years of college

¹² <http://www.bls.gov/news.release/ecopro.nr0.htm>

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education. For example, health technologists and technicians, such as medical records and health information technicians, radiologic technologists and technicians, and dental hygienists, are typically graduates of one-year or two-year post-secondary training programs. The Department will continue to provide states and local workforce areas information and assistance to create training and work experience opportunities for WIA youth participants in the health care field.

A primary function of the workforce system is to facilitate connections between youth seeking jobs and businesses seeking workers. The Department will continue to assist WIA Youth programs in emphasizing training in growing and viable industry sectors, improving their ability to connect to employers through increasing local area staff capacity, strengthening outreach and services to employers, and working with employers to identify paid and unpaid work experience opportunities for low-income youth both during the summer and throughout the year. In particular, the Department will emphasize the value of private sector work experience opportunities. Providing youth with valuable work experience in the private sector can offer immense opportunities as they begin to develop important real-world work skills and build their resumes. According to evaluations conducted by Mathematica Policy Research on summer and post-summer youth employment initiatives under the American Recovery and Reinvestment Act of 2009, “the private sector can be a good source of high quality jobs for many participants, particularly older, more experienced youth.”¹³ Many of the local areas studied found that private sector employment could “broaden the opportunities for youth and/or increase the likelihood that the summer job would lead to permanent work placement at the job site.”¹⁴

Finally, the Department will continue to assist WIA Youth programs in developing collaborative partnerships and leveraging resources. In particular, the Department will work with the Departments of Education (ED), Health and Human Services (HHS), and other Federal agencies to develop interagency strategies to strengthen the impact of Federal programs, including WIA Youth, in serving disconnected youth and identify opportunities for enhanced flexibility and collaboration. The Department will build on collaborative partnerships with HHS around utilizing Temporary Assistance for Needy Families (TANF) funds as well as partnerships with the Departments of Interior and Agriculture around utilizing funds for work experience on public lands. The Department will also explore new partnership opportunities with the Department of Housing and Urban Development (HUD) for youth residing in public housing, with the Department of Education (ED) in order to increase literacy skills for out-of-school youth deficient in basic skills, and with the Interagency Council on Homelessness to better assist homeless youth. Finally, through the \$10 million set aside for disconnected youth in the Workforce Innovation Fund, the Department will coordinate with HHS and ED to improve services to disconnected youth.

In order to deploy these strategies and achieve these outcomes, the agency request level for WIA Youth Activities is \$824,353,000, the same as the FY 2012 enacted level. With this amount of

¹³ Jeanne Belotti et al., *Reinvesting in America's Youth: Lessons from the 2009 Recovery Act Summer Youth Employment Initiative*, Mathematica Policy Research, Inc., 2010, p. xxxii.

¹⁴ Rosenberg, Linda et al. “Using TANF Funds to Support Subsidized Youth Employment: The 2010 Summer Youth Employment Initiative.” Mathematica Policy Research, 2011, p.35

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funding, approximately 238,597 youth would be served based on the Program Year 2010 cost per participant of \$3,455.

Statewide reserve funds allocated to the Governors under the Workforce Investment Act will remain at the five percent level in FY 2013 as established in FY 2011 and continued in 2012. This will ensure that local workforce areas do not have reduced allotments. Statewide reserve funds are often used by Governors to operate demonstration projects within local areas; however, the Workforce Innovation Fund will offset the loss of such funds by providing targeted demonstration projects across the country. The Workforce Innovation Fund will be able to test specific innovative models across the country that can be applied to future programming, arguably a more effective use of funds to pilot what works than disparate state projects.

FY 2012

In FY 2012, the funding for the WIA Youth program is \$824,353,000, a decrease of \$1,561,000 from the previous year. At the FY 2012 level, DOL expects to serve an estimated 238,597 youth participants in WIA Youth program activities.

DOL is encouraging states and local areas to continue to focus on work experience strategies. With the preparation provided by the WIA Youth program, particularly the work experience component, low-income youth will be better positioned to enter the workforce, successfully complete secondary education and transition to post-secondary education, and obtain the skills necessary to succeed in the fastest-growing job sectors. The Department is also continuing to develop collaborative partnerships aimed at aligning services to targeted youth at the Federal, state, and local levels for serving the neediest youth. These efforts include continuing to participate in a Federal interagency working group focused on coordinating resources for serving disconnected youth and collaborating with the Department of Education to better link workforce and education systems. In addition, DOL continues to build its existing partnership with the Department of Health and Human Services to connect the public workforce system with TANF programs. The Department plans to strengthen partnerships with the Departments of Interior and Agriculture that were started with a pilot program in 2010 to increase opportunities for youth to work in outdoor occupations and learn about natural resources and conservation on Federally-managed public and tribal lands.

To help grantees achieve stated outcome goals, the Department continues to focus its technical assistance in key areas including: (1) increasing credential attainment for the WIA youth population through tools and best practices for the public workforce system that can help increase credential attainment among low-income youth; (2) assisting local areas in offering training and work experience opportunities in the health care field, especially in allied health professions; (3) assisting local areas in increasing the basic literacy skills of participants; and (4) assisting local areas in engaging businesses in order to create work experience opportunities for low-income youth.

Of funds set aside for statewide activities, states are authorized to reserve no more than five percent of the total allotments for the Youth program for state administration. As a result, states will be running more efficient, streamlined operations while continuing to make investments in

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activities central to the management of funds. This decrease in the Governor's Reserve from 15 to 5 percent will also impact some states that use these funds for innovative statewide activities. However, the investment in the Workforce Innovation Fund will offset the loss of such funds by providing for targeted demonstration projects across the country.

FY 2011

In FY 2011, funding for the WIA Youth program was \$825,914,000, a decrease of \$98,155,000 from the previous year. In FY 2011, DOL will serve an estimated 249,747 youth participants in WIA Youth program activities.

In 2011, the Department published Training and Employment Guidance Letter (TEGL) No. 30-10 providing guidance for states and local workforce investment areas that emphasized a number of areas including: 1) strengthening partnerships to leverage resources and opportunities; 2) building capacity to increase credential attainment and improve the quality of credentials earned, including aligning credentials with jobs in demand; 3) developing programs that provide career pathways in high-demand sectors, such as health care and energy; and 4) improving employability skills through paid and unpaid work experiences and training.

In addition, the Department's Employment and Training Administration and Office of Disability Employment Policy jointly published TEGL No. 31-10 providing information and resources on promising practices and successful strategies that promote the enrollment, education, training, and employment outcomes of youth with disabilities. The strategies articulated in the guidance letter included: 1) enhancing staff capacity to serve youth with disabilities; 2) implementing a universal design approach and universal learning strategies; 3) incorporating strength-based assessment and career development plan strategies; 4) providing work experience opportunities; 5) building connections to One-Stop Career Centers and developing and strengthening their capacity to serve youth with disabilities; and 6) expanding partnerships to increase services to youth with disabilities.

The Department continued its focus on developing collaborative partnerships at the Federal, state, and local levels for serving the youth most-in-need. These efforts included participating in a Federal interagency working group focused on coordinating resources for serving disconnected youth, and participating in working groups with the Department of Education in order to better link workforce and education systems, and with the Department of Health and Human Services to explore ways to better connect the workforce system with TANF programs. In addition, DOL partnered with the Departments of Agriculture and Interior to encourage the workforce system to partner with public land management agencies in order to increase work experience opportunities for youth on public lands. The partnership resulted in the publication of a joint letter among the three agencies encouraging such partnerships

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DETAILED WORKLOAD AND PERFORMANCE				
	PY 2010 Enacted	PY 2011 Enacted	PY 2012 Enacted	PY 2013 Request
	Result	Target	Target	Target
Youth Activities				
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.	--	--	--	--
Percent of participants who achieve literacy or numeracy gains of one AE level	41.50%	40.40%	39.70%	38.60%
Formula Grant Participants	267,454	249,747	238,597	238,597
Formula Grant Cost Per Participants	\$3,455.00	\$3,307.00	\$3,455.00	\$3,455.00
Strategic Goal 1 – Prepare workers for good jobs and ensure fair compensation.	--	--	--	--
Outcome Goal 1.2 – Assuring skills and knowledge that prepare workers to succeed in a knowledge-based economy, including in high-growth and emerging industry sectors like “green” jobs.	--	--	--	--
Percent of participants entering employment or enrolling in post-secondary education, the military or advanced training/occupational skills training in the first quarter after exit.	59.00%	53.30%	53.60%	54.00%
Percent of participants who earn a diploma, GED, or certificate by the end of the third quarter after exit.	59.50%	54.70%	53.40%	51.40%

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

Workload and Performance Narrative

The detailed workload and performance table provides estimates for the number of youth participants served through WIA Youth Activities. In FY 2013, the Department estimates \$3,455 as the average cost per participant for WIA Youth Activities. This is based on actual cost per participant data from the most recent full program year (PY 2010).

The performance indicators for WIA Youth Activities include placement in employment and education measuring the percent of participants entering employment or enrolling in post-secondary education, the military, or advanced training/occupational skills training in the first quarter after exit; the degree/certificate attainment rate that measures the percent of participants who earn a diploma, GED, or certificate by the end of the third quarter after exit; and the literacy/numeracy gains measure that measures the percent of basic skills deficient participants who achieve literacy or numeracy gains of one educational functioning level.

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The targets are based on a methodology developed by the Department 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. These targets do not change based on specific levels of funding for the program. Data used to create these targets come from WIA Youth program results spanning the period 2000 to 2009. The Department developed these program-specific regression targets based on the most recent annual results. In the next few months, targets will be updated based on PY 2010 results.

The training and employment services delivered through the WIA Youth program are designed to address all three outcomes. States and local areas target their service delivery strategies to the specific needs of their employer and youth populations, and DOL provides policy and programmatic guidance to help states and local areas identify strategies that are beneficial in improving successful outcomes in the current economy. In the FY 2013 budget section, the Department outlines four specific strategies to achieve its performance targets for the WIA Youth program in the current economic environment, when the proportion of the youth population that are employed is at a record low.

Because credential attainment is associated with improved employment outcomes for workers, the strategy of increasing credential attainment should not only result in an increased degree/certificate attainment rate, but also result in improved placement outcomes. Given the projected growth in the health care sector, the strategy of assisting local areas to create additional training and work experience opportunities in the health care field will lead to increased employment rates and credential attainment for WIA youth participants. An increased focus on private sector employer engagement should lead to increased placement in employment as evidenced by the aforementioned Mathematica evaluation. The strategy of partnering across agencies will result in better aligned and leveraged resources devoted to serving low-income, disconnected youth and provide more opportunities for such youth to receive work experiences, including summer employment. Research from the Center for Labor Market Studies suggests paid work experience may improve educational and employment outcomes for at-risk youth¹⁵, therefore DOL believes that increasing the opportunities for work experience for these youth is a promising strategy that may result in higher employment and increased high school graduation rates.

The Department monitors grantee performance regularly through Federal Project Officers in regional offices to ensure that they are on target to meet performance goals. Such monitoring informs the design and delivery of technical assistance to improve performance.

The Department also conducts evaluations of the WIA formula programs to assess the specific strategies promoted to support goal achievement. The results of such evaluation and research are used to revise and update strategies regularly. The Department has evaluated several components

¹⁵Sum. A. et al. 2008. "The Historically Low Summer and Year Round 2008 Teen Employment Rate: The Case for An Immediate National Public Policy Response to Create Jobs for the Nation's Youth." Center for Labor Market Studies, Northeastern University.

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of the Recovery Act-funded programs related to youth services. The Department has funded an implementation evaluation of the Recovery Act Summer Youth Employment Initiative and has issued a report from that study, *Reinvesting in America's Youth: Lessons from the 2009 Recovery Act Summer Youth Employment Initiative*. The Department is sponsoring three additional evaluation studies of summer youth employment initiatives under the Recovery Act: (1) an evaluation of post-summer 2009/2010 youth services; (2) an evaluation of Indian and Native American youth services, and (3) an evaluation of youth services funded with TANF Emergency Contingency funds. Reports for all three evaluations were published in January 2012 and will inform future program design and technical assistance efforts.

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	0	0	0	0
41.0	Grants, subsidies, and contributions	825,914	824,353	824,353	0
	Total	825,914	824,353	824,353	0

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CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$0

Advisory and assistance services 0

Other services 0

Grants, subsidies, and contributions 0

Built-Ins Subtotal \$0

Net Program \$0

Direct FTE 0

Estimate FTE

Base \$824,353 0

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req. / FY 12 Enacted
Budget Authority	1,285,541	1,232,217	1,230,214	-2,003
FTE	0	0	0	0

Introduction

The Workforce Investment Act (WIA) Dislocated Worker program serves workers who have lost their jobs as a result of layoffs by preparing them for good jobs in several ways:

- This program increases workers' incomes by helping eligible dislocated workers access the training they need to obtain employment in new and emerging industry sectors.
- It helps low-income unemployed workers find a path into middle-class jobs through the provision of supportive services and needs-related payments that make it possible for them to enter into and remain in training and continuing education;
- It helps dislocated workers remain in the middle class by providing services such as job placement and career counseling that accelerate reemployment for skilled jobseekers.
- It helps dislocated workers in areas impacted by disasters remain in the middle class by providing temporary employment until their permanent job returns, and providing the long-term unemployed with needed work experience to put them on the path to middle class jobs.

The U.S. is still experiencing high levels of unemployment. The Congressional Budget Office (CBO) projects that unemployment rates will remain over 7 percent until 2015.¹⁶ Roughly 50 percent of the millions of unemployed have been unemployed for more than 26 weeks. Those who have been out of work for six months or more are likely to be among the last to find jobs, with a substantial number of unemployed individuals experiencing health issues and moving onto the disability insurance rolls as they become discouraged in searching for new jobs.¹⁷

Simultaneously, there is a growing mismatch between the demands of the jobs created and the skills of available workers. Recent data from the Bureau of Labor Statistics¹⁸ (BLS) indicate that occupations that usually require a post-secondary degree or award are expected to account for nearly half of all new jobs from 2008 to 2018 (and one-third of total job openings) and the fastest growth will occur in occupations requiring an associate degree. However, BLS data also indicate that of the nearly 14 million unemployed adults, approximately half lack a post-secondary degree or certificate. Furthermore, of the 352,699 dislocated workers who received WIA intensive or training services in FY 2010, 55.9 percent had only high school equivalency education or less.¹⁹ The skills needed by these workers suggest that many of them could be left behind in the

¹⁶Congressional Budget Office, Outlook 2012-2022. <http://www.cbo.gov/>

¹⁷*Long-Term Unemployment: Causes, Consequences and Solutions*, 111th Congress, (April 29, 2010) (testimony of Lawrence F. Katz)

¹⁸<http://www.bls.gov/news.release/ecopro.nr0.htm>

¹⁹http://www.doleta.gov/performance/results/pdf/PY_2010_WIASRD_Data_Book.pdf

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economic recovery. However, the Dislocated Worker program will strive to not let these individuals be left behind as indicated by the Department's Priority Goal which stresses the importance of attaining an industry-recognized credential or degree for Dislocated Workers, among others. The program will strive to get them back into the workforce quicker by increasing the percent of exiters who attain an industry-recognized credential.

There is evidence to demonstrate the effectiveness of employment and training services for helping dislocated and unemployed workers gain new skills and find new jobs. During this challenging job market, while entered employment dipped for some DOL programs, the Dislocated Worker program saw 77.7 percent of participants entering employment after training, versus 52.6 percent for dislocated workers who did not receive training services.²⁰ Evaluation results of the impact of WIA services on Dislocated Workers are mixed, but one net impact study of WIA services indicated that participation in training resulted in net earnings of more than \$380 per quarter for employed WIA Dislocated Worker participants. When provided with other WIA services such as employment services and career counseling, WIA services increased employment by 10 percentage points.²¹ The Workforce Investment Act Non-Experimental Net Impact Evaluation Report raised the issue of the benefits of the WIA Dislocated Worker program. The study showed that the WIA Dislocated Worker program had a positive impact on employment for individuals. The study, however, showed some limits on the impacts of training, including on participant post-program earnings; however, it is important to realize those who are referred to training often have more barriers to employment. Individuals with more barriers to employment are less likely to have higher earnings than those who do not have as many barriers. DOL is continuing to enhance the positive aspects of training by focusing it on industry recognized credential attainment. By focusing training on credential attainment for in demand occupations and fields, DOL believes WIA Dislocated Workers earnings will increase.

To address these challenges and to meet the Department's goal of winning the future by out-innovating and out-educating our competition, the WIA Dislocated Worker program effectively and efficiently provides employment and training services to help dislocated and unemployed workers gain new skills and find jobs in sectors that are projected to grow. The WIA Dislocated Worker program accomplishes this by providing an array of services to meet the needs of each jobseeker through a network of nearly 3,000 One-Stop Career Centers nationwide in all 50 states, the District of Columbia, Guam and Puerto Rico. The eligibility for the WIA Dislocated Worker program includes those individuals dislocated as a result of plant closings or mass layoffs, and who are unlikely to return to employment in their previous industries (including separated veterans); formerly self-employed individuals; and displaced homemakers who have been dependent on the income of another family member but are no longer supported by that income.

WIA offers a variety of service options to dislocated workers, ranging from basic "core" services such as a job search and placement assistance and real-time labor market information, to more

²⁰http://www.doleta.gov/performance/results/pdf/PY_2010_WIASRD_Data_Book.pdf

²¹Hollenbeck, K., et al. *Net Impact Estimates for Services Provided through the Workforce Investment Act*, 2005. http://wdr.doleta.gov/research/keyword.cfm?fuseaction=dsp_puListingDetails&pub_id=2367&mp=y&start=81&sort=7

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“intensive” services such as comprehensive skills assessments, career counseling and career planning. For dislocated workers needing new or upgraded skills, training services are available, including but not limited to: occupational skills training; on-the-job training; workplace training and related instruction programs, including Registered Apprenticeship; skill upgrading and retraining; adult education and literacy training; and customized training. DOL has emphasized training as a path to credential attainment to make dislocated workers more competitive in today’s job market. In addition, dislocated workers may receive supportive services, such as transportation, child care, and needs-related payments to assist them in entering into and remaining in training.

National Emergency Grants (NEGs) are also available to temporarily increase the capacity of state, local, and tribal governments to provide dislocated worker services in response to large layoff events, which exceed the capacity of their Dislocated Worker formula resources. The funding is provided to eligible entities through discretionary grants. NEGs also provide funding for disaster relief employment for affected workers in areas declared eligible for public assistance, as defined by the Stafford Disaster Relief and Emergency Assistance Act, administered by the Federal Emergency Management Agency (FEMA). In FY 2011, 101 NEGs were awarded to provide services to eligible participants.

Dislocated Worker demonstrations and technical assistance and training funds available through this appropriation promote strategies to help individuals gain credentials that strengthen reemployment outcomes, increase quality career guidance and training services, target hard to serve and disadvantaged dislocated worker populations, and promote workforce system innovation in both the Dislocated Worker formula program and NEGs.

The WIA Dislocated Worker program, supported by NEGs, is well-positioned to help meet the needs of displaced workers and employers, which supports the Department’s Priority Goal of connecting industries’ needs for a skilled workforce to the public workforce system’s trained workers to enhance U.S. competitiveness. The increase in credential attainment, combined with the provision of more intensive and training services to workers to increase their competitiveness and a focus on increased business services, will help businesses hire qualified workers.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$1,323,373	0
2009	\$1,341,891	0
2010	\$1,413,000	0
2011	\$1,285,541	0
2012	\$1,232,217	0

Funding Mechanism

WIA funding allotments for states and outlying areas are based on formula provisions defined in the WIA. Under Title I of WIA, formula funds are provided to states and outlying areas for the operation of both Adult and Dislocated Worker employment and training activities, in

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accordance with 29 USC 2861. States distribute resources by formula to local workforce investment areas.

A portion of Dislocated Worker program funds are held in the National Reserve. The National Reserve funds NEG, demonstrations, technical assistance and training activities, and Dislocated Worker programs in the United States' outlying areas.

FY 2013

In order to deploy these strategies and achieve the outcome goals, the budget requests \$1,230,214,000 for WIA Dislocated Worker activities in FY 2013, a reduction of \$2,003,000 from the FY 2012 enacted level. In order to fund core, intensive, and training services in all 50 states and the territories, using the strategies outlined above, DOL requests \$1,006,526,000 in Dislocated Worker formula funds and \$223,688,000 for the National Reserve Account, which provides for NEG, to continue to meet unanticipated increases in demand for employment and training services throughout the country.

To address the continued high demand for dislocated worker services and in support of the Department's goal of helping individuals find reemployment in good jobs that provide family sustaining wages, in FY 2013 the WIA Dislocated Worker formula grant program estimates it will serve 584,065 dislocated workers with an Entered Employment Rate of 51.9 percent, an Employment Retention Rate of 78.7 percent, and Six-Month Average Earnings of \$16,567. The NEG program projects an Entered Employment Rate of 63.6 percent, an Employment Retention Rate of 78.1 percent, and Six Months Average Earnings of \$13,919. To accomplish these goals, the Department will provide states with guidance and technical assistance so that funds are used to provide high quality, data-driven job search assistance, career counseling and training services to equip dislocated workers with in-demand skills that facilitate their reemployment.

The Department will increase the impact of dislocated worker resources by raising the credential attainment rate for customers receiving training. Specifically, the Department's strategies to achieve its goals of transitioning unemployed individuals to reemployment in jobs that offer promising career pathways include providing high-quality training for in-demand jobs in emerging, high-growth industries and connecting workers to employers. Acknowledging that most dislocated workers must continue to earn wages while gaining skills, the Department is committed to offering on-the-job training (OJT) as both a reemployment and training strategy for dislocated workers, with a particular emphasis on smaller employers. The Department is also emphasizing providing more flexible training options that meet the needs of adult learners and workers in transition, including greater access to integrated education and training models, on-line training, and Registered Apprenticeship. A range of dislocated workers may benefit from these offerings including transitioning veterans who qualify for dislocated worker services.

In addition, the Department will provide technical assistance to the workforce system to help it leverage a wider array of supportive services available to dislocated workers to support training completion (such as Pell Grants, Temporary Assistance for Needy Families, Supplemental Nutrition Assistance, and co-enrollment in WIA Title II). Furthermore, the Department will

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continue to provide technical assistance to help the system better engage employer customers in the identification of necessary skills, program design and feedback on training program success. The Department believes that stronger employer partnerships lead to improved employment and retention outcomes.

The Department will emphasize the use of these same strategies in the NEGs it awards to provide dislocated workers services that will accelerate their reemployment into middle-class jobs. A focus on customizing services to the needs of particular workers, such as those that may have English language barriers or occupational skill gaps, will assist the Department in achieving its goals of preparing workers for good jobs and ensuring they remain in the middle class. Some dislocated workers may only require job search assistance, while others may require training to help them move into other occupations. Supportive services will also be available to those that need them to ensure they can quickly enter, remain in, and complete training. This mix of services is used to help workers adapt to changing skills needs of employers, as jobs continue to move from traditional industries, to growing areas such as health care, technology, and green jobs.

Statewide reserve funds allocated to the Governors under the Workforce Investment Act will remain at the five percent level in FY 2013, as established in FY 2011 and continued in FY 2012. This will ensure that local workforce areas do not have reduced allotments. Statewide reserve funds are often used by Governors to operate demonstration projects within local areas; however, the Workforce Innovation Fund will partially offset the loss of such funds by providing targeted demonstration projects across the country. The Workforce Innovation Fund will be able to test specific innovative models across the country that can be applied to future programming, arguably a more effective use of funds to pilot what works than disparate state projects.

FY 2012

In order to deploy these strategies and achieve the outcome goals, the enacted budget allots \$1,232,217,000 for WIA Dislocated Worker activities in FY 2012. In order to fund core, intensive, and training services in all 50 states and the territories, DOL has received \$1,008,151,000 in Dislocated Worker formula funds and \$224,066,000 in the National Reserve Account, which provides for NEGs.

To address the continued high demand for dislocated worker services and in support of the Department's goal of helping individuals find reemployment in good jobs that provide family sustaining wages, in FY 2012 the WIA Dislocated Worker formula grant program estimates it will serve 602,561 dislocated workers with an Entered Employment Rate of 50.6 percent, Employment Retention of 78.3 percent, and Six Months Average Earnings of \$15,840. The NEG program projects an Entered Employment Rate of 62.0 percent, an Employment Retention Rate of 77.5 percent and Six-Month Average Earnings of \$13,308. To accomplish these goals, the Department is providing states with guidance and technical assistance so that funds are used to provide high quality, data-driven job search assistance, career counseling and training services to equip dislocated workers with in-demand skills and facilitate their reemployment.

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

Specifically, DOL's strategies to achieve its goals of transitioning unemployed individuals to reemployment in jobs that offer promising career pathways include: 1) improving the use of labor market information, skills assessment tools, and social media technologies to enhance the quality of job search assistance and career counseling services offered to dislocated workers; 2) providing high quality training for in-demand jobs in emerging, high growth industries including green jobs, health care and advanced manufacturing; 3) offering on-the-job training (OJT) as both a reemployment and training strategy for dislocated workers; 4) providing more flexible training options that meet the needs of adult learners and workers in transition, including greater access to integrated education and training models, on-line training, and Registered Apprenticeship; and 5) leveraging a wider array of supportive services available to dislocated workers to support training completion (such as Pell Grants, Temporary Assistance for Needy Families, Supplemental Nutrition Assistance, and co-enrollment in WIA Title II).

DOL emphasizes the use of these same strategies in the NEG's it awards to provide dislocated workers impacted by mass layoffs the retraining and reemployment services that will assist them in obtaining good jobs and returning to the workforce as quickly as possible. Areas affected by Base Realignment and Closure (BRAC) actions will continue to be recipients of NEG funds, as needed, which aid civilian workers and military spouses in finding appropriate jobs when jobs on their bases are transitioning to other areas, or to support the growth of communities where bases are taking on new missions. Finally, dislocated workers in disaster-impacted areas, such as the Eastern Seaboard states hit by Hurricane Irene and subsequent flooding, will be supported by NEG funds that provide temporary jobs for clean-up work.

While some dislocated workers may only require job search assistance, others benefit from training to help them move into other occupations. Some also benefit from supportive services to ensure they can quickly enter, continue, and complete training. These services are used to help workers adapt to changing labor needs, as jobs continue to move from traditional manufacturing and service industries to growing areas in health care, technology, and green jobs. A focus on customizing services to the needs of a particular worker population, such as workers with occupational or English language skills gaps, will contribute to helping DOL achieve its goals of preparing workers for good jobs and ensuring they remain in the middle class.

With 220,000 post-9/11 era veterans currently unemployed and over one million more service members projected to leave the military over the next five years, DOL is also actively supporting the Administration's comprehensive plan to address veterans' unemployment and ensure separating service members leave the military career-ready. Veterans who are eligible dislocated workers will receive priority of service within the Dislocated Worker program.

Of funds set aside for statewide activities, states are authorized to reserve no more than five percent of the total allotments for the Dislocated Worker program for state administration. As a result, states will be running more efficient, streamlined operations while continuing to make investments in activities central to the management of funds. This decrease in the Governor's Reserve from 15 to 5 percent will also impact some states that use these funds for innovative statewide activities. However, the investment in the Workforce Innovation Fund will partially offset the loss of such funds by providing for targeted demonstration projects across the country.

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

FY 2011

The enacted level for the WIA Dislocated Worker program in FY 2011 was \$1,285,541,000, of which \$1,061,807,000 was used for formula grants to states to provide core, intensive, and training services to dislocated workers. As in FY 2010, the number of dislocated workers seeking services through the One-Stop Career Centers remained unusually high. Partially due to additional resources from the American Recovery and Reinvestment Act of 2009, nearly 1.2 million participants were reported in PY 2010, approximately twice the number served in PY 2008, and three times as many as PY 2007. As the funding for the Recovery Act has ended, the Department anticipates participant levels to decline closer to the Pre-Recession and Recovery Act levels. The Department executed a year of focused technical assistance efforts to support the workforce system in meeting this increased demand, developing strategies and tools for service delivery that maximized reemployment for participants.

In response to the Administration's urgent priority to improve the skills, knowledge, and credentials of American workers, ETA partnered with the Department of Education's Office of Vocational and Adult Education (OVAE) on a Career Pathways Technical Assistance Initiative directed at strengthening career pathway systems for low-skilled adults and dislocated workers. Nine states and two Indian and Native American entities received grants to convene the necessary partners, including local employers and representatives from the workforce, education, and human services fields, to build comprehensive career pathway systems. These grants increased the capacity of local areas to design and implement career pathway programs for adults and dislocated workers that increase attainment of industry-recognized credentials, and enabled state and local policymakers to align administrative policies across state agencies in support of career pathway models.

The Department and OVAE supported these efforts through a tailored technical assistance approach, which included two institutes. These institutes provided the opportunity for up to 150 participants and subject matter experts to convene and exchange ideas, share promising practices, and jointly develop strategic plans to forward career pathways efforts in their states and local communities. The Department also launched the Career Pathways Initiative Community of Practice (CoP), which included a variety of resources to develop and support state and local career pathways frameworks.

Two other focused technical assistance efforts supported states in meeting the elevated need for dislocated worker services. With the labor market in flux and ongoing pressure to maximize public resources, the Enhancing Workforce Leadership project explored the meaning and practice of leadership in workforce development, collected and archived practices, tools, and insights from workforce leaders, and helped build leadership capacity within the workforce system. Additionally, ETA delivered intake and assessment technical assistance to states to encourage them to assess the skills, abilities, and career goals of all eligible dislocated workers to help them map their skills against current and anticipated growth industries. Accurate assessments, delivered in conjunction with other dislocated worker services, help low-skilled program participants increase their likelihood of a living wage and self-sufficiency.

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

The Dislocated Worker program, through state and local Rapid Response units, also began adopting a more proactive model of worker transition. At a number of Regional Roundtables, attended by over 100 Rapid Response local staff, innovative approaches and a state self-assessment tool were presented to promote a common understanding of Rapid Response services available to dislocated workers and layoff aversion strategies that can help minimize the impact of layoffs.

ETA also received \$223,734,000 in the National Reserve Account, and with these funds, awarded 101 NEG's in FY 2011. These funds continued to support Americans losing jobs in manufacturing, including those impacted by layoffs at automotive companies, and in the RV and aerospace manufacturing industries, by providing employment and training opportunities for eligible dislocated workers to move to other high-growth industries. NEG funds also provided reemployment services for workers in Florida affected by the decommissioning of the Space Shuttle program. Clean-up and recovery from the devastating tornado that impacted Joplin, Missouri continues with support from NEG funds, through the creation of temporary clean-up jobs, as well as job search assistance and retraining opportunities for dislocated workers.

With 14 million unemployed workers in the country, nearly 45 percent of whom are experiencing prolonged unemployment, the Department's American Recovery and Reinvestment Act (ARRA) OJT NEG's served to meet the needs of both dislocated workers in need of acquiring relevant job skills as well as employers who are increasingly in need of a skilled workforce to grow and compete. During this initiative, ETA developed six new training modules focused on assisting state and local workforce practitioners in identifying and serving prolonged unemployed workers with OJT, and shared success stories and promising practices throughout the system. The ARRA OJT NEG's revitalized and expanded the use of this important training model, building the workforce system's capacity to further utilize the model in the future.

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

DETAILED WORKLOAD AND PERFORMANCE				
	PY 2010 Enacted	PY 2011 Enacted	PY 2012 Enacted	PY 2013 Request
	Result	Target	Target	Target
Dislocated Workers Employment and Training Activities				
Dislocated Workers Budget (Formula Grants)	\$1,066,651,180	\$1,061,807,000	\$1,008,151,000	\$1,006,526,000
Dislocated Workers Budget (National Emergency Grants)	\$220,892,820	\$223,734,000	\$224,066,000	\$223,688,000
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.	--	--	--	--
Six Month Average Earnings (Formula Grants)	\$17,550.00	\$15,418.00	\$15,840.00	\$16,567.00
Six Month Average Earnings (National Emergency Grants (NEG))	\$16,651.00	\$12,953.00	\$13,308.00	\$13,919.00
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 Rate (Formula Grants)	57.30%	49.70%	50.60%	51.90%
Entered Employment Rate (National Emergency Grants)	67.90%	61.00%	62.00%	63.60%
Participants Served in Employment and Training Activities (Formula Grants)	1,196,242 ²²	653,669	602,561	584,065
Cost Per Participant Served in Employment and Training Activities (Formula Grants)	\$1,577.07 ²³	\$1,624.38	\$1,673.11	\$1,723.31
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 (Formula Grants)	81.90%	78.00%	78.30%	78.70%
Employment Retention (National Emergency Grants)	85.50%	77.10%	77.50%	78.10%

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

²² Because WIA reporting does not differentiate between formula and ARRA participants, a baseline was derived using a two year average which combines the participant workload of both the formula and ARRA funds.

²³ Cost per participant was calculated by adding PY 09 and 10 Dislocated Worker formula funds as well as the ARRA Dislocated Worker Supplemental formula funds, divided by the actual PY 09 and 10 Dislocated Worker participants served. This calculation is as follows: (\$1,241,088,750 + \$1,187,372,500 + \$1,066,651,180) divided by total workload (1,019,966 + 1,196,242) = \$1,577.07 per participant. Future cost per participant amounts use an estimated 3 percent inflation adjustment factor each year.

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

Workload and Performance Narrative

The Department measures performance in the WIA Dislocated Worker program based on three interrelated outcomes: entered employment, employment retention, and six-month average earnings. The training and employment services delivered through the WIA Dislocated Worker program are designed to address all three outcomes. States and local areas target their service delivery strategies to the specific needs of their employer and worker populations, and the Department provides policy and programmatic guidance to help states and local areas identify strategies that are beneficial in improving employment outcomes in the current economy. In the FY 2013 section, the Department outlines a number of specific strategies to achieve its performance targets for the WIA Dislocated Worker program in an improving economic environment.

The FY 2011-2013 targets for entered employment, employment retention and six-month average earnings are based on a methodology developed by the Department for setting national performance targets using regression analysis. The methodology utilizes a regression model to estimate the magnitudes of the responses of employment and training program outcomes to the effects of the business cycle and labor market conditions. The adjusted targets are produced using program results from the labor market and the Office of Management and Budget's (OMB) projections of the unemployment rate matched to the timeframe pertinent to the particular program outcome being considered. The methodology results in performance targets that reflect the expected impact of the economic environment on program performance. These targets do not change based on specific levels of funding for the program. Targets for the average earnings measure have been adjusted to correct for inflation using OMB assumptions regarding the consumer price index. The data used to create the targets come from the Workforce Investment Act Standardized Record Data (WIASRD), OMB and the Bureau of Labor Statistics (BLS) and are updated on an annual basis. In the next few months, targets will be updated based on PY 2010 results.

The Department will monitor grantee performance regularly through Federal Project Officers in regional offices to ensure grantees are 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:

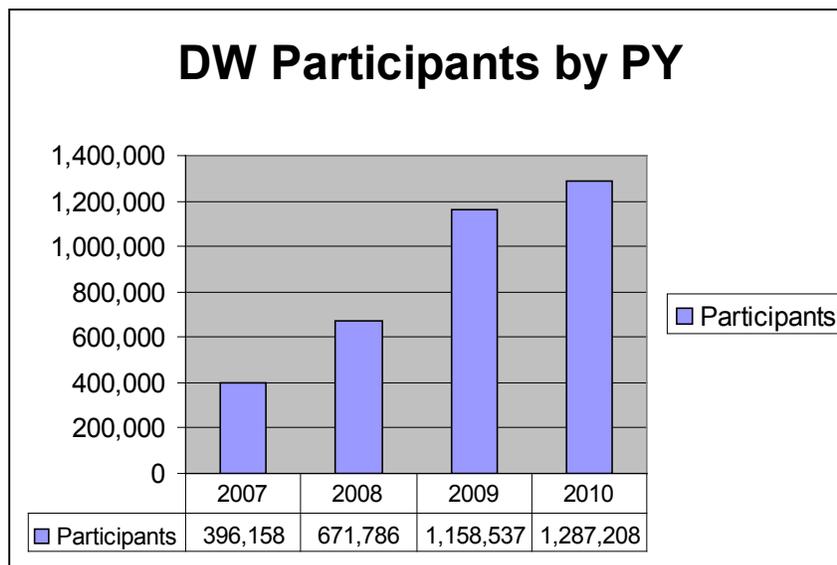
- Number of people served by the program;
- Number of people that received training;
- Number of people that received intensive services;
- Number of people in training that received a credential; and
- Amount of funds spent.

These outputs help us understand whether states are implementing strategies that will help them meet their outcome goals. In addition, DOL conducts evaluations of WIA formula programs to evaluate the specific strategies promoted to support goal achievement. The results of such evaluation and research are used to revise and update strategies regularly. In FY 2013, the WIA

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

Adult and Dislocated Worker Gold Standard Evaluation (WGSE) will continue. The WGSE is a rigorous, random assignment evaluation of the formula programs established under Title I of WIA. The evaluation is examining the Adult and Dislocated Worker programs' impacts on participants' post-program employment and earnings and their cost-effectiveness. The evaluation is comparing the outcomes of WIA participants who receive intensive services and training to the outcomes of similar individuals who receive WIA core services only. The evaluation will provide critical intelligence on the impact and cost effectiveness of intensive and training services for participants in the WIA program. The first impact findings from the WIA Gold Standard Evaluation are expected to be available in 2014.

Over the last several years, demand for WIA Dislocated Worker services has risen dramatically as reflected by the increase in participants (see table below). The workforce system was able to help meet the demand through normal Dislocated Worker funding and the supplemental \$1.435 billion ARRA investment.



While the recession created unprecedented demand for services from the workforce system, the added capacity from ARRA has expired and funding levels for Dislocated Worker programs has remained flat, and is now decreasing. The demand is expected to remain high, but with reduced resources the capacity to continue to serve and train such a high number of individuals is reduced. Participant targets for PY 2011 and PY 2012 demonstrate a likely return in participant levels to the PY 2008 range.

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

Additional data is collected on the intensity of participant services based on the number served, exiters, and those with positive outcomes for entered employment:

PY 2010	WIA DW	WIA NEG
Total Participants	1,196,242	58,794
Core Only	569,581	2,420
Intensive Only	346,051	20,389
Training	280,610	35,985
Total Exiters	713,328	23,119
Core Only	369,568	915
Intensive Only	218,806	8,862
Training	124,954	13,342
Entered Employment	337,353	14,103
Core Only	142,231	545
Intensive Only	110,278	5,685
Training	84,844	7,873

**DISLOCATED WORKER EMPLOYMENT AND TRAINING
ACTIVITIES**

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
25.1	Advisory and assistance services	0	0	0	0
41.0	Grants, subsidies, and contributions	1,285,541	1,232,217	1,230,214	-2,003
	Total	1,285,541	1,232,217	1,230,214	-2,003

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

CHANGES IN FY 2013 (Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
Advisory and assistance services	0
Grants, subsidies, and contributions	0

Built-Ins Subtotal **\$0**

Net Program **-\$2,003**
Direct FTE **0**

	Estimate	FTE
Base	\$1,232,217	0
Program Decrease	-\$2,003	0

WORKFORCE INNOVATION FUND

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req. / FY 12 Enacted
Budget Authority	124,750	49,906	100,000	50,094
FTE	0	0	0	0

Introduction

In an increasingly competitive world economy, America’s economic strength depends on the education and skills of its workers. The Federal government currently invests over \$16 billion annually in employment and training programs designed to support an efficiently functioning labor market and economy. Workforce programs are continuously called upon to do more with less – to meet the needs of a dynamic and vastly-changed national labor market and economy and address a looming skills gap in a rapidly shifting economy with diminishing resources. To succeed in this context, the workforce system must deliver services that are cost-effective, demand-driven, and high-impact – and must clearly demonstrate how it does so. The Workforce Innovation Fund (WIF or the Fund) catalyzes the transformation necessary for the workforce system to consistently achieve these goals.

Through the WIF, the Department tests a variety of innovative strategies and gathers evidence on their effectiveness, with the aim of improving the performance of the country’s workforce system by replicating what works and building a body of evidence-based practices within the field of workforce development. Moreover, the information obtained under the Fund plays a significant role in determining the future course of publicly-funded employment and training programs, and promoting coordination with human service programs that can help the workforce system achieve its goals.

The purpose of the WIF is to support innovative approaches to the design and delivery of employment and training services that generate long-term improvements in the performance of the public workforce system, both in terms of employment and training outcomes and cost-effectiveness. WIF investments target innovative service delivery strategies (for employers and jobseekers) and the systems change necessary to support, sustain, and scale those strategies. This encompasses aligning or adapting the policies, procedures, and cross-agency collaborations associated with workforce service delivery. The Department is particularly interested in systemic reforms that produce better employment outcomes for participants and improve cost-effectiveness. By focusing on change at both the service delivery and the system levels and requiring rigorous evaluation of each investment, the Department seeks to ensure that the WIF investments are the basis of systemic, large-scale improvements to the operation of the public workforce system, add new value for our customers (employers and jobseekers), and contribute to the development of evidence-based practice within the field of workforce development.

WORKFORCE INNOVATION FUND

The WIF investments are predicated on the following assumptions:

- Improved employment and training outcomes can result from innovative strategies implemented at the point of service delivery.
- At a time of constrained resources, lowering the costs and increasing the effectiveness of service delivery will often require system reform, such as coordination across different programs and funding streams and integrated planning processes and operational procedures.
- The more the public workforce system is aligned at all levels to support service innovations, the more effective it will be in improving training and employment outcomes and/or achieving outcomes at a lower cost.
- The effectiveness of service delivery innovations (and the effect of related system reforms) can be measured.
- The use of waivers can facilitate cooperation across programs and funding streams and allow experimentation with different ways of structuring and delivering services.

The WIF invests in strategies that:

- Deliver services more efficiently and achieve better outcomes, particularly for vulnerable populations and dislocated workers;
- Support both system reforms and innovations that facilitate cooperation across programs and funding streams in the delivery of client-centered services to jobseekers, youth, and employers;
- Ensure that education, employment and training services are developed in partnership with specific employers or industry sectors and reflect current and future skill needs; and
- Emphasize building knowledge about effective practices through rigorous evaluation and translating “lessons learned” into improved labor market outcomes and increased cost efficiency in the broader workforce system.

The Department will coordinate with the Departments of Education and Health and Human Services in the administration of the fund to encourage collaboration across program silos.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$0	0
2009	\$0	0
2010	\$0	0
2011	\$124,750	0
2012	\$49,906	0

Funding Mechanism

These funds will be awarded competitively through one or more Solicitation for Grant Applications and build upon strategies that were funded through the FY 2011 and FY 2012 appropriations. Eligible applicants will be States, consortia of States, or partnerships, including regional partnerships.

WORKFORCE INNOVATION FUND

FY 2013

During the third year of WIF implementation, the Department will place significant emphasis on helping formula grantees learn about and adopt promising practices from the first two years of innovation investment. In FY 2013, the Innovation Fund will build on the first two years of operation by awarding competitive grants for projects that utilize new service delivery strategies or expand evidence-based practices. The Fund will support projects that deliver services more efficiently and achieve better outcomes, particularly for vulnerable populations. The majority of grant funds will go to States or broad partnerships for implementing structural reforms and other approaches that deliver better employment and education results. Individuals with disabilities, including those with significant disabilities, will benefit substantially from activities supported by the Fund.

Building knowledge about effective practices is a crucial component of the Fund. Projects will collect reliable data to assess outcomes, inform continuous improvement, and provide meaningful information on workforce system and service provider performance, including information about how well vulnerable populations are being served. Furthermore, the Fund will support rigorous evaluation of grantee projects to identify program elements that get results and can be infused broadly into the workforce system. Up to five percent of the Fund may be used for technical assistance and evaluation, and the Departments may also allow grantees to use a portion of grant funds to conduct their own evaluations.

In order to encourage applicants to propose bold ideas and facilitate substantial improvements, the Budget requests authority to waive statutes and regulations relating to the Workforce Investment Act of 1998, the Wagner-Peyser Act, and Title I of the Rehabilitation Act. Waivers will be granted only when they are likely to substantially improve education and employment outcomes; are necessary for project implementation; are accompanied by guarantees of strong accountability and plans for rigorous evaluation; and meet such other requirements as the Secretaries may establish. In carrying out these provisions, the Secretary of Labor would not support waivers that undermine wage and labor standards, protections against discrimination or displacement, or the quality of staff providing employment services. Applicants would also be expected to provide interested parties an opportunity to comment on waiver requests and include such comments in the application.

The Fund will support projects that engage employers more deeply in the workforce system to ensure that participants get relevant training and have strong employment outcomes. It will also encourage the workforce system to seek regional and sectoral collaboration with employers, as well as educational institutions and social service providers.

The Fund will set aside \$10 million to fund projects that focus on improving services for disconnected youth, particularly youth under age 20. These funds would address overarching issues with the systems serving disconnected youth: (1) limited knowledge of what program models are most effective in helping disconnected youth achieve positive outcomes; (2) a relative lack of attention on this population at the state, local, and federal levels, and lack of coordination in addressing their needs; and (3) the need for more comprehensive approaches to meet the multi-faceted needs of members of this population who may have educational deficits,

WORKFORCE INNOVATION FUND

unstable housing, health challenges, and histories of involvement with the criminal justice system. Grants awarded with this set-aside will be used to support a number of strategies that may include: 1) effective leveraging and use of WIA Titles I and II in order to increase coordination amongst both WIA programs serving basic skills deficient youth; 2) effective leveraging and use of WIA Title I and Temporary Assistance for Needy Families (TANF) resources in order to increase coordination in serving TANF eligible youth enrolled in the WIA Youth program; 3) utilizing WIA Title I/ Substance Abuse and Mental Health Services Administration resources to support approaches for better serving youth with substance use disorders; and 4) developing comprehensive blueprints for enhanced partnerships between WIA and Department of Justice's juvenile justice programs to improve services to youth involved in the juvenile justice system.

The Administration has also requested \$5 million each in Departments of Education and Health and Human Services to develop interagency strategies to strengthen the impact of Federal programs serving disconnected youth and identify opportunities for enhanced flexibility and collaboration. A portion of these funds would be used to invest in innovative re-engagement strategies and comprehensive approaches that encourage additional academic and non-academic supports and encourage multiple pathways that prepare disconnected youth for college and career success. The Department will also explore leveraging their funds and create a \$20 million disconnected youth fund that would support grant projects such as those mentioned above. Combining these funds will maximize the number of grants awarded, increase partnerships across agencies and systems, and improve disconnected youth outcomes.

Up to \$20 million of the Fund could be awarded to support Pay for Success models. This funding mechanism is being tested in the United Kingdom as an innovative way to attract non-government investment in social service interventions. Under the Pay for Success model, the Federal government will enter into an agreement with social investors (such as philanthropic organizations), States or local communities, and service providers to provide services. The Fund will not disburse any money until the project has achieved the goals outlined in the initial agreement. If a Pay for Success pilot is unsuccessful, no Federal funds will be disbursed and any funds that had been obligated will be redirected to the Workforce Innovation Fund. The Department requests authority to test the Pay for Success model; however, it will not set aside funds for this purpose unless it has determined that such a pilot could improve outcomes for individuals, including those with barriers to employment, and social investors show interest.

The Department will work with the Department of Education, in consultation with the Executive Office of the President, the Department of Health and Human Services, and other agencies as appropriate, to develop priority areas of innovation for FY 2013.

FY 2012

A total of \$49,906,000 was appropriated for the Workforce Innovation Fund in FY 2012. In the second year of the Innovation Fund, ETA will continue to coordinate with federal partners to test systemic reforms designed to deliver comprehensive and cost-effective services that help individuals acquire skills and succeed in employment.

WORKFORCE INNOVATION FUND

The Fund is awarding competitive grants for projects that utilize new service delivery strategies or expand evidence-based practices. The Fund will support projects that deliver services more efficiently and achieve better outcomes, particularly for vulnerable populations. The majority of funds will go to States or broad partnerships for implementing structural reforms and other approaches that deliver better employment and education results.

The Department will be consulting with the Departments of Education and Health and Human Services as well as the Executive Office of the President to develop priority areas of innovation for FY 2012. For example, the Department is very interested in testing and expanding strategies that have been particularly successful at reaching populations with the most significant barriers to employment, including Pay for Success models. In addition, the Department is interested in using the Innovation Fund to support strategies that build stronger linkages between job training programs and adult education and literacy programs in order to create career pathways that enhance participants' long-term economic success.

FY 2011

A total of \$124,000,000 was appropriated for the Workforce Innovation Fund in FY 2011, the first year of the Fund. The Department was required to obligate the funds by September 30, 2012, to allow adequate time to launch a new program, ensure grant competitions are conducted with high standards and result in awards to grantees with the most promising ideas.

The Department prepared a two-part grant competition in coordination with federal partners at the Department s of Education and Health and Human Services. The first solicitation for \$98.5 million was announced in December, 2011 to support a wide range of innovative approaches to the design and delivery of employment and training services. Through a second solicitation, the Department will make up to \$20 million available to support Pay for Success models.

In the first year of the Workforce Innovation Fund, the Department prioritized projects that will achieve the following within the workforce system: 1) better results for jobseekers and employers – such as reduced duration of unemployment, increased educational gains that lead to work readiness, academic and industry-recognized credential attainment, increased earnings, increased competitiveness of employers, etc.; 2) greater efficiency in the delivery of quality services – such as, more customers (job seekers or employers) served, decreased program attrition/customer throughput, faster job placement, or achieving outcomes for lower cost or reduction in program overlap and administrative costs; and 3) stronger cooperation across programs and funding streams – such as integrated data management information systems, braided funding, or changes that create a more seamless service delivery experience for participants who need help from multiple programs.

The Department designed a grant competition that allowed the agency to invest in projects along a continuum of innovation and evidence, from new ideas that have never been tried, to well-tested ideas being adapted to new contexts. By evaluating projects along this continuum, the Fund will significantly increase the body of knowledge about what works in workforce development.

WORKFORCE INNOVATION FUND

The Department will ensure that the Fund achieves its goal by providing grantees with a comprehensive program of support for the achievement of grant objectives and outcomes throughout the life of the grant, providing a national evaluation coordinator, who will work with grantees' evaluators to ensure consistent and high quality evaluation, and broadly disseminating what we learn about what worked and what did not work.

WORKFORCE INNOVATION FUND

DETAILED WORKLOAD AND PERFORMANCE				
	PY 2010 Enacted	PY 2011 Enacted	PY 2012 Enacted	PY 2013 Request
	Result	Target	Target	Target
Workforce Innovation Fund	--	--	--	TBD

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

Workload and Performance Narrative

Performance measures will be established in fall, 2011, and baseline data will be available in 2012.

WORKFORCE INNOVATION FUND

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
22.0	Transportation of things	0	0	0	0
24.0	Printing and reproduction	0	0	0	0
41.0	Grants, subsidies, and contributions	124,750	49,906	100,000	50,094
	Total	124,750	49,906	100,000	50,094

WORKFORCE INNOVATION FUND

CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Transportation of things	\$0
Printing and reproduction	0
Grants, subsidies, and contributions	0

Built-Ins Subtotal **\$0**

Net Program **\$50,094**

Direct FTE **0**

	Estimate	FTE
Base	\$49,906	0
Program Increase	\$50,094	0

INDIAN AND NATIVE AMERICANS PROGRAM

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req. / FY 12 Enacted
Budget Authority	52,652	47,562	52,562	5,000
FTE	0	0	0	0

Introduction

The Indian and Native American Program, established under Section 166 of WIA, prepares American Indians and Native Americans for good jobs in the following ways:

- The program helps participants improve their skills through effective training programs so they can achieve their academic and occupation goals, enabling them to compete for better jobs.
- The program increases the literacy skills of the participants to position them to be prepared for occupational training in growth occupations.
- The program promotes economic and social development of Indians and Native Americans, consistent with community goals and values.

American Indians, Alaskan Natives, and Native Hawaiians are the most impoverished single group in the United States, with acutely high unemployment rates in rural or isolated reservations and villages, and are often challenged by multiple barriers to employment. One in every four (25.3 percent) American Indians/Native Americans lives in poverty, and these individuals are three times as likely to receive public assistance compared to the total population.²⁴ American Indians and Alaska Native students have the highest dropout rate of any U.S. ethnic or racial group. About three out of every ten Indian and/or Native students drop out of school before graduating from high school both on reservations and in cities.²⁵ Approximately 23 percent of American Indians and Alaska Natives ages 25 and over did not complete high school compared to 15.4 percent of the general population.²⁶

Reducing the education and employment inequality between Indian and Native Americans requires a concentrated effort to enhance education and employment opportunities, create pathways to careers and skilled employment, and help these Native Americans to enter and remain in the middle class. The WIA Section 166 program is not a substitute for the other WIA services, which must be made available to Indians and Native American job seekers residing in remote locations. However, the WIA Section 166 program is the only federal employment and job training program that serves American Indians, Alaskan Native, and Native Hawaiians who reside both on and off reservations. For most American Indians, Alaskan Native, and Native Hawaiians living on reservations or in villages, the WIA Section 166 program is the only employment and training service available.

²⁴ Census 2000 Special Report, American Indian and Alaska Native in the United States, February 2006.

²⁵ Jen Bouchard, Native American Education and Employment, 1991.

²⁶ U.S. Department of Commerce, Census Bureau, Current Population Survey (CPS), March 2003.

INDIAN AND NATIVE AMERICANS PROGRAM

The WIA Section 166 Indian and Native American program provides services to adults through a network of 180 grantees. The goals of the program and its grants are to: 1) develop more fully the academic, occupational, and literacy skills of Indians and Native Americans to make them more competitive in the workforce; and 2) promote economic and social development in accordance with the goals and values of their communities. Activities that support these goals include providing intensive training and support services needed by workers in a knowledge-based economy and ensuring training is aligned with growing industries and the unique needs of tribal communities and local employers.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$52,758	0
2009	\$52,758	0
2010	\$52,758	0
2011	\$52,652	0
2012	\$47,652	0

Funding Mechanism

WIA Section 166 authorizes grant funding to Indian tribes, Alaskan Natives, Native Hawaiians, and tribal non-profits organizations on a competitive basis; however, grantees selected from this process are funded through a statutory formula defined in WIA. A grant competition is conducted every two years to select Indian and Native American entities to administer and manage WIA Section 166 grants to provide employment and training services to unemployed and low income Indian and Native Americans. The next competition will be conducted in FY 2012.

INDIAN AND NATIVE AMERICANS PROGRAM

FY 2013

To meet the employment and training needs of the Indian, Alaskan Natives, and Native Hawaiian population in FY 2013, the Department requests \$52,562,000 in funding to operate the WIA Section 166 program. This is the same as FY 2011, and an increase of \$5,000,000 over FY 2012. At this funding level, the program will serve approximately 32,000 unemployed and under-skilled Indian, Alaskan Native, and Native Hawaiian adults, restoring the capacity of this program to FY 2011 levels. Intensive training and support services are needed to enhance employment opportunities and help these indigenous communities succeed in a competitive job market.

For FY 2013, the Department has set an entered employment rate target of 57.4 percent, an employment retention rate of 71 percent, and six months average earnings target of \$9,921. To achieve these goals, the program will continue to focus on: 1) providing Indian and Native Americans program participants with “career pathways” to increase their academic, occupational, and literacy skills that prepare them to succeed in a knowledge-based job market; and 2) promoting the economic and social development of participants in accordance with the goals and values of such communities.

To help grantees implement these strategies, the Department will devote one percent of the requested funding for training and technical assistance (TAT), which will support projects such as, but not limited to: 1) Career Pathway Institutes; 2) partnership efforts with other Federal agencies to help Indian, Alaskan Native, and Native Hawaiian communities leverage the full range of resources available to support their employment and training needs; 3) peer-to-peer training; and 4) training for new program directors. The overall priorities for the WIA Section 166 Program participants in FY 2013 are to:

- Create career pathways into middle-class jobs;
- Increase the number of American Indian, Alaskan Native, and Native Hawaiian participants who begin a career pathway;
- Increase the number of American Indian, Alaskan Native, and Hawaiian Native veterans and/or eligible spouse participants;
- Increase program effectiveness, through the use of information technology; and
- Increase compliance with program requirements.

FY 2012

In FY 2012, a total of \$47,562,000 was appropriated for the WIA Section 166 Indian and Native American Program. At this funding level, the program will serve approximately 28,950 unemployed Indians, Alaskan Natives, and Native Hawaiians. Intensive training and support are being provided to increase employment opportunities and help Indian and Native Americans enter career pathways.

In FY 2012, the program is focusing on two strategies: 1) providing Indian and Native Americans program participants with “career pathways” to increase their academic, occupational, and literacy skills that prepare them to compete in a knowledge-based job market;

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and 2) promoting the economic and social development of participants in accordance with the goals and values of such communities.

To help grantees implement these strategies, the FY 2012 budget devoted a portion of funding for training and technical assistance (TAT), which has supported projects such as, but not limited to, implementing veteran priority of service, collaborating with other Federal agencies, peer-to-peer technical assistance and training, and New Directors training, among other efforts.

The overall FY 2012 priorities for the WIA Section 166 are to:

- Increase skills and knowledge, through education and training, for unemployed Indian and Native Americans who participate in the program;
- Implement and provide training on priority of service for Indian and Native American veterans and eligible spouses;
- Increase employment and training opportunities for Indians and Native Americans;
- Establish career pathways into middle-class jobs;
- Increase program effectiveness, through the use of information technology; and
- Increase compliance with program requirements.

FY 2011

In FY 2011, a total of \$52,652,000 was appropriated for the WIA Section 166 Indian and Native American Program. At this funding level, the program is expected to serve an estimated 32,000 unemployed and under-skilled Indian, Alaskan Native, and Native Hawaiian individuals. Barriers to employment and career opportunities include lack of economic development and remoteness of Indian reservations and Alaskan villages. Illiteracy and low education attainment hinder this population's ability to succeed in a competitive labor market. Strategic program planning supported solutions to these barriers as did the input to the program provided by the Native American Employment and Training Council (NAETC).

Additionally, in FY 2011, the Department devoted a portion of funding for TAT projects including: 1) partnerships and collaborative efforts with other Federal agencies and State One-Stop Career Center systems; 2) enhancement and maintenance of information technology; 3) increased services to disconnected youth and veterans; 4) peer-to-peer technical assistance; and 5) developing training and curriculum for "green" jobs.

The Department's overall priorities for the Native American Section 166 Program in FY 2011 were to:

- Increase program effectiveness and information technology;
- Increase employment and training opportunities;
- Establish a "green" economy in tribal communities; and
- Increase opportunities for disconnected Indian veterans.

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DETAILED WORKLOAD AND PERFORMANCE				
	PY 2010 Enacted	PY 2011 Enacted	PY 2012 Enacted	PY 2013 Request
	Result	Target	Target	Target
Indian and Native American Programs				
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.	--	--	--	--
Six Month Average Earnings	\$10,175.00	\$9,363.00	\$9,575.00	\$9,921.00
Participants Served	39,372	32,000	28,950	32,000
Cost Per Participant Served	\$1,340.00	\$1,643.00	\$1,643.00	\$1,643.00
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 Rate	53.00%	54.00%	55.30%	57.40%
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 Rate	73.00%	69.60%	70.00%	71.00%

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

Workload and Performance Narrative

Performance accountability provides a link between services and outcome results achieved. The program assesses performance and efficiency through the common performance measures. The three common measures include the Entered Employment Rate, Retention Rate, and Six Months Average Earnings.

The FY 2011 - 2013 targets for entered employment, employment retention and average earnings are based on a methodology developed by the Department for setting national performance targets using regression analysis. The methodology utilizes a regression model to estimate the magnitudes of the responses of employment and training program outcomes to the effects of the business cycle and labor market conditions. The adjusted targets are produced using program results from the prior year, the responses of the various program outcomes with respect to the condition of the labor market and OMB’s projections of the unemployment rate matched to the timeframe pertinent to the particular program outcome being considered. The methodology results in performance targets that reflect the expected impact of the economic environment on program performance. These targets do not change based on specific levels of funding. Targets for the six months average earnings measure have been adjusted to correct for inflation using OMB assumptions regarding the consumer price index. The data used to create the targets come from the Workforce Investment Act Standardized Record Data, OMB, and BLS, the data is

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updated on an annual basis. In the next few months, targets will be updated based on PY 2010 results.

In PY 2010 (the latest program year in which performance results are available) the WIA Section 166 program had an entered employment rate of 53%; a retention rate of 73%; and six months average earnings of \$10,175. The results for the entered employment rate and retention rate are slightly below the established targets for PY 2010 while average earnings exceeded the PY 2010 target.

Measure	PY 2010 Target	PY 2010 Results
Entered Employment	54%	53%
Retention Rate	74.9%	73%
Average Earnings	\$9,542	\$10,175

WIA Section 166 also employs two output measures: number of participants and cost per participant. Results for the workload measures are tied to program funding and average cost per participant. The expected number of participants served increases when appropriation levels increase or when the average cost per participant decreases as a result of improved program performance. In PY 2010 the WIA section 166 program served 39,372 participants at an average cost per participant of \$1,340. The number of participants served for PY 2010 is unusually high compared to prior years. In the three years prior to PY 2010, the number of participants served ranged from 26,000 to 33,000. The increased number of participants served in PY 2010 can be contributed to two factors; 1) More Native Americans have lost their jobs or are having difficulty finding jobs. As a result, an increasing number of unemployed Native Americans are seeking services through the WIA, section 166 program and; 2) Native American grant recipients have become more effective in collecting participant data through the use of technology.

Pursuant to the WIA Section 166 (f), approximately \$10 million is transferred to the U.S. Department of the Interior as part of a demonstration project authorized under the Indian Employment and Training and Related Services Demonstration Act of 1992 (Public Law 102-477), and is deducted from the total appropriation when calculating workload data. Public Law 102-477, allows federally recognized Indian Tribes and Alaskan Natives receiving assistance under this section to consolidate such assistance with assistance received from related programs.

To achieve its FY 2013 performance goals, WIA Section 166 grantees will provide employment and training services and assistance to American Indian, Alaskan Native, and Native Hawaiians throughout the United States. The management and operation of WIA Section 166 grantee programs are based on the laws, regulations, and departmental guidance governing the national program.

The Department awards approximately 126 grants to federal and state recognized tribes, Alaska Native Villages, Native Hawaiian organizations and Native American controlled non-profit organizations. Administrative oversight is provided by Federal Project Officers within the Department's Division of Indian and Native Program Office. An additional 54 WIA Section 166 grants are awarded through the U.S. Department of the Interior through P.L.102-477. The

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Department of Labor awarded grants are monitored using the E-Grants and the Grants Electronic Management Systems (GEMS) to track program compliance and grantee performance. In addition, onsite monitoring visits are conducted to evaluate specific strategies to support goal achievement. The WIA Section 166 program also facilitates training at the national and regional grantee conferences. Consultation with the NAETC and feedback from grantees are used to revise and update strategic plans and develop best practices for this indigenous community.

Monitoring informs the design and delivery of technical assistance to improve performance. As part of program monitoring, the WIA Section 166 program looks at the following system outputs:

- Number of American Indians, Alaskan Natives, and Native Hawaiians served;
- Number of American Indians, Alaskan Natives, and Native Hawaiians that received training;
- Number of American Indians, Alaskan Natives, and Native Hawaiians that received a high school diploma, general education diploma (GED), certificate, or degree;
- Number of American Indians, Alaskan Natives, and Native Hawaiians placed in jobs or enter the military;
- Number of American Indians, Alaskan Natives, and Native Hawaiians that received intensive supportive services; and
- Obligation and expenditures.

These outputs are used to inform the Department on the extent to which the grantees are implementing strategies that will help them meet their outcome goals.

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
25.2	Other services from non-Federal sources	0	0	0	0
41.0	Grants, subsidies, and contributions	52,652	47,562	52,562	5,000
	Total	52,652	47,562	52,562	5,000

INDIAN AND NATIVE AMERICANS PROGRAM

CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Other services \$0

Grants, subsidies, and contributions 0

Built-Ins Subtotal \$0

Net Program \$5,000

Direct FTE 0

Estimate FTE

Base \$47,562 0

Program Increase \$5,000 0

MIGRANT AND SEASONAL FARMWORKERS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req. / FY 12 Enacted
Budget Authority	84,451	84,291	84,291	0
FTE	0	0	0	0

Introduction

The National Farmworker Jobs Program (NFJP) has been authorized continuously since its creation under the Economic Opportunity Act of 1964, and most recently under section 167 of the Workforce Investment Act (WIA). The NFJP supplements the workforce investment activities of the states with services that respond to the unique needs of farmworkers and their families. It is a nationally-directed, locally-administered job training and employment assistance program. NFJP services include classroom and on-the-job training as well as some supportive services such as nutrition, health care, child care, and temporary shelter. The services available for assisting Migrant and Seasonal Farm Workers (MSFWs) include WIA-defined core, intensive, training, and related assistance services. All of these services are critical to the MSFW population. Services are accessed through NFJP grantees, who are required partners in the local One-Stop Career Centers.

NFJP, which is funded through competitive grants every two years, prepares migrant and seasonal farmworkers and their families for good jobs in the following ways:

- The program helps farmworkers who are, by definition, in low-wage jobs or out of the labor market, by providing training to increase their skill levels and offering supportive services to diminish the impact of employment barriers.
- The program increases workers' incomes and narrows wage and income inequality by providing a unique array of employment and training services to a hard-to-serve population.
- The program helps farmworkers enter into and/or remain in the middle class by offering them and their dependents services that help them attain stable, good-paying, year-round jobs in and out of the agricultural industry.
- The program provides permanent and temporary housing assistance, which may include education and on-site demonstrations about the basic elements of family housing and may include financing, site selection, permits and construction skills, leading to home ownership.

The NFJP is not a substitute for the other WIA services that must be made available to farmworker job seekers. In providing services to MSFWs, the NFJP grantees must take into account factors beyond those normally considered by the public workforce system. One such factor is the migration pattern of MSFWs. Most migration patterns are predictable on an annual basis and often cross state lines. The NFJP grantees uses specific outreach and service delivery methods to serve participants who would otherwise not be able to take advantage of services offered through the existing network of One-Stop Career Centers. However, services are

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coordinated with the One-Stop Career Center delivery system to ensure that farmworkers can take full advantage of the suite of services available to them. Because of the specific, targeted outreach that it provides, the program is able to reach a long-term disadvantaged population with extensive barriers to employment.

The agricultural industry is characterized by a large workforce with numerous job openings, chronic unemployment and underemployment due to the cyclical nature of the work, and below average pay. According to the Bureau of Labor Statistics (BLS), “large numbers of workers leave these jobs due to their low wages and physical demands.” MSFWs, whose livelihoods are primarily derived from agricultural employment, experience the chronic unemployment and underemployment inherent in the industry and are also faced with additional, significant barriers to employment. These barriers include low levels of education, with an average of 7th grade attainment²⁷; poor English skills, with 44 percent having no spoken English skills and 53 percent having no written English skills²⁸; and inferior housing and few assets to sustain them through a period of retraining²⁹.

The cyclical nature of agricultural work leads MSFWs to seek off-season work in industries that require similar skill sets. According to the NAWS, 19 percent of agricultural workers reported holding at least one non-farm job in the 12 months prior to the interview. Because MSFWs qualify only for labor-intensive positions in industry sectors such as construction, they are prime candidates for dislocation in periods of economic stagnation. This phenomenon presents an exponential challenge to farmworkers, who do not qualify under most unemployment benefit programs, primarily because most agricultural employers do not meet requirements for coverage related to the number of employees or amount of wages paid. For example, in California, with the largest MSFW population in the U.S., the seasonally adjusted unemployment rate is 11.8 percent, (BLS, June 2011) outpacing the national average by 2.6 percent (U.S. Department of Labor). Fresno County, the highest agricultural producing county by crop output value (\$5.67 billion: California Farm Bureau Federation), has a non-seasonally adjusted unemployment rate of 16.8 percent (BLS, June 2011).

The mobility of the farmworker population creates additional challenges for their families. Minors who accompany families in search of work have an inherent educational disadvantage. The NFJP offers services to equalize the educational opportunities of children in comparison with their non-agriculture dependent peers, since the program also serves dependents of MSFWs. “Farmworkers may have little or no experience outside of agriculture... [therefore] employment and training programs must be equipped to address the needs of the whole person, and indeed the whole family, in order to improve the conditions of their participants” (Research and Evaluation Report Series 94-A). Although the quoted report is dated, challenges faced by MSFWs and their families have not diminished or changed considerably.

²⁷ National Agriculture Worker Survey, <http://www.doleta.gov/agworker/naws.cfm>

²⁸ National Agriculture Worker Survey, <http://www.doleta.gov/agworker/naws.cfm>

²⁹ Evaluation of the JTPA Title IV Migrant and Seasonal Farmworker Program, Research and Evaluation Report Series 94-A, U.S. Department of Labor, Employment and Training Administration, 1994

MIGRANT AND SEASONAL FARMWORKERS

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$79,668	0
2009	\$82,620	0
2010	\$84,620	0
2011	\$84,451	0
2012	\$84,291	0

Funding Mechanism

WIA requires the Department to conduct a grants competition every two years to select the entities that will operate the NFJP. The grants competition is performed through a solicitation for grant applications. The competition is open to state agencies, local workforce investment boards, faith-based and community organizations, institutions of higher education, and other entities capable of delivering services on a statewide basis.

Although the WIA statute requires a grant competition every two years, funds are allocated annually to state service areas via formula. The formula estimates the numbers of eligible farmworkers in each state by drawing data from the Census, the Agricultural Census, the NAWS, and the Farm Labor Survey. There is at least one grantee in every state and Puerto Rico with the following exceptions: Alaska, which has a small relative share of seasonal agricultural employment; Connecticut and Rhode Island, which are a combined state service area; and Maryland and Delaware, which are a combined state service area. Because of the large number of agricultural workers, California is represented by a total of five grantees. In non-competition program years, each grantee is required to submit an annual grant plan for the coming year. Minimum criteria for the content of these plans are contained in a Training and Employment Guidance Letter issued to all grantees. Awards are given in non-competition years based on availability of funds.

FY 2013

The request for the NFJP program for FY 2013 is \$84,291,000. These funds, the same amount as the 2012 enacted level, will serve approximately 18,300 participants with core, intensive, training, and related assistance services. The Department has increased the performance goals for the program from FY 2012 as follows: Entered Employment Rate: 81.4 percent, Employment Retention Rate: 72.1 percent, and Six Months Average Earnings: \$9,146.

In order to meet these targets, the Department will encourage a number of strategies:

- Better align the program with other strategies developed for the public workforce system to achieve integration of services for farmworkers.
- Emphasize improved earnings and increased rates of credential and educational attainment, as specifically targeted via the solicitation.
- Support the program operators selected through the grants competition through technical

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assistance that enables the program to operate efficiently.

- Tailor strategies for developing employment opportunities for farmworkers to the emerging industries in NFJP service areas.
- Improve outreach and recruitment of employers and farmworkers.

These strategies are in support of the Department's Strategic Goal 1: Prepare workers for good jobs and fair compensation, and the outcome goals of increasing workers' incomes and narrowing wage inequality; assuring skills and knowledge that prepare workers to succeed in a knowledge-based economy, including in high-growth and emerging industry sectors like "green" jobs; and helping workers who are in low-wage jobs or out of the labor market find a path into middle class jobs.

Of the total resources requested, \$78,104,743 would be allocated for formula grants (of which not less than 70 percent shall be for employment and training services); \$5,678,222 for migrant and seasonal housing (of which not less than 70 percent shall be for permanent housing); and \$508,036 for other purposes, including technical assistance to grantees.

FY 2012

The Department received \$84,291,000 to fund NFJP for FY 2012. As required by the Consolidated Appropriations Act of 2012, after the rescission is applied, \$78,104,743 is allocated for formula grants (of which not less than 70 percent shall be for employment and training services); \$5,678,222 for migrant and seasonal housing (of which not less than 70 percent shall be for permanent housing); and \$508,036 for other purposes, including technical assistance to grantees.

These funds will serve approximately 18,300 participants with core, intensive, training, and related assistance services. The Department set the performance goals for the program as follows: Entered Employment Rate: 80.04 percent, Employment Retention Rate: 70.70 percent, and Six Months Average Earnings: \$8,842.

In order to meet these targets, the Department will encourage a number of strategies established through the competitive grants process conducted in 2011:

- Better align the program with other strategies developed for the public workforce system to achieve better integration of services for farmworkers.
- Emphasize improved earnings and increased rates of credential and educational attainment, as specifically targeted via the solicitation.
- Support the program operators selected through the grants competition through technical assistance that enables the program to operate efficiently.

These strategies are in support of the Department's Strategic Goal 1: Prepare workers for good jobs and fair compensation, and the outcome goals of increasing workers' incomes and narrowing wage inequality; assuring skills and knowledge that prepare workers to succeed in a knowledge-based economy, including in high-growth and emerging industry sectors like "green" jobs; and helping workers who are in low-wage jobs or out of the labor market find a path into

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middle class jobs.

Technical assistance, an important component for implementing the strategies, will be provided in the following areas:

- Policy and programmatic support in forming partnerships leading to increased training opportunities offered through the One-Stop Career Centers.
- Capacity building for grantees to form partnerships with community colleges and technical schools that offer educational opportunities in emerging industries.
- Fostering communication between grantees that have successfully accessed other DOL funding opportunities with those having similar needs.
- Working in cooperation with the regional offices to enhance performance management, accountability, and reporting.

The Department will continue to focus the NFJP on improved outreach and recruitment strategies that target new employers and emerging industry sectors in order to provide improved job placement opportunities for farmworkers both within and outside of the agriculture sector. This is necessary because the migratory nature of the MSFW population requires special outreach and recruitment efforts to ensure that farmworkers are aware of the education and training services available to them. These outreach efforts also ensure that connections are made to the full suite of those workforce resources.

FY 2011

ETA received \$84,451,000 in FY 2011 for the NFJP, with \$78,253,180 allocated for formula grants; \$5,688,600 for housing assistance activities; and \$508,980 for other purposes, including technical assistance for grantees. This funding enabled the NFJP program to serve approximately 18,340 eligible migrant and seasonal farmworkers.

The NFJP's activities in FY 2011 focused on improving and enhancing the capacity of grantees in several areas. ETA continued to provide technical assistance to the NFJP in support of continued integration of services to farmworkers. This technical assistance complemented grantee efforts to improve outreach to employers and to eligible farmworkers in order to better connect farmworkers to the services that they need in the areas where they live and work. Additional areas of technical assistance for FY 2011 included strategies for establishing and enhancing partnerships with community colleges, increasing credential attainment, the utilization of career exploration and other on-line tools, and best practices for co-enrollment.

MIGRANT AND SEASONAL FARMWORKERS

DETAILED WORKLOAD AND PERFORMANCE				
	PY 2010 Enacted	PY 2011 Enacted	PY 2012 Enacted	PY 2013 Request
	Result	Target	Target	Target
Migrant and Seasonal Farmworkers				
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.	--	--	--	--
Six Month Average Earnings	\$9,624.00	\$8,654.00	\$8,842.00	\$9,146.00
Participants	18,671	18,340	18,304	18,304
Cost Per Participant	\$4,200.00	\$4,267	\$4,267	\$4,267
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 Rate	80.10%	79.70%	80.40%	81.40%
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 Rate	76.40%	70.10%	70.70%	72.10%

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

Workload and Performance Narrative

The Department measures performance for the NFJP based on three interrelated outcomes: the entered employment rate, the employment retention rate, and six-month average earnings. The training and employment services delivered through the NFJP are designed to address all three outcomes. Program grantees target their service delivery strategies to the specific needs of the MSFW population in their state service areas and the needs of employers in those areas. The Department provides policy and programmatic guidance to help grantees identify strategies that are beneficial in improving successful employment outcomes for this hard-to-serve population in the current economy.

The FY 2011-2013 targets for the entered employment rate, the employment retention rate, and six-month average earnings are based on a methodology developed by DOL for setting national performance targets using regression analysis. The methodology utilizes a regression model to estimate the magnitudes of the responses of employment and training program outcomes to the effects of the business cycle and labor market conditions. The adjusted targets are produced using program results from the prior year, the responses of the various program outcomes with respect to the condition of the labor market and OMB’s projections of the unemployment rate

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matched to the timeframe pertinent to the particular program outcome being considered. The methodology results in performance targets that reflect the expected impact of the economic environment on program performance. The data used to create the targets come from NFJP program data collected through the Workforce Investment Act Standardized Participant Record (WIASPR), OMB and the BLS and are updated on an annual basis. In the next few months, targets will be updated based on PY 2010 results.

In addition to outcomes, the Department also measures workload in terms of the number participants served by the program. In FY 2013, the program projects 18,304 participants served at an average cost of \$4,267 per participant. The cost per participant is based on the actual cost per participant achieved in PY 2010, adjusted for inflation. The projected number of participants for FY 2013 is derived by dividing the FY 2013 funding level for NFJP formula grants by the FY 2013 projected average cost per participant.

The Department monitors grantee performance regularly through Federal Project Officers in regional offices to ensure grantees are 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:

- Number of people served by the program;
- Number of people who received training; and
- Amount of money spent.

These outputs help the Department understand whether grantees are implementing strategies that will help them meet their outcome goals.

MIGRANT AND SEASONAL FARMWORKERS

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
25.2	Other services from non-Federal sources	0	0	0	0
41.0	Grants, subsidies, and contributions	84,451	84,291	84,291	0
	Total	84,451	84,291	84,291	0

MIGRANT AND SEASONAL FARMWORKERS

CHANGES IN FY 2013

(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 \$84,291 0

WOMEN in APPRENTICESHIP

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req. / FY 12 Enacted
Budget Authority	998	996	0	-996
FTE	0	0	0	0

Introduction

Over the past few years, Congress has appropriated approximately \$1 million annually for the Women in Apprenticeship and Non-Traditional Occupations Act (WANTO) of 1992 (Public Law 102-530). The WANTO Act's purpose is to provide technical assistance to employers and labor unions to assist them in placing women into apprenticeable and nontraditional occupations. The Department's Women's Bureau and ETA jointly administer the program.

WANTO grants fund innovative projects that improve women's participation in Registered Apprenticeship programs for nontraditional occupations in a broad range of industries, including advanced manufacturing, transportation, and construction. These projects support the Secretary's goals by providing women with opportunities to obtain career pathways into the middle class through high wage occupations. Additionally, these projects help address long-standing barriers that women have traditionally experienced as they seek entry into construction jobs. Using comprehensive and collaborative approaches, WANTO projects help create fair and diverse workplaces and support the Secretary's vision of Good Jobs for Everyone. Once the WANTO grant program is eliminated, the goals and objectives of WANTO will continue to be addressed through technical assistance efforts from the Office of Apprenticeship, in conjunction with the Women's Bureau, and through guidance to the Workforce Investment Act (WIA) system.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$983	0
2009	\$1,000	0
2010	\$1,000	0
2011	\$998	0
2012	\$996	0

Funding Mechanism

WANTO grants are awarded to community-based organizations, which form partnerships with labor organizations, Registered Apprenticeship program sponsors, community colleges, and employer-related non-profit organizations.

WOMEN in APPRENTICESHIP

FY 2013

The Department is not requesting funding in FY 2013 for WANTO grants. Although this program is intended to address a critical need, in the Department's recent experience, we have found the WANTO program is too small to have a meaningful impact on the number of women participating in registered apprenticeship programs. The Department is developing proposed changes to regulations for Equal Employment Opportunity (EEO) in Registered Apprenticeship (29 CFR part 30), which are planned for publication in early 2012. These proposed revisions seek to improve the effectiveness of Registered Apprenticeship program sponsors' affirmative action efforts. These revisions to Registered Apprenticeship's regulatory framework should lead to expanded promotion of Registered Apprenticeship and non-traditional job opportunities for women and under-represented populations, and will likely have a greater impact on promoting opportunities in non-traditional jobs for women. The Office of Apprenticeship (OA), funded out of the Program Administration account, will continue to provide outreach and technical assistance to employers and other apprenticeship sponsors. These outreach efforts include ensuring equal opportunity in registered apprenticeship programs. Based on lessons learned from previous WANTO grants, OA is developing a national framework to establish consistency and quality across pre-apprenticeship programs that help minorities and women gain greater access to apprenticeship opportunities.

FY 2012 and FY 2011

In FY 2012 and FY 2011, Congress appropriated \$998,000 and \$996,000 respectively, to DOL for WANTO grants. These funds will be combined to support six competitive grant awards to consortia of registered apprenticeship program sponsors and community-based organizations. These grants will provide educational opportunities and support participants' preparation for non-traditional and green-related occupations in a broad range of industries, including advanced manufacturing, transportation, and construction.

Given that these are grants to small CBOs, they do not have the ability to directly report performance results against the Common Measures, as that would require access to wage records. To allow for tracking against the Common Measures, as well as to leverage supportive services, the next round of grantees will establish consortia between community-based organizations, registered apprenticeship Sponsors, and local workforce investment areas with the intent of co-enrolling WANTO participants in the Workforce Investment System's Adult program.

The next round of grants will also stress the importance of a strong mentoring component. A 2011 study by the University of Massachusetts Boston^[1] indicates that women in the construction trades in the United States over the past 30 years have well-documented tales of persistence in the trades even in the face of immense individual and institutional barriers. Additionally, through the experience of recent WANTO participants and finding from studies

^[1]Susan Moir, Meryl Thomson and Christa Kelleher. April 2011. "Unfinished Business: Building Equality for Women in the Construction Trades." University of Massachusetts Boston. http://scholarworks.umb.edu/cgi/viewcontent.cgi?article=1004&context=lrc_pubs

WOMEN in APPRENTICESHIP

such as the June 2006 report, *Construction Equity: Promising Practices for Recruiting and Retaining Students in Career and Technical Education Programs that Nontraditional for Their Gender*,^[2] have demonstrated that the active participation of tradeswomen or women in nontraditional occupations serving as active members of the consortium as either employed staff or as board members has positive impacts on WANTO participants.

DOL has generally competitively awarded three WANTO grants per annual appropriation to cover a two-year period of performance for the selected grantees, and DOL has collected data on the number placed in Registered Apprenticeship or related employment. The PY 2008 WANTO appropriations were awarded as extensions to grants initially awarded in PY 2006 and PY 2007. The PY 2009 and PY 2010 appropriations for \$1,000,000 per year were combined to support six competitive grant awards to consortia of registered apprenticeship program sponsors and community-based organizations. The Department incrementally awarded these six grants in June 2010, with the first funding increment awarded in June 2010 (obligating PY 2009 funds) and the second funding increment awarded in July 2010 (obligating PY 2010 funds).

The first round of WANTO grants had lower than expected placement into Registered Apprenticeship, due to the construction industry being severely impacted by the recent recession and housing situation. There were few opportunities for new hires of women or men in this industry as a whole. Placement of participants by these grantees has become much more difficult and requires the provision of more intensive services, including greater outreach and support. The tracking of the participants are provided by the individual grantees and reported as an aggregate count. The combined results for this first round of WANTO grantees, reported in 2010, are 1,229 women placed into pre-apprenticeships and 509 placed into registered apprenticeships.

Given the continuing downturn in the construction industry, the Department has also found that first year of performance for the next round of six WANTO grants (funded by PY 2009 and PY 2010 appropriations) continues to show grantees are challenged in placing participants into pre-apprenticeships and/or registered apprenticeship. Therefore these grantees will also need to provide intensive services and support. The interim, combined results for these grantees are 60 placements in registered apprenticeship, and 57 participants placed in related employment.

^[2] *Programs and Practices That Work: Preparing Student for Nontraditional Careers Project*. 2006. Washington, DC: Joint project sponsored by the Association of Career and Technical Education, the National Alliance for Partnerships in Equity, the National Association of State Directors of Career Technical Education Consortium, and the National Women's LawCenter. <http://www.napequity.org/pdf/Constructing%20Equity.pdf>.

WOMEN in APPRENTICESHIP

Summary of Available Outcome Data from Administrative Records			
Years of Funding	Number of Grantees	Placement in RA Target	Placement in RA Actual
PY07 and PY08 combined	6	600	509
PY09 and PY10 combined	6	300	60
PY11 (To be Awarded)	--	150	--
PY12 (To be Awarded)	--	150	--

* Interim results. PY 2009 and PY 2010 grantees were announced June 14, 2010, and will be in active for two years, resulting in additional placements into RA programs.

WOMEN in APPRENTICESHIP

DETAILED WORKLOAD AND PERFORMANCE				
	PY 2010 Enacted	PY 2011 Enacted	PY 2012 Enacted	PY 2013 Request
	Result	Target	Target	Target
Women in Apprenticeship				
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.	--	--	--	--
Participants	1,041*	300	300	0
Number Entered Employment (as measured by placed in Registered Apprenticeship or related employment)	117*	150	150	0
Cost per participant	0	\$3,333.00	\$3,333.00	\$.00

* Includes participants and results from the six grants awarded in PY 2009 and funded incrementally in PY 2009 and PY 2010.

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

Workload and Performance Narrative

At an annual funding level of \$1 million, ETA has generally competitively awarded three WANTO grants per annual appropriation to cover a two-year period of performance for the selected grantees. Beginning with the FY 2011 appropriation, ETA will use a new measure of performance, the Number of Participants Entering Employment as measured by placement into registered apprenticeship or related employment, to track the number of women being trained and placed by the WANTO grantees during the two-year performance cycle. A \$3,333 cost per participant number has been calculated by dividing the number of individuals served per year by the total historical funding amount of \$1 million. This cost per participant is likely to increase if grantees provide expanded supportive services and extended post-placement follow-up support. These targets supports the Strategic Goal 1, *Prepare workers for good jobs and ensures fair compensation* and the Outcome Goal 1.1, *Increase workers' incomes and narrow wage and income inequality*.

WOMEN in APPRENTICESHIP

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
25.1	Advisory and assistance services	0	0	0	0
41.0	Grants, subsidies, and contributions	998	996	0	-996
	Total	998	996	0	-996

WOMEN in APPRENTICESHIP

CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Advisory and assistance services \$0

Grants, subsidies, and contributions 0

Built-Ins Subtotal \$0

Net Program -\$996

Direct FTE 0

	Estimate	FTE
Base	\$996	0
Program Decrease	-\$996	0

YOUTHBUILD

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req. / FY 12 Enacted
Budget Authority	79,840	79,689	79,689	0
FTE	0	0	0	0

Introduction

The YouthBuild program aligns with the Secretary’s goals of preparing workers for good jobs and assuring the skills and knowledge that prepare workers to succeed in a knowledge-based economy. YouthBuild specifically targets at-risk high school dropouts who are particularly vulnerable in the current economy.

America’s youth and young adults are facing three challenges today that, if unaddressed, will have long-term consequences for our nation: record youth unemployment; a high school dropout crisis; and a shift to a knowledge and service-based economy, requiring greater levels of skills and education. According to the U.S. Department of Labor’s Bureau of Labor Statistics’ (BLS), in July 2011, unemployment for 16-24 year old youth hit 18.1percent (not seasonally adjusted), one of the highest July rates since records began in 1948. BLS also reported that in July 2011, the traditional summertime peak for youth employment, the proportion of the 16 to 24 year old population employed was 48.8 percent, setting a record low. In July 2011, the rate of unemployment for teens 16 to 19 years old was 25 percent. The seasonally adjusted data also showed that the labor force participation rate for teens dropped from 37.8 percent in July 2009 to 34.6 percent in July 2010 and even further down to 33.7 percent in July 2011.

The nation faces increased challenges in economic competitiveness in this 21st century global economy as the dropout crisis worsens. The National Center for Education Statistics estimates that in school year 2008-2009, 75 percent of students who enter 9th grade will graduate with a regular diploma in 12th grade. High school graduation rates are substantially lower for most minority groups (66 percent for Hispanic students and 64 percent for Black students) and particularly for males. The Center for Labor Market Studies at Northeastern University suggests that these young dropouts experience a wide array of labor market, earnings, social and income problems that exacerbate their ability to transition to careers from their mid-20s onward.³⁰

While too many youth are not completing high school, jobs paying family-sustaining wages increasingly require a post-secondary degree. In its 2009 Employment Projections, BLS reported that occupations that require a post-secondary degree are expected to account for nearly half of all new jobs from 2008 to 2018. In addition, projected employment growth is concentrated in the service-providing sector requiring young people to have strong work readiness skills, particularly those “soft skills” such as communication, team-work, customer service and problem-solving skills.

³⁰Sum. A. et al. 2009. “The Consequences of Dropping Out of High School: Joblessness and Jailing for High School Dropouts and the High Cost for Taxpayers.” Center for Labor Market Studies, Northeastern University.

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Given the challenges facing today's youth, employment and training programming for youth is critical to the current and future well-being of our nation and its youth and young adults. The YouthBuild program addresses these issues by providing significant academic and occupational skills training and leadership development to youth ages 16-24. YouthBuild provides services to approximately 7,000 youth annually by re-engaging them in innovative alternative education programs that provide individualized instruction as they work towards earning either a GED or high school diploma. Many of these youth, buoyed by their academic success in the YouthBuild program, continue on to post-secondary education.

In order to combat this drop-out crisis, ETA is placing an even greater focus on credential and degree attainment. As such, WIA Youth and YouthBuild will be key programs in the Department's Priority Goal to improve the percentage of program completers who attain a credential or degree. If young people do drop out of high school without a degree, it is the objective of these programs to assist in getting them back into school or another training program where they can earn a diploma or GED which could possibly lead to a post-secondary degree. A distinctive aspect of YouthBuild's academic program is its integration with occupational skills training. Youth alternate between the classroom and the worksite where they learn construction skills while building affordable housing in their communities. YouthBuild programs make explicit links between what is being done at the worksite and what is being taught in the classroom through project-based learning. This linkage makes the academics relevant and engaging for non-traditional learners. Edutopia, a non-profit organization, found that a growing body of academic research supports the use of project-based learning in schools as a way to engage students, cut absenteeism, boost cooperative learning skills, and improve test scores (Edutopia Staff, 2001. "PBL Research Summary: Studies Validate Project-Based Learning." Edutopia, The George Lucas Educational Foundation). It is shown to be effective in building deep content understanding, raising academic achievement and encouraging student motivation to learn. The work experience coupled with the award of an industry-recognized certificate increases their opportunities for post-program employment.

YouthBuild addresses the challenges faced by unemployed, high-school dropouts by providing them with an opportunity to gain both the education and occupational skills that will prepare them for good jobs with good wages.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$58,952	0
2009	\$70,000	0
2010	\$102,500	0
2011	\$79,840	0
2012	\$79,689	0

YOUTHBUILD

Funding Mechanism

The funds appropriated for YouthBuild are authorized by the YouthBuild Transfer Act of 2006 and are awarded through grant competition. The Department of Labor (DOL) has ended the incremental funding approach that it had used for the YouthBuild program in the first two award cycles. Incremental funding utilized the current fiscal year appropriation to fund the first year of the YouthBuild grant awards and the next fiscal year appropriation to fund the second year of the YouthBuild grant awards. The new approach will result in fewer grants being awarded each year, but will also result in yearly competitions. DOL will continue to fund programs for two years of program operation and one year of follow-up.

FY 2013

To assist youth who have dropped out in building the skills necessary to acquire long-term, well-paying career employment, DOL requests \$79,689,000 for the YouthBuild program, the same as FY 2012. After the statutory set-aside for technical assistance, \$75,704,550 will be used to fund grant awards to approximately 75 programs that will serve approximately 5,210 youth over a two-year period.

In FY 2013, DOL's YouthBuild program will provide education and occupational skills training for approximately 5,210 participants by providing them with a clear path into a chosen career field; supporting youth in obtaining educational and industry-recognized credentials; and preparing participants for post-secondary education, apprenticeships, and employment.

Technical assistance funding is required as part of the YouthBuild Transfer Act legislation and is five percent of the total appropriation. Approximately \$3.9 million dollars will be used for this purpose. These program funds are used to improve the overall implementation of the YouthBuild program and increase performance. DOL will continue to support YouthBuild coaching strategies for grantees. Coaches provide individualized support and technical assistance to grantees in key areas which include performance improvement, strategic planning, construction certification and academic supports. Technical assistance is also provided through national learning exchanges, regional peer-to-peer exchanges, webinars, virtual training, and use of electronic resources available through the YouthBuild Community of Practice. The Community of Practice provides ongoing access to tools and resources to support program implementation and performance outcomes.

DOL will continue the pilot of the Screening, Brief Intervention and Referral to Treatment (SBIRT) program in partnership with the Department of Health and Human Services' Substance Abuse and Mental Health Services Administration (SAMSHA) as a support mechanism for identifying substance use and risk of substance use among YouthBuild participants. Using the SBIRT tool, youth who indicate a risk or past history of substance abuse will be referred to treatment and other intervention services that will allow students to receive treatment and continue in the program as appropriate.

DOL will also continue its work with the Office of Federal Contract Compliance Programs (OFCCP) on both a national and regional level to create employment opportunities for

YOUTHBUILD

YouthBuild participants. Other partnership efforts will include a continued focus on developing and maintaining solid connections to community colleges and apprenticeship programs. These connections will assist YouthBuild participants in receiving additional education and training after they have exited the program and will increase their ability to enter high-wage careers. DOL will continue to work closely with the Occupational Safety and Health Administration (OSHA) to provide technical assistance and resources to grantees to ensure the safety of the YouthBuild participants on the work site. DOL will continue to work with the National Office of Apprenticeship on creating strong connections to Registered Apprenticeships for YouthBuild participants.

The YouthBuild Case Management System provides real-time data to grantees, which allows access to data necessary to monitor program outcomes and develop strategies to better serve youth in the program. The system also gives DOL staff the ability to monitor data and trends in performance outcomes, which helps in the development or enhancement of technical assistance, training and policy guidance for grantees. Data is collected on individual participants and may be reported by grantee agencies or on an aggregate basis for all grantees and participants in a funding cohort. The availability and use of the case management system have proven to be valuable in managing data at both the grantee and the program office levels.

The YouthBuild random assignment evaluation will continue through 2017. Each of the 60 sites selected is using random assignment of control and experimental groups to provide baseline data, which speaks to the effectiveness of YouthBuild programs. Data will be aggregated to show trends in outcomes among youth in the program. MDRC was selected to conduct the random evaluation study. MDRC will continue to provide support and technical assistance to grantees participating in the study.

FY 2012

In FY 2012, ETA received an appropriation of \$79,689,000 for the YouthBuild program. After the statutory set-aside for technical assistance, \$75,704,550 will be used to fund grant awards to approximately 75 programs that will serve approximately 5,210 youth over a two-year period. The Department will host a grant competition in the spring of 2012 to award these funds in the summer of 2012.

Providing solid and responsive customer service to grantees is a key aspect of the Department's administration of the YouthBuild program. The Department continues to provide comprehensive technical assistance through the use of coaches and targeted learning communities designed to be responsive to YouthBuild grantee needs and to improve program outcomes. Technical assistance (TA) funding is required as part of the YouthBuild Transfer Act legislation and is five percent of the total appropriation. These program funds are used to improve the overall implementation of the YouthBuild program and increase performance. The TA strategy includes the development of electronic tools and e-learning opportunities, national learning exchanges, and regional peer-to-peer events. In FY 2012, DOL will focus its efforts on building the overall quality of existing programs through established technical assistance efforts.

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Partnerships are increasingly important to successfully meeting the strategic goals and ensuring that available resources are used efficiently. The Department's Employment and Training Administration (ETA) continues its work with OFCCP on both a national and regional level to create employment opportunities for YouthBuild participants. Other partnership efforts will include a continued focus on developing and maintaining solid connections to community colleges and apprenticeship programs. These connections will assist YouthBuild participants in receiving additional education and training after they have exited the program and will increase their ability to enter high-wage careers. ETA continues to work closely with OSHA to provide technical assistance and resources to grantees to ensure the safety of the YouthBuild participants on the work site. ETA's National Office of Apprenticeship continues to support this program, focusing on creating strong connections to Registered Apprenticeships for YouthBuild participants. As a result of the Department's efforts, the number of YouthBuild participants who have transitioned into Registered Apprenticeships continues to increase despite limited placement opportunities in the construction industry. Since 2009, the number of YouthBuild participants entering registered apprenticeship has more than doubled. The Department provides technical assistance to YouthBuild programs on an ongoing basis to ensure youth are trained in energy efficiency, renewable energy and the use of sustainable green building techniques. This training is designed to provide youth with the skills they need to become part of the new green economy. The Department will also continue its partnership, begun in FY 2011, with SAMHSA by continuing a pilot of the SBIRT tool.

The competition for FY 2012 is significantly different from past Solicitation for Grant Applications (SGA). In addition to the required construction skills training, organizations may provide occupational skills training in industries other than construction provided that the training is for an in-demand industry(s) as demonstrated by local labor market information and allows for the attainment of an industry-recognized credential.

FY 2011

In FY 2011, DOL received an appropriation of \$79,840,000 for the YouthBuild program. After funding the required five percent technical assistance set-aside of \$3,992,000, the remaining balance of \$75,848,000 was used to fund 74 YouthBuild grants. These grantees will serve approximately 5,220 participants over the grant period of performance. These funds were awarded in July 2011.

In addition to the use of coaches to provide targeted technical assistance to grantees via phone and on-site visits, DOL created two "Learning Communities." Learning Communities are made up of a small sub-set of grantees that agree to focus on particular areas, participate in monthly conference calls, and receive intensive technical assistance from a group specially trained coaches. Results for grantees in the Learning Communities are tracked and analyzed and best practices are identified for dissemination to the wider YouthBuild grantee community. For FY 2011, the two Learning Communities created focused on Post-Secondary Education (PSE) and Employer Engagement Strategies (EES).

Because they are uniquely positioned to deepen the post-secondary readiness, entry and completion rates for YouthBuild students, ten DOL YouthBuild programs that are sponsored by

YOUTHBUILD

community colleges and operate on community college or technical college campuses were selected to participate in the PSE learning community. The objectives for the PSE Learning Community were to strengthen the academic preparedness of students; strengthen their overall postsecondary awareness and navigation skills; strengthen the existing partnership between the YouthBuild program and its host/partner community or technical college so that they are increasing the shared accountability for the success of YouthBuild graduates; and strengthen program staff capacity to map postsecondary opportunities with employment sectors.

The EES Learning Community worked with approximately ten DOL YouthBuild programs to effectively engage and sustain meaningful partnerships with local employers in high-growth sectors and identified effective practices related to employer engagement, which lead to improved placements for YouthBuild participants.

DOL also began a pilot program using the SBIRT tool, which was developed in partnership with the SAMHSA and fifteen YouthBuild sites. SBIRT utilizes a screening tool developed by SAMHSA to identify people who have or are at risk for substance use problems and to identify people who need further assessment or referral for treatment. Fifteen programs have been chosen for participation in this pilot; however, it is expected that the information generated from this pilot will benefit every YouthBuild program and ultimately SBIRT use can be adapted by all YouthBuild programs.

Additional training opportunities were provided for construction trainers to become certified in Building Performance Institute (BPI) entry level training for home performance and weatherization retrofit work. This certification allows YouthBuild construction trainers to offer instruction to YouthBuild participants that lead to an entry level credential for home energy audits.

YOUTHBUILD

DETAILED WORKLOAD AND PERFORMANCE				
	PY 2010 Enacted	PY 2011 Enacted	PY 2012 Enacted	PY 2013 Request
	Result	Target	Target	Target
YouthBuild				
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.	--	--	--	--
Percent of participants deficient in basic skills who achieve literacy or numeracy gains of one Adult Basic Education (ABE) level	55.74%	52.00%	51.10%	51.10%
Strategic Goal 1 - Prepare workers for good jobs and ensure fair compensation.	--	--	--	--
Outcome Goal 1.2 – Assure skills and knowledge that prepare workers to succeed in a knowledge-based economy, including in sectors like “green” jobs.	--	--	--	--
Youth Placement into Employment or Education	45.72%	41.70%	41.90%	44.00%
Youth Attainment of Degree or Certificate	62.16%	60.00%	58.50%	61.40%
Participants	9,847	5,220	5,210	5,210
Cost Per Participant*	\$10,409.00	\$15,300.00	\$15,300.00	\$15,300.00

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

***NOTE:** There are unique factors that affect the YouthBuild cost per participant and can cause it to fluctuate above or below the annual target. First, the legislation contained in the YouthBuild Transfer Act allows participants to be active in the program anywhere from six months to two years. Second, grantees are required to provide a cost-sharing match and in some cases they exceed their planned level or leverage additional resources. Lastly, participants may exit prior to program completion. When this occurs, additional youth are then enrolled to fill open slots created by the participants that leave the program early. For future budget years, ETA will re-examine how it sets cost-per-participant targets.

Workload and Performance Narrative

The YouthBuild program uses innovative strategies to support competitive grant projects including intensive, targeted technical assistance; a focus on partnerships to ensure resource alignment; and a strong focus on degrees and certificates. To support these strategies and ensure successful implementation of the grants, the YouthBuild program utilizes the Federal Common Performance Measures for Employment and Training Programs to assess program performance and improve accountability. These measures include placement in employment, education or long-term training; attainment of a degree or certificate; and literacy and numeracy gains. YouthBuild also collects information on placement retention and, where applicable, recidivism rates. The emphasis on improving young people’s literacy and numeracy skills and credential attainment will put youth on the path to be more successful in a knowledge-based economy.

YOUTHBUILD

During the transfer of the administration of the YouthBuild program from the U.S. Department of Housing and Urban Development (HUD), the Government Accountability Office (GAO) issued a report that recommended that the Secretary of Labor should “...*develop and monitor post-program performance outcome measures for the YouthBuild program, such as the types of employment graduates attained and retained, wage rates, and degrees or certifications received, and share the data with the grantees.*”³¹

The Department agreed with this recommendation and built a web-based management information system that collects individual data for all YouthBuild participants enrolled in the program. In addition, the Department also collects and reports quarterly on individual demographics, assessment information such as educational achievement, services, and outcomes including placement in employment/education, attainment of degree/certificate, retention rates, recidivism rates, and wage rates, among others.

The outcome goals for FY 2013 are to meet the proposed targets indicated above for placement into education or employment, credential attainment, and literacy/numeracy. To accomplish this, the Department will continue to utilize the coaching model of technical assistance delivery first introduced in FY 2010 as this has proven to be a successful way to not only deliver technical assistance but to identify promising and innovative practices that can be shared throughout the YouthBuild community. Coaching augments the Department’s use of electronic tools such as the YouthBuild Community of Practice, e-learning modules, and Webinars, national learning exchanges, and regional peer-to-peer events.

Initial progress suggests that these technical assistance efforts have yielded improved performance outcomes. At the end of PY 2007, when technical assistance was just starting to be deployed, the rate of placement into education and employment was 16 percent, the credential attainment rate was 34 percent, and the literacy and numeracy gains rate was 13 percent. At the end of PY 2009, the outcomes show a rate of 41 percent placement in education and employment, 51 percent credential attainment, and 47 percent of basic skills deficient participants demonstrating a gain in literacy and/or numeracy. Specific technical assistance has been provided on the use of the data system which has resulted in increased and improved collection of data. Current rates as of June 30, 2011 have increased to 45.72 percent placement in education and employment, 62.16 percent in credential attainment and 55.74 percent in literacy and numeracy.

In addition to the technical assistance provided by the Department, the inherent design of the YouthBuild program, which integrates classroom and work site training, lends itself to increased performance for program participants. The integrated nature of the program demonstrates real world application of academics and makes learning relevant to the youth.

³¹GAO Report to Congressional Committees: YOUTHBUILD PROGRAM: Analysis of Outcome Data Needed to Determine Long-Term Benefits <http://www.gao.gov/new.items/d0782.pdf>

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The FY 2011-2013 targets are based on a methodology developed by DOL for setting national performance targets using regression analysis. The targets were set using coefficient estimates derived from the WIA Youth program. Based on the expected cost per participant of \$15,300, DOL projects to enroll 5,210 participants over PY 2013 and 2014, as the YouthBuild annual appropriation funds two years of program operations. The difference between the FY 2011 - 2013 target cost per participant and targets for participants and the PY 2010 results are explained by the fact that youth enrolled in previous program years may continue to receive services in the current program year and that youth enrolled in a year may drop out prior to completion and these slots are then filled by new participants (see note under the Workload and Performance Table). The \$15,300 cost per participant is based on an average program length of nine months, the payment of stipends to participants, the equipment required for construction, and the number of staff required to create a small and supportive environment for the youth.

DOL monitors the performance of YouthBuild grantees through the submission of Quarterly Performance Reports (QPR) that capture the data entered into the DOL supplied Case Management and Performance system. In addition to reporting on the long-term common measures, the QPR also provides interim measures including initial job placements, certificates awarded, and placements into post-secondary education or apprenticeship. YouthBuild grantees are also required to submit a quarterly narrative report which provides a detailed description of activities, promising practices, and challenges occurring during the quarter. The Department uses these reports to target technical assistance in response to challenges the grantees may be experiencing. Because the performance and interim measures are directly tied to the Secretary's strategic goals, the technical assistance provided ensures that grantees are able to prepare the youth for good jobs and for success in a knowledge-based economy.

The Department monitors grantee performance regularly through Federal Project Officers in regional offices to ensure grantees are 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 grant performance in comparison to the performance targets and also reviews expenditure information.

The Department selected MDRC (Manpower Demonstration Research Corporation) on June 30, 2010, to perform a random assignment impact evaluation of YouthBuild, which will produce preliminary findings in 2014 and a final report with long-term outcomes in 2017. MDRC began the random assignment impact evaluation with grants awarded in FY 2010 and FY 2011. MDRC is partnering with Mathematica Policy Research and Social Policy Research Associates. The results of this evaluation will inform future program design.

YOUTHBUILD

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
41.0	Grants, subsidies, and contributions	79,840	79,689	79,689	0
	Total	79,840	79,689	79,689	0

YOUTHBUILD

CHANGES IN FY 2013

(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

\$79,689

0

PILOTS, DEMONSTRATIONS AND RESEARCH

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req. / FY 12 Enacted
Budget Authority	9,980	6,603	0	-6,603
FTE	0	0	0	0

Introduction

Pilot, Demonstration, and Research (PD&R) activities are authorized under Section 171 of the Workforce Investment Act (WIA) of 1998. Under Section 171, the Employment and Training Administration (ETA) conducts pilot, demonstration, and research activities that support key areas of program and policy emphasis, inform workforce investment policies and investment decisions, and support continuous improvement of the workforce investment system.

Section 171(a)(1) of WIA directs the Secretary of Labor to publish “...a plan that describes the demonstration and pilot (including dislocated worker demonstration and pilot), multi-service, research, and multistate project priorities of the Department of Labor concerning employment and training for the 5-year period following the submission of the plan.” This plan is to be revised every two years. Section 171(b)(1) continues “...the Secretary shall... carry out demonstration and pilot projects for the purpose of developing and implementing techniques and approaches, and demonstrating the effectiveness of specialized methods, in addressing employment and training needs.” Section 171(c)(2)(A) calls for the Secretary to “carry out research projects that will contribute to the solution of employment and training problems in the United States.”

Comprehensive, rigorous and robust research and evaluations are identified and developed through the five broad areas or themes identified in the Employment and Training Administration’s [Five-Year Research and Evaluation Strategic Plan for Program Years 2010-2015](#) (ETA’s Five-Year Research and Evaluation Plan) and *Five-Year Learning Agenda for FY 2012* (ETA Learning Agenda), developed in collaboration with the Department’s Chief Evaluation Office (CEO). The ETA Research and Evaluation Plan sets the research agenda that is used to identify, prioritize, and carry out research and evaluations over a period of five years. It demonstrates efforts to work collaboratively with the CEO, focuses efforts on priority areas of need and on cross-cutting learning opportunities, and identifies opportunities for collaboration with other federal agencies, such as the Departments of Education and Health and Human Services. Building on previous studies that both DOL and others have conducted, the plan also identifies crucial areas where improvements could be made to facilitate rigorous research and evaluation efforts.

The ETA Learning Agenda builds on the Five-Year Research and Evaluation Plan and aligns existing and proposed research and applied research projects, for the current budget year and following two budget years, to the following five areas or themes:

1. Understanding Changing Labor Markets.

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2. Identifying Effective Strategies.
3. Improving Workforce System Infrastructure.
4. Using State-level Administrative Data to Measure Progress and Outcomes.
5. Postsecondary Education and Training.

To measure progress made toward meeting the goals for research and evaluation, ETA established the following performance measures:

- The percent of PD&R and Evaluation reports identified for external publication that are published within six months of receipt by the Employment and Training Administration.
- The percent of non-earmarked PD&R and Evaluation funds that are awarded competitively.
- The number of instances where published PD&R and Evaluation reports have been used to inform policy and research.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$48,508	0
2009	\$48,781	0
2010	\$63,450	0
2011	\$9,980	0
2012	\$6,603	0

Funding Mechanism

ETA funds pilot, demonstration, and research projects through grants or contracts as authorized under section 171 of the WIA.

FY 2013

In Fiscal Year 2013, the Department requests the use of a set-aside funding mechanism to finance evaluations and applied research for employment and training programs. The new set-aside approach for evaluations is intended to ensure that sufficient funding is available to carry out comprehensive, rigorous, and robust research and evaluations and promote greater stability of funding of these efforts across all training and employment programs, including the WIA, Job Corps, and the Employment Service. Specifically, the Department is requesting that 0.5 percent of the amounts appropriated for these programs be made available to support this effort. Evaluation and applied research activities using these funds will be conducted by ETA in consultation with the Department's Chief Evaluation Officer (CEO). This set-aside proposal for evaluations is an addition to a provision included in the Consolidated Appropriations Act of 2012 that authorized the Secretary to *"reserve not more than 0.5 percent from each appropriation made available in this Act identified in subsection (b) in order to carry out evaluations of any of the programs or activities that are funded under such accounts."*

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PD&R activities will be developed and conducted in consultation with the CEO and may include the following:

- 1. New Research Projects:** Areas of investment for other research will be informed by the current ETA Learning Agenda. As funding allows, these projects, developed and coordinated with ETA's program offices and the CEO will 1) support research on understanding the changing dynamics of labor markets, the severity of ongoing labor market difficulties, such as long-term unemployment, and strategies to understand and anticipate employer workforce needs; 2) identify effective strategies linking research across the various titles of the Workforce Investment Act (WIA) to identify variations in programs and strategies and understand reasons for the variations and their effectiveness; 3) improve and create effective management approaches and tools to enhance the workforce system infrastructure; 4) support State-level administrative data research on the long-term unemployed, dislocated and incumbent workers, youth older workers; immigrants and farmworkers, and low-wage workers generally; English-language learners; working families, persons with disabilities, formerly incarcerated individuals, Temporary Assistance for Needy Families (TANF) recipients and veterans, low-skilled, disconnected men, Indian and Native Americans, and Hispanic populations; and 5) support postsecondary education and training efforts to improve access, use, and confidentiality of administrative records for research and evaluation; create more public-use and restricted-use datasets for analysis; and support research, evaluation, and site participation efforts at all levels of government (Federal, State and local) so that we can support, implement, and build knowledge of, evidence-based practices.
- 2. Continuing Research Projects:** As funding allows, ETA will continue projects such as the comprehensive reemployment study, subsidized on-the-job-training, unemployment insurance research, employers' use of the workforce system, and UI moderation and extended unemployment compensation.
- 3. ETA Research Grants Program:** ETA initiated new rounds of research grants in FY 2011 and FY 2012 for doctoral and post-graduate level students in economics, public policy, public administration, or similar areas of study. The purpose of the research grant program is to promote scholarly, policy-relevant research papers on topics related to the public workforce system. The research gathered from the program will provide actionable intelligence to ETA on a wide variety of topics and stimulate interest in employment and training research in academia. Students from Historically Black Colleges and Universities, Hispanic-Serving Colleges and Universities, and Tribal Colleges and Universities were encouraged to apply for the grants.
- 4. Dissemination of Research and Evaluation Publications:** Dissemination is an important component of PD&R and evaluation activities and ETA will continue to explore new ways of highlighting workforce practices that are backed by evidence-based research, evaluations and performance data and disseminated in ways that are useful to our varied stakeholders. Activities include: 1) employing the latest technology in remote communication for briefings and forums; 2) securing exhibit booth space and peripherals at conferences and forums to disseminate information about ETA research and evaluation

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projects; 3) procuring material handling services at conferences and forums; 4) procuring Government Printing Office (GPO) printing services; 5) procuring other dissemination materials as needed and; 6) securing task order contract support for the dissemination of materials and other dissemination related activities.

FY 2012

A total of \$6,603,000 was appropriated, a decrease in funding of \$3,377,000 from FY 2011. Funding may be available for the following new pilots, demonstration or research projects:

- A Comprehensive Reemployment Services study will investigate whether combining reemployment services with more comprehensive services are effective in assisting claimants to exit the UI program earlier than they would have in the absence of the program. One or more states would be selected to conduct a research project that would disaggregate the effects of the different levels of services on the number of weeks of UI benefits received, UI trust fund dollars saved, the probability of reemployment, and average reemployment wage.
- A Subsidized On-the-Job Training (OJT) research project will examine a variety of work experience/OJT training approaches. Research to determine employer usage, average length of worker employment in and after OJT, and effects of UI receipt on OJT will be conducted to determine if OJT is an innovative approach to get certain populations valuable work experience that might facilitate their return to work.
- The Scholars Exchange Program adopts a concept implemented by the National Science Foundation designed to infuse fresh and innovative thinking into the organization. Scholars will be invited to conduct employment and training research “in-residence” at ETA. The presence and participation with ETA staff will enhance staff capacity and promote the infusion of new ideas.

As ETA develops the FY 2012 Spending Plan to ensure PD&R funds are obligated in advance of the program year, resources will also be considered for the research grants program, unemployment insurance research, a survey to study employers’ use of the workforce system, research on UI modernization and extended unemployment compensation, and dissemination of research and evaluation publications.

Congress provided the flexibility to reallocate funding previously reserved for the Young Parent demonstration grants to other pilot, demonstration and research purposes, as well as implementation activities for the VOW to Hire Heroes Act, as part of the FY 2012 appropriation. ETA is developing its plan for these resources, including possible use of the transfer authority to support improvements in the Federal performance reporting system to capture Priority of Service data for veterans under WIA.

PILOTS, DEMONSTRATIONS AND RESEARCH

FY 2011

In FY 2011, \$9,980,000 was appropriated to support PD&R activities, a decrease from the FY 2010 appropriation.

ETA developed an annual Spending Plan to ensure PD&R funds were obligated in advance of the program year. The PY 2011 Spending Plan included both annual and new proposed projects as follows:

- **Unemployment Insurance Research:** As follow-up to the National Academy of Social Insurance forum in 2010, the Chief Evaluation Officer and ETA jointly contributed funds to bring topics to scale in its Five-Year Learning Agenda: (1) What factors contribute to the speed with which a UI claimant reenters the job market, and (2) What happens to long-term unemployed workers.
- **Employers' Use of the Workforce System:** ETA initiated a study that examines employer use of workforce system services. A survey of employers with follow-up and in-depth site visits isolated employer use and non-use of workforce services. The survey focused on lay-off aversion strategies as well as other employer services. Employer characteristics of workforce system users will also emerge and provide a clearer picture of this workforce system customer.
- **UI Modernization and Extended Unemployment Compensation:** ETA developed a report which examines the changes and effects of the option used by states to adopt modernization features through the Recovery Act.
- **Research Grants Program:** Funds were used to support written research papers – usually doctoral dissertations. This initiative allows ETA to learn from occasional papers that are informative and provide useful and timely information pertaining to workforce investment issues. As awareness of the program has increased, the number and quality of the research proposals received has also increased. In 2011, ETA funded fifteen proposals of the sixty-five that were received.
- **Dissemination of Research and Evaluation Publications:** Dissemination is an important component of PD&R activities. The best practices and lessons learned from the various PD&R projects that ETA supports are widely disseminated to the public workforce system and various stakeholder groups. Activities included: 1) securing exhibit booth space and peripherals at conferences and forums to disseminate information about ETA research and evaluation projects; 2) procuring material handling services at conferences and forums; 3) procuring Government Printing Office (GPO) printing services; 4) procuring exhibit booth panels, as needed; 5) procuring other dissemination materials as needed and; 6) securing task order contract support for the dissemination of materials and other dissemination related activities.

PILOTS, DEMONSTRATIONS AND RESEARCH

DETAILED WORKLOAD AND PERFORMANCE				
	FY 2011 Enacted		FY 2012 Enacted	FY 2013 Request
	Target	Result	Target	Target
Pilots, Demonstrations and Research				
Strategic Goal 1 – Prepare workers for good jobs and ensure fair compensation.	--	--	--	--
Outcome Goal 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.	--	--	--	--
Percent of Pilot, Demonstration, Research and Evaluation reports identified for external publication that will be published within six months of receipt by the ETA.	95.00%	95.00%	100.00%	--
Number of instances where published Pilot, Demonstration, Research and Evaluation reports have been used to inform policy and research.	--	TBD	TBD	--
Percent of non-earmarked Pilot, Demonstration, Research and Evaluation funds that are awarded competitively.	80.00%	100.00(e)	100.00%	--
Projects (Pilots and Demonstrations)	18	10	20	--
Reports (Pilots and Demonstrations)	9	7	11	--
Projects (Research)	15	13	16	--
Reports (Research)	10	9	16	--
Projects (Transitional Jobs)	2	7	8	--
Reports (Transitional Jobs)	1	--	1	--

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

Workload and Performance Summary

The workload and performance summary table contains the number of projects and reports for PD&R, and the Transitional Jobs (TJ) Demonstration. The FY 2013 agency request for any applied research and new performance measures will be determined by the CEO’s Evaluation Plan and funds available.

Workload performance projections in the number of projects (demonstration grants and/or research contracts) and reports will remain relatively the same for both the FY 2011 and FY 2012 targets. No new projects or reports are expected for Transitional Jobs in FYs 2012 or 2013.

PILOTS, DEMONSTRATIONS AND RESEARCH

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
25.1	Advisory and assistance services	1,657	6,052	0	-6,052
41.0	Grants, subsidies, and contributions	8,323	551	0	-551
	Total	9,980	6,603	0	-6,603

PILOTS, DEMONSTRATIONS AND RESEARCH

CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$0

Advisory and assistance services 0

Grants, subsidies, and contributions 0

Built-Ins Subtotal \$0

Net Program -\$6,603

Direct FTE 0

	Estimate	FTE
Base	\$6,603	0
Program Decrease	-\$6,603	0

REINTEGRATION OF EX-OFFENDERS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req. / FY 12 Enacted
Budget Authority	85,390	80,238	85,238	5,000
FTE	0	0	0	0

Introduction

The Reintegration of Ex-Offenders (RExO) program prepares workers - specifically adult and youth ex-offenders and at-risk youth - for good jobs in three ways:

- The program increases workers’ incomes by helping ex-offenders and youth at-risk of criminal behavior to obtain employment and/or training in industries and occupations that offer good wages and opportunities for advancement.
- The program helps participants to gain skills and knowledge that will prepare them to succeed in a knowledge-based economy, including in high-growth industry sectors. These training opportunities are focused on providing industry-recognized certifications in high-growth industries, so that participants have increased opportunities for employment and the necessary skills for job growth.
- The program helps participants who are in low-wage jobs or out of the labor market find a path into middle class jobs by creating pathways to employment through partnerships with the workforce system, an increased focus on degree and certificate attainment, and the use of employer tax credits and the Federal Bonding program.

Adult and youth ex-offenders and at-risk youth face extraordinary challenges in reintegrating into society and obtaining and retaining employment. While these populations are at a disadvantage in the most prosperous of times, there are labor market challenges directly affecting the offender population that, if unaddressed, will have long-term consequences for our nation. The incidence of incarceration has steadily increased per capita – while only 139 inmates were incarcerated under state or federal jurisdiction per 100,000 in 1980, 502 inmates were incarcerated per 100,000 in 2009.³²

Complicating the issue further, both youth in the juvenile justice system and adults in the criminal justice system face severe educational and labor market barriers. A 2010 report stated that “30 percent of youth in custody report that they have been diagnosed with a learning disability, compared with 5 percent of youth between the ages of 10 and 20 in the general population.”³³ A study of Philadelphia public schools found that only 10 percent of students in the Class of 2000 who had been placed in a juvenile correctional facility eventually graduated from the Philadelphia School District.³⁴ Adults in the criminal justice system also have low

³²Glaze, Lauren. 2009. “Correctional Populations in the United States, 2009.” U.S. Bureau of Justice Statistics

³³“Youth’s Characteristics and Backgrounds: Findings from the Survey of Youth in Residential Placement,” U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention, Washington, D.C., December 2010.

³⁴Neild, R. C., & Balfanz, R. 2006. “Unfulfilled Promise: The Dimensions and Characteristics of Philadelphia’s Dropout Crisis, 2000-2005.” Baltimore: Center for Social Organization of Schools, Johns Hopkins University

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levels of educational attainment. Based on the 1997 Survey of Inmates in State and Federal Correctional Facilities, only 26 percent of state prison inmates have a high school diploma or higher; 35 percent have a General Education Diploma (GED); 40 percent have neither a high school diploma nor a GED; and 14 percent have an eighth grade education or less.³⁵ These low levels of educational achievement and attainment are steep barriers to employment when released prisoners return home. Jobs paying family-sustaining wages increasingly require a post-secondary degree. In its 2009 Employment Projections, BLS reported that occupations that require a post-secondary degree are expected to account for nearly half of all new jobs from 2008 to 2018.

In the case of ex-offenders, research has shown that low employment rates are closely related to high recidivism rates among those released from prison.³⁶ And yet, a study by the Urban Institute of persons released from state prisons in Illinois, Ohio, and Texas found that only 45 percent of ex-offenders returning to Chicago, Houston, and the largest cities in Ohio were employed eight months after release.³⁷

Given the challenges described above, employment and training programming for youth and adult ex-offenders is critical to the current and future well-being of our nation and the reduction of recidivism. To address these issues and support the Department's strategic goals, youthful ex-offender programs support a set of multi-site demonstrations, some aimed at juvenile ex-offenders, others at young adult ex-offenders, and still others at youth highly at risk of involvement in crime and violence. These programs focus on increasing certificate/degree rates, as well as prevention and reduction of crime among those youth populations most at-risk of offending. The adult ex-offender (RExO-Adult) program focuses on ex-offenders aged eighteen and older that were incarcerated as adults through an employment-centered program that incorporates mentoring, job training, and other comprehensive post-release services targeted in urban communities characterized by large numbers of returning offenders. Both the adult and youth programs focus on developing the skills and knowledge necessary to succeed in a knowledge-based economy. Training programs for adults and youth target occupations in high-growth and emerging industries. Both characteristics and challenges of youthful and adult offenders served by Department of Labor (DOL) programs parallel those of the general population of juvenile and adult offenders described above.

DOL has separate goals for the RExO-Adult and Youthful Ex-Offender programs. For RExO-Adult, PY 2013 targets will be set at 59.7 percent for the entered employment rate, 66.6 percent for the employment retention rate, \$10,070 for six-months average earnings, and 22 percent or below for recidivism. For Youthful Ex-Offender grants, the PY 2013 targets will be 17 percent recidivism rate for young ex-offenders ages 18 and above; a 16 percent recidivism rate for young

³⁵ Harlow, C. 2003. "Education and Correctional Populations," Bureau of Justice Statistics, Special Report. January 2003, NCJ 195670

³⁶ Holzer, Harry et al 2003. "Barriers to Employment for Ex-Offenders" paper presented at the Reentry Roundtable, Sponsored by the Urban Institute, New York University, May 21-23

³⁷ Visher, Christy A., Sara Debus, and Jennifer Yahner. 2008. "Employment after Prison: A Longitudinal Study of Releasees in Three States." Washington, DC: The Urban Institute

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ex-offenders ages 14-17; and a 56.3 percent placement rate for out-of-school participants ages 18 and above.

To improve outcomes for youth and adult ex-offenders, the Department will make available resources needed to pilot effective service models of employment, training, and career development for participants that also connect them to educational and other necessary supportive services; develop replicable program models that can be sustained by state and local governments, workforce investment boards, and faith-based and community organizations; and inform future Federal policy aimed at serving juvenile and adult ex-offenders and reducing crime and violence in the country.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$73,493	0
2009	\$108,493	0
2010	\$108,493	0
2011	\$85,390	0
2012	\$80,238	0

Funding Mechanism

DOL funds Reintegration of Ex-Offenders projects through a competitive solicitation process. Grants for serving adult ex-offenders will be awarded to non-profit faith-based and community organizations with 501(c)(3) status. Grants for serving youth offenders may be awarded to various types of organizations, including non-profit national and regional intermediaries, community-based organizations with 501(c)(3) status, and state and local juvenile justice agencies.

FY 2013

A total of \$85,238,000 is requested for Reintegration of Ex-Offenders (RExO), an increase of \$5,000,000 from the FY 2012 level and a restoration of the program to FY 2011 levels. The Department plans to utilize the funding for a variety of program models. In accordance with appropriation language, \$20,000,000 will be used for competitive grants to national and regional intermediaries for activities that prepare young ex-offenders and school dropouts for employment, with a priority for projects serving high-crime, high-poverty areas. In addition, approximately \$25,000,000 of the funding request will be used to collaborate with the Department of Justice to support programs for youthful ex-offenders or youth at high-risk of involvement in the juvenile justice system. These funds will be used to support one or more joint competitions with the Department of Justice and will focus on innovative models to reduce involvement in the juvenile justice system and/or recidivism and improving education and employment outcomes for these target populations. These competitions will include a pilot "Pay for Success" model, in which the Department could enter into outcomes-based contracts with organizations in which reimbursement would be dependent upon meeting established performance goals. These organizations would be responsible for securing funds and service

REINTEGRATION OF EX-OFFENDERS

providers to perform the activities necessary to deliver the agreed upon performance outcomes to support meeting the Department's priority goals and to help new labor market entrants and those who are in low-wage jobs find a path into middle class jobs. Other funds may be used to support competitions to serve youthful ex-offenders and at-risk youth and will continue to focus on models that emphasize increased training and credential attainment, work experience and public service opportunities, mentoring and other supportive services, and establishing programs in areas of high poverty and high crime. In addition, the Department will continue its collaboration with the Department of Justice's Coordinating Council on Juvenile Justice and Delinquency Prevention, and other federal agencies in order to enhance opportunities to leverage other federal resources with RExO's employment and training focused resources.

By FY 2013, the initial impacts of the RExO-Adult random assignment evaluation will be known, and the Enhanced Transitional Jobs Demonstration, of which adult ex-offenders are a target population, will be well underway. Therefore, the lessons learned from these evaluations will be used to support efforts to better serve returning ex-offenders through a next generation of RExO-Adult grants. The Department also will continue to maximize collaboration with the Department of Justice to support post-release employment-focused programming and services for returning adult ex-offenders through the Interagency Reentry Council and other Federal agency reentry efforts.

Additional efforts may be focused on continuing to provide programming that targets characteristics common to female ex-offenders, both youth and adult. Technical assistance efforts will also continue to be utilized to support program implementation and continuous improvement across all grant programs.

Requested funding will allow approximately 21,310 participants to be served based on the PY 2013 cost per participant target of \$4,000. This level of funding will allow an additional 2,860 participants to be served over the FY 2012 funding level.

FY 2012

In FY 2012, \$80,238,000 was appropriated for Reintegration of Ex-Offenders (RExO). Given the state of the economy and the challenging circumstances that adult and youth ex-offenders face in entering the workforce, DOL is focused on providing grant opportunities to communities exhibiting high numbers of adult and youth offenders and high populations of at-risk youth. With FY 2012 funds, the Department is supporting a combination of competitive grants to national and regional intermediaries, state and local, and faith-based and community organizations that serve youth ex-offenders. These projects are focused on reducing recidivism of youth ex-offenders and providing increased opportunities for education and training that are targeted to increase educational degrees (GEDs and high school diplomas) and industry-recognized certifications in high-growth industries. These projects build off of past lessons learned and results from research.

As requested, and provided for in appropriations language, \$20,000,000 is being used for competitive grants to national and regional intermediaries for activities that prepare young ex-offenders and school dropouts for employment, with a priority for projects serving high-crime,

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high-poverty areas. The Department is coordinating these grant activities with the Office of Juvenile Justice and Delinquency Prevention. Grants are being provided for pre- and post-release services for juvenile offenders and focus on developing strong employer partnerships. Additional youth-focused grant projects are focusing on training and workforce opportunities through service learning projects.

Due to the difficulties adult offenders have in finding work post-release, the adult-serving portion of RExO is continuing to provide funds to community and faith-based organizations in localities experiencing high rates of returning ex-offenders. These organizations are providing an employment-focused service strategy to align with the requirements that paroled offenders have to be employed soon after release. Partnerships are a key component of this service strategy in order to connect offenders with the supportive services necessary for reintegration. For adult programs, the Department is continuing to coordinate grant activities with the Bureau of Justice Assistance. These projects are increasing the competitiveness of ex-offenders in the workforce by working with local employers to create relationships that support pathways to employment for this target population. The Work Opportunity Tax Credit and Federal Bonding program are two strategies that are used to assist employers with their confidence in hiring ex-offenders. There is ample evidence that employment is the key to reducing recidivism – a 1995 study by the Federal Bureau of Prisons’ Office of Research and Evaluation found that a factor significantly related to a lower risk of recidivism was employment at release (Harer, 1995). This research is borne out in the performance outcomes of the adult-serving RExO grants, where the recidivism rate has consistently remained at 14%, well below the national average of 44% at one-year post-release (Bureau of Justice Statistics, 1994), in combination with an entered employment rate of 57% and an employment retention rate of 68% at the end of PY 2010.

As important to the continued success of ex-offenders as quick attachment to work is the need for additional training and certification to ensure this population has the necessary skills to remain competitive in the global economy. Toward this goal, DOL is also focusing on the importance of industry-recognized certification and technical training for RExO-Adult participants. In order to incentivize the increased attainment of certifications, the Department may fund a “Pay for Success” demonstration program model in PY 2012 with a strong focus on increasing credential attainment outcomes leading to better employment prospects for youth and adult offenders. Under this approach, the Department will only compensate the grant organizations if the performance outcomes are met, thus reducing the Department’s risk in paying for programs that do not result in successful participant outcomes. This could produce a cost-effective method of helping hard-to-serve populations compete in the labor market through increased training and credential attainment. Additional efforts connected to both youth and adult ex-offenders include the possible continuation of programming that targets characteristics common to female ex-offenders. To support the success of all grant projects, DOL is providing technical assistance to grants and ensuring that a key component of grant competitions is resource alignment through improved partnerships with other Federal, state and local agencies.

FY 2011

In FY 2011, \$85,390,000 was appropriated for Reintegration of Ex-Offenders (RExO).

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In FY 2011, the Department plans to use Adult Ex-Offender funds to support new grants that build on the knowledge gained from previous generations and from the preliminary results of the first generation’s random assignment evaluation. New grant projects to be funded with FY 2011 appropriations included a fifth generation of grants that build on the best practices of previous generations. Funds will also be used to support a new grant which targets adult and youth ex-offenders through strategies targeted to characteristics common to female ex-offenders but including eligible male ex-offenders. This project utilizes approaches geared toward the needs of the female ex-offender population, including trauma counseling, trust exercises, and more intensive case management. ETA also is targeting a portion of the available funds for technical assistance for both the new grant projects and the existing fourth generation of grants that were fully funded in FY 2010 for a two-year period of performance. A main focus of technical assistance is continued partnership development for housing, substance abuse and other supportive services as well as to connect grantees to responsible fatherhood initiatives.

ETA is targeting Youthful Offender funds for two new grant initiatives and to provide technical assistance to new and continuing projects. The Training and Service Learning grants will provide juvenile ex-offenders the opportunity to participate in community service projects to make up for their past transgressions. These grants also provide young ex-offenders with occupational skills training aimed at improving the long-term labor market prospects of these youth. The High-Poverty, High-Crime Community grants will serve juvenile ex-offenders in areas of concentrated poverty. These grants provide a variety of educational and workforce development activities aimed at both reducing the recidivism and increasing the career success of juvenile ex-offenders in high-poverty, high-crime areas.

Performance outcomes for RExO-Adult participants continue to be on par with targets. There has been a slight downturn in the performance outcomes of adult program participants in the past year as unemployment and competition for job placements has increased. The adult program still shows strong results, demonstrating a 57% placement rate from program inception in 2005 through PY 2010. Retention and earnings are also performing strongly. The table below indicates the performance for the adult program:

Period Ending	Entered Employment Rate	Employment Retention Rate	Six Months Average Earnings
June 30, 2010	58%	69%	\$10,029
June 30, 2011	57%	68%	\$9,850

Performance outcomes for youth-serving Reintegration of Ex-Offender projects have declined due to a combination of factors, including the completion of grants that targeted youth ex-offenders with higher placement rates and lower recidivism rates, the start of grants serving much more difficult juvenile populations, and the continuing difficult labor market during the year. The table below indicates the performance for the youthful offender program:

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Period Ending	Recidivism Rate for Youth Ages 17 and Below	Recidivism Rate for Youth Ages 18 and Above	Placement Rate for Out-of-School Youth Ages 18 and Above
June 30, 2010	20%	14%	56%
June 30, 2011	45%	33%	36%

Changes in the placement rates reflect the completion of the five Beneficiary Choice Grants which are no longer included in this measure. These grants had high placement rates because they served young adult ex-offenders up to age 30 who are seen by employers as more reliable than youth. The placement rates for youth offender projects have also been negatively affected by the difficult labor market, which has disproportionately affected youth. Adding the low educational levels and criminal history of young offenders makes placements even more difficult in this labor market. Changes in the recidivism rates reflect the completion of the Gang Prevention, Expansion, and Beneficiary Choice grants which are no longer included in this measure. The current recidivism rate is based on the State/Local grants which serve high percentages of youth returning from correctional or detention facilities.

REINTEGRATION OF EX-OFFENDERS

DETAILED WORKLOAD AND PERFORMANCE				
	PY 2010 Enacted	PY 2011 Enacted	PY 2012 Enacted	PY 2013 Request
	Result	Target	Target	Target
Reintegration of Ex-Offenders				
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.	--	--	--	--
Six Month Average Earnings	\$9,850.00	\$9,456.00	\$9,686.00	\$10,070.00
Strategic Goal 1 – Prepare workers for good jobs and ensure fair compensation.	--	--	--	--
Outcome Goal 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.	--	--	--	--
Placement Rate for Out-of-School Youth	36.00%	55.50%	55.90%	56.30%
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 Rate (non-youth)	57.00%	58.10%	58.70%	59.70%
Participants	24,725	23,355	18,450	21,310
Cost Per Participant	\$4,388.00	\$4,196.00	\$4,349.00	\$4,000.00
Employment Retention Rate (non-youth)	68.00%	64.90%	65.50%	66.60%
Recidivism Rate (non-youth)	14.00%	22.00%	22.00%	22.00%
Recidivism Rate (youth ages 14-17)	45.00%	16.00%	16.00%	16.00%
Recidivism Rate (youth ages 18 and above)	33.00%	17.00%	17.00%	17.00%

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

Workload and Performance Narrative

The performance measures for the adult-serving RExO program indicate a focus on continuous improvement in outcomes. The RExO-Adult program has demonstrated consistent performance improvement since its inception in 2005. Meeting the performance targets for RExO-Adult can be attributed to several key factors. First, the program model is employment-focused, which meets the needs of the majority of participants, who are often required as a mandate of probation or parole to have employment. Employment is also considered one of the factors to reduce recidivism, as described above. Grantees must have strong employer partners in place that will hire ex-offenders. The employer partners are also strongly encouraged to take advantage of the Work Opportunity Tax Credit and Federal Bonding program to ensure placement opportunities for ex-offenders. Second, the program model focuses on intensive supportive services, allowing

REINTEGRATION OF EX-OFFENDERS

participants to access resources that are necessary to reintegrate into society, such as housing assistance, substance abuse and mental health treatment, access to professional clothing, and even transportation assistance. The grant programs provide vocational and soft skills training and focus on in-demand occupations, which increase opportunities for career progression and higher wages. Mentoring is a required program component and the use of mentors has been shown to improve employment performance, assist in on-the-job conflict resolution, and provide stability to ex-offenders that leads to employment retention. Many grant programs have green pathways and industry-recognized certification programs to ensure that participants receive the training necessary to succeed in the current workforce.

Technical assistance is a key component of the RExO-Adult program and grantees have access to a wide array of resources, including dedicated technical assistance coaches that conduct site visits, in-person and electronic training opportunities, peer-to-peer networking conferences, and Webinars that share best practices for serving ex-offenders successfully. Grantees are required to submit quarterly performance, narrative and financial reports through a Web-based Management Information System (MIS) that allows for daily review of performance tracking and means that technical assistance can be deployed at the first sign that a grantee is struggling in a certain area. This access to real-time data has been invaluable in supporting grant success and the ongoing improvement of performance outcomes.

The Department has three main performance measures for youthful ex-offender projects—the recidivism rate of youth ages 17 and below, the recidivism rate of older youth and young adults ages 18 and above; and the rate at which out-of-school youth and young adults ages 18 and above are placed in employment, long-term vocational training, post-secondary education, or the military. In addition, depending on the project, the Department sets additional performance measures, such as increasing the reading and math skills of participants, increasing the rate at which ninth graders are promoted to the tenth grade, and decreasing the rate at which participants drop out of high school. These are all relevant performance measures for youthful ex-offender projects given the very low academic achievement of youthful ex-offenders. Changes from year to year in the placement rate for out-of-school youth ages 18 and above in RExO youthful ex-offender programs primarily reflect differences in the mix of projects being funded. Projects serving young adult participants have higher placement rates than projects serving 18 and 19-year-olds, and more mature projects have higher placement rates than projects in their first year of operation. Variations among grantees in the recidivism rates of participants mainly reflect the extent to which a project is serving high-risk participants. Grantees serving juveniles who have been in correctional facilities have higher recidivism rates than grantees serving primarily juveniles who have been on probation.

In grant announcements, the Department includes the performance measures that will be used to monitor and report progress toward the grantees' goals. After grant award, the Department holds introductory meetings of grantees, with performance measures and goals the focus of these meetings. Each grantee has a Federal Project Officer from the regional offices who is responsible for monitoring the progress of the project, with an emphasis on the project's performance measures. Federal Project Officers also conduct site visits to grantees, travel funds permitting, to monitor the grants and provide technical assistance in meeting performance goals. The Department receives quarterly reports from grantees and uses these reports in monitoring

REINTEGRATION OF EX-OFFENDERS

their progress. The Department typically conducts periodic conference calls with grantees involving both national and regional office staff, and for some sets of grantees, conducts annual meetings that focus largely on performance.

The Department also provides technical assistance to youthful ex-offender grantees to help them improve their performance. Where appropriate, the Department uses experienced coaches to provide on-site technical assistance to grantees in meeting their performance goals. The Department has provided technical assistance in specific subject areas, such as improving connections to private sector employers, implementing mentoring programs, and developing Career Academies in high schools served by grants.

In FY 2013, the Department will consider several steps to improve the performance of grantees in meeting their performance goals. The Department may increase the focus on successfully meeting outcomes by adapting a Pay for Success model that reimburses programs for that share of participants that achieve successful outcomes. This initiative would be expected to most positively impact the credential/certificate attainment and placement measures for youth participants. The Department will also continue to focus technical assistance efforts directly on improving outcomes in all areas of performance.

For FY 2013, the expected cost-per-participant will be \$4,000. This reduction in costs represents a greater share of funding going to the adult portion of RExO, which typically is a lower-cost program model. At this cost-per-participant, the Department expects to serve 21,310 participants. This represents 2,860 more youth and adult participants served than in FY 2012.

REINTEGRATION OF EX-OFFENDERS

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
25.2	Other services from non-Federal sources	0	0	0	0
41.0	Grants, subsidies, and contributions	85,390	80,238	85,238	5,000
	Total	85,390	80,238	85,238	5,000

REINTEGRATION OF EX-OFFENDERS

CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$0

Other services 0

Grants, subsidies, and contributions 0

Built-Ins Subtotal \$0

Net Program \$5,000

Direct FTE 0

	Estimate	FTE
Base	\$80,238	0
Program Increase	\$5,000	0

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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req. / FY 12 Enacted
Budget Authority	9,581	9,563	0	-9,563
FTE	0	0	0	0

Introduction

As authorized under Section 172 of the Workforce Investment Act (WIA) of 1998, the Employment and Training Administration (ETA) carries out evaluations related to programs and activities authorized by Title I of WIA. These evaluations support key areas of program and policy emphases, inform workforce investment policies and investment decisions, and can support continuous improvement of the public workforce system.

Section 172(a)(1) of WIA directs the Secretary, "...to provide for the continuing evaluation of the programs and activities to address the effectiveness of such programs, performance measures related to such programs and activities, the structure and mechanisms for service delivery through such programs and activities, the impact of programs and activities on the community and participants, and the extent to which the needs of various demographics, ...among other factors."

Comprehensive, rigorous, and robust research and evaluations are identified and developed through the five broad areas or themes identified in the Employment and Training Administration's *Five-Year Research and Evaluation Strategic Plan for Program Years 2010-2015* (Research and Evaluation Plan) and *Five-Year Learning Agenda for FY 2012* (Learning Agenda), developed in collaboration with the CEO. The Research and Evaluation Plan, available in [ETA Research and Evaluations Portal](#), is used to identify, prioritize, and carry out research and evaluations over a period of five years.

The ETA Learning Agenda builds on the Five-Year Research and Evaluation Plan and aligns existing and proposed evaluation projects, for the current budget year and following two budget years, to the following five areas or themes:

1. Understanding Changing Labor Markets.
2. Identifying Effective Strategies.
3. Improving Workforce System Infrastructure.
4. Using State-level Administrative Data to Measure Progress and Outcomes.
5. Postsecondary Education and Training.

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Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$4,835	0
2009	\$6,918	0
2010	\$9,600	0
2011	\$9,581	0
2012	\$9,563	0

Funding Mechanism

Evaluation funds are distributed through contracts and grants to independent research and evaluation firms as authorized under section 172 of the WIA.

FY 2013

In Fiscal Year 2013, the Department requests the use of a set-aside funding mechanism to finance evaluations and applied research for employment and training programs. The new set-aside approach for evaluations is intended to ensure that sufficient funding is available to carry out comprehensive, rigorous, and robust research and evaluations and promote greater stability of funding of these efforts across all training and employment programs, including the WIA, Job Corps, and the Employment Service. Specifically, the Department is requesting that 0.5 percent of the amounts appropriated for these programs be made available to support this effort. Evaluation and applied research activities using these funds will be conducted by ETA in consultation with the Department's Chief Evaluation Officer (CEO). This set-aside proposal for evaluations is an addition to a provision included in the Consolidated Appropriations Act of 2012 that authorized the Secretary to *"reserve not more than 0.5 percent from each appropriation made available in this Act identified in subsection (b) in order to carry out evaluations of any of the programs or activities that are funded under such accounts."*

Under this approach, the Administration proposes to consolidate funding for all DOL Evaluation activities in the Office of the Chief Evaluation Officer (CEO). Evaluation projects will be developed and conducted in consultation with the CEO. Ongoing projects that will be continued in FY 2013 include:

1. **YouthBuild:** In FY 2013, \$1,506,976 will be needed to continue the random assignment evaluation of the YouthBuild program, which began in FY 2010. The evaluation measures the impacts at eighteen and thirty-six months post-program involvement on employment and earnings of individuals trained by a YouthBuild program compared to individuals who applied for YouthBuild but were turned away. This is the first rigorous impact evaluation to document evidence-based strategies of YouthBuild ever conducted. The evaluation is planned for seven years, and the final report is anticipated in late 2017.
2. **WIA Adult and Dislocated Worker Programs Gold Standard Evaluation (WGSE):** Initiated in FY 2010, the WGSE is a random assignment evaluation of the major programs under Title I of WIA. The evaluation measures the post-program impacts on

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employment and earnings of receiving intensive services and training funded through WIA, as compared to receiving core services only and/or services funded through other sources. The complete evaluation is being conducted over the course of seven years and represents a major improvement in the specificity and quality of previous WIA evaluations. We anticipate the final report being available in late 2017. DOL will need \$895,813 in FY 2013 funds to continue follow-up interviews with and analysis of the state and local workforce systems.

3. **Transitional Jobs Demonstration Evaluation:** The Transitional Jobs Demonstration is testing customized employment to fit the needs and abilities of workers with significant barriers to employment while simultaneously meeting the needs of employers. The random assignment impact evaluation began in FY 2010 and measures the post-program impacts on employment and earnings of transitional jobs compared to receiving referral to services elsewhere. DOL will need about \$6 million in FY 2013, to complete random assignment and begin short-term follow-up interviews. The evaluation will last seven years, and we anticipate the final report being available in late 2017.
4. **Workforce Innovation Fund:** Up to five percent of the \$125 million is requested for evaluation and technical assistance activities. Workforce Innovation Fund (WIF) grantees will conduct third-party evaluations to measure impacts and outcomes of each of their projects. ETA will provide coordination of these multiple evaluation efforts at the national level through the employment of a National Evaluation Coordinator (NEC). The NEC will provide guidance to all third-party evaluations and synthesize and analyze the results. A total of \$3 million is set aside for national evaluation coordination efforts to take place over a 5-year period. A final report is expected at the end of the 5-year period which is currently set at the first half of 2017.

FY 2012

In FY 2012, \$9,563,000 was appropriated for Evaluation. While the FY 2012 Evaluation plan has not yet been finalized, ETA expects that new evaluations to be supported will include a Pay for Success (PFS) Evaluation. The PFS model focuses on measureable *program results*, committing government dollars to an intermediary organization that raises capital and facilitates achievement of pre-negotiated outcomes at an overall cost-savings to the government. The model differs from current program funding challenges by procuring outcomes rather than specific programs or strategies, and reallocates the financial risks associated with social service programs from taxpayers to external private investors. The PFS evaluation is a proof of concept evaluation that will examine an innovative approach to financing government-funded social services and determine the viability of this new procurement process for the workforce investment system.

In addition, funds will be used for an evaluation of the Enhanced Transitional Jobs Demonstration program. This demonstration assists two distinct groups with different eligibility criteria in need of transitional services: 1) low-income or unemployed non-custodial parents and 2) ex-offenders. In each case, the goal is to assist participants to become economically self-sufficient by providing paid work experience coupled with supportive services and job placement assistance to help them transition into long-term unsubsidized employment. The random

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assignment evaluation seeks to determine which strategies best assist participants to become financially self-sufficient. ETA is collaborating with the Departments of Health and Human Services (HHS) and Justice on this demonstration. ETA also has a Memorandum of Understanding with HHS to maximize resources regarding research on transitional jobs and subsidized employment.

Continued evaluation projects include WIA Adult and Dislocated Worker Programs Gold Standard Evaluation (WGSE), YouthBuild Evaluation and Reintegration of Ex-Offenders. Other projects that will involve research and evaluation support include the Disability Employment Initiative Random Assignment Evaluation, National Farmworker Jobs Program Process Evaluation and the Young Parents Demonstration Evaluation. Evaluation funds will also be used to support peer reviews of evaluation products and reports.

FY 2011

In FY 2011, \$9,581,000 was appropriated for Evaluation. ETA develops an annual Spending Plan to ensure evaluation funds are Federally-obligated well in advance of the program year. The PY 2011 plan includes both annual and new proposed projects as follows:

- **WIA Adult and Dislocated Worker Programs Gold Standard Evaluation (WGSE):** The WGSE is a random assignment evaluation of the major adult programs under Title I of WIA. The evaluation measures the post-program involvement impacts on employment and earnings of receiving intensive services and training funded through WIA, as compared to receiving core services only and/or services funded through other sources. The complete evaluation is being conducted over the course of seven years and represents a major improvement in the specificity and quality of previous WIA evaluations. We anticipate the final report being available in late 2017.
- **YouthBuild:** A random assignment evaluation of the YouthBuild program began in FY 2010. The evaluation measures the impacts at eighteen and thirty-six months post-program involvement on employment and earnings of individuals trained by a YouthBuild program compared to individuals who applied for YouthBuild but were turned away. This is the first rigorous impact evaluation of YouthBuild ever conducted. The evaluation is planned for seven years, and the availability of the final report is anticipated in late 2017.
- **Reintegration of Ex-Offenders Initiative:** The Reintegration of Ex-Offenders Initiative (RExO; formerly known as the Prisoner Reentry Initiative) Impact Evaluation is a rigorous, random assignment evaluation of a demonstration serving formerly incarcerated individuals through employment-centered programs. The impact evaluation began in FY 2008 and examines impacts on participants' post-program labor market outcomes and rates of criminal recidivism by comparing outcomes of RExO participants to the outcomes of randomly assigned individuals who are eligible for but do not receive RExO services. The evaluation will last five years, and we anticipate the final report being available in late 2014.

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DETAILED WORKLOAD AND PERFORMANCE				
	FY 2011 Enacted		FY 2012 Enacted	FY 2013 Request
	Target	Result	Target	Target
Evaluation				
Strategic Goal 1 – Prepare workers for good jobs and ensure fair compensation.	--	--	--	--
Outcome Goal 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.	--	--	--	--
Percentage of evaluation products peer reviewed by an independent panel	Baseline	TBD	TBD	TBD

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

Workload and Performance Narrative

The detailed Workload and Performance Summary table includes a quality measure for evaluations that are peer-reviewed. Any new measures for FY 2013 will be developed to conform to the CEO’s Evaluation Plan.

EVALUATION

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
25.1	Advisory and assistance services	9,356	9,319	0	-9,319
41.0	Grants, subsidies, and contributions	225	244	0	-244
	Total	9,581	9,563	0	-9,563

EVALUATION

CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Advisory and assistance services \$0

Grants, subsidies, and contributions 0

Built-Ins Subtotal \$0

Net Program -\$9,563

Direct FTE 0

	Estimate	FTE
Base	\$9,563	0
Program Decrease	-\$9,563	0

WORKFORCE DATA QUALITY INITIATIVE

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req. / FY 12 Enacted
Budget Authority	12,475	6,463	6,000	-463
FTE	0	0	0	0

Introduction

This initiative provides competitive grants to support the development and enhancement of longitudinal data systems that integrate education and workforce data. The grants are provided under the research authority in Section 171 of the Workforce Investment Act of 1998 (Public Law 105-220).

Longitudinal data systems have information on individuals as they progress through the education system and into the workforce. Some states have developed comprehensive systems that link individuals' demographic information, high school transcripts, college transcripts, and quarterly wage data. These data systems can provide valuable information to consumers, practitioners, policymakers, and researchers about the performance of education and workforce development programs.

The Department of Labor collaborates with the Department of Education, which has provided state grants since 2005 to assist with longitudinal educational data system development. Grants will help states to incorporate workforce information into their longitudinal data systems, as well as undertake activities to improve the quality and accessibility of performance data reported by training providers. Improving information available from training providers is crucial to helping consumers make informed decisions when choosing among training programs.

This project addresses ETA's overarching goal of "Winning the Future: Out-innovating and out-educating our competition in support of adult workers" by using advanced technology to provide high quality, multi-layered analysis of the services participants are receiving with a longitudinal perspective.

With these data sets, it is possible to provide more sound analysis and performance results which in turn provides leaders with better decision-making data. The strategic goal of this project is to "Prepare workers for good jobs and ensure fair compensation." This goal is made attainable because the WDQI creates a comprehensive platform which allows multiple data elements to track overall performance.

WORKFORCE DATA QUALITY INITIATIVE

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$0	0
2009	\$0	0
2010	\$12,500	0
2011	\$12,475	0
2012	\$6,463	0

Funding Mechanism

The funds will be awarded to states through a competitive Solicitation for Grant Applications (SGA). States will be selected based on the quality of their applications and how well they meet the criteria set forth in the SGA.

FY 2013

In FY 2013, \$6,000,000 is requested for the WDQI, which is a reduction of \$463,000 from the FY 2012 level. This funding likely will be used to expand the initiative to approximately six additional states.

It is anticipated that the states will use the grants to accomplish one or more of the following activities, depending on the beginning level of development of each state's longitudinal data system:

- Develop or improve longitudinal data systems for workforce data gathered by various agencies within the state linked at the individual-level.
- Match individual-level, longitudinal workforce data to available education data.
- Improve the quality and breadth of the data in workforce longitudinal data systems.
- Utilize longitudinal data to provide useful information about program operations and to analyze the performance of education and training programs.
- Provide user-friendly information to consumers to help them make informed employment, education and training choices.

FY 2012

In FY 2012, \$6,463,000 was appropriated for the expansion of WDQI. Funding likely will be used to expand the initiative to up to six additional states which also have a State Longitudinal Data System grant from the US Department of Education.

It is anticipated that the states will use the grants to accomplish one or more of the following activities, depending on the beginning level of development of each state's longitudinal data system:

- Develop or improve longitudinal data systems for workforce data gathered by various agencies within the state linked at the individual-level.
- Match individual-level, longitudinal workforce data to available education data.
- Improve the quality and breadth of the data in workforce longitudinal data systems.

WORKFORCE DATA QUALITY INITIATIVE

- Utilize longitudinal data to provide useful information about program operations and to analyze the performance of education and training programs.
- Provide user-friendly information to consumers to help them make informed employment, education and training choices.

FY 2011

In FY 2011, \$12,475,000 was appropriated for the WDQI. ETA will issue a competitive SGA for state workforce agencies for this second round of funding. It is anticipated that up to twelve states will be funded and activities will be similar to those activities in which the initial grantees are engaged.

Thirteen states were awarded grants from FY 2010 resources. Grantees have data systems at varied levels of development, and each grantee is making significant progress on upgrading its longitudinal data. Examples of funded projects include:

- Louisiana is creating its first longitudinal database for workforce program information. State officials are completing work on a data dictionary that defines data elements from wage records and several workforce programs.
- Maine is expanding its partially developed data system, which allows matching between high school and postsecondary student records with information on workforce outcomes. The state is creating reports on the employment outcomes for community college students.
- South Carolina, in addition to establishing a longitudinal database with linkages between data from multiple education and workforce programs, is creating a tool that integrates training provider performance data and labor market information to help consumers make better choices about education and training programs.

Workload and Performance Narrative

ETA issued a competitive SGA for state workforce agencies in FY 2010 and made awards to thirteen States. Each grantee is responsible for submitting regular reports on the current status of their longitudinal data systems, and will be expected to make significant progress on designated milestones. All thirteen States are on track to meet both their quarterly and project goals. Examples of quarterly goals, established by each state to ensure progress remains on track, include the following:

- Florida will have a web application built, tested, and in production for their new Supply and Demand model.
- Massachusetts will have the first two phases of its data dictionary completed. The current plan includes four phases: reviewing their current system and database document, creating the structure and format for workforce data, documenting the Workforce Investment Act Standardized Record Data report elements, and analyzing data validation.
- Virginia will develop a workforce data quality assessment and measures guide, prepare a data quality report for Workforce Investment Act programs, and create scorecard formats to meet the needs of real-time dashboard users.

WORKFORCE DATA QUALITY INITIATIVE

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
25.1	Advisory and assistance services	0	0	0	0
41.0	Grants, subsidies, and contributions	12,475	6,463	6,000	-463
	Total	12,475	6,463	6,000	-463

WORKFORCE DATA QUALITY INITIATIVE

CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Advisory and assistance services \$0

Grants, subsidies, and contributions 0

Built-Ins Subtotal \$0

Net Program -\$463

Direct FTE 0

	Estimate	FTE
Base	\$6,463	0
Program Decrease	-\$463	0

JOB TRAINING FOR EMPLOYMENT IN HIGH GROWTH INDUSTRIES

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req. / FY 12 Enacted
Budget Authority	130,975	125,000	125,000	0
FTE	0	0	0	0

Note: H-1B fees - This account is not appropriated.

Introduction

To address the Secretary's goal of preparing workers for good jobs and ensuring fair compensation, the Job Training for Employment in High Growth Industries Grants are designed to provide training for workers according to need in different sectors of the economy. The funding for this program is provided from H-1B fees, which are authorized under Section 414(c) of the American Competitiveness and Workforce Improvement Act of 1998 (P.L. 105-277, Title IV), as amended by P.L. 108-447 (codified at 20 U.S.C. 2916a). The fees are collected from employers when they file applications seeking to hire temporary foreign workers, as needed in occupations that require highly specialized knowledge. These authorized fees are available to the Department without appropriations by Congress and are used to provide job training and related activities for workers to help them obtain or upgrade employment in occupations and industries that employ foreign workers with H-1B visas. The Secretary of Labor has discretion to make decisions regarding the types of grants that will be made with these funds.

Data collected by the Department about employers' applications for visas shows that employers continue to struggle to find workers in the U.S. that have the specialized skills needed for critical occupations in growing sectors including Information Technology, Engineering, Education, and Health Care. For example, in FY 2010, the Department processed more than 70,000 H-1B applications for Computer Systems Analysts and Computer Programmers, representing requests for certification of over 115,000 workers in these occupations. Such domestic worker shortages threaten employer competitiveness, as employers lack the critical human capital needed to produce their goods and services. When employers use H-1B visas to fill high skill job openings, American workers lose access to employment opportunities that can help them enter and remain in the middle-class.

The Department's long-term goal is to decrease the need for these visas by helping American workers develop the high level skills needed by these employers. The Department's ongoing dialogue with employers in demand sectors such as information technology, communication and broadband technology, advanced manufacturing, and health care and health information technology has confirmed that there are jobs in the United States that are going unfilled. Furthermore, moving workers up along a career pathway allows new entrants into the workforce who are just beginning their technical careers. The Department intends to support training and education models that directly lead to highly-skilled technical jobs.

The Department plans to use this funding to address workforce skills gaps by funding training that helps individuals upgrade skills for in-demand industries and occupations. The program assists workers in developing the skills they need to obtain employment and to succeed in their

JOB TRAINING FOR EMPLOYMENT IN HIGH GROWTH INDUSTRIES

jobs and stay employed while assisting businesses in retaining, improving the skills, and expanding their workforce. In the future, the Department may focus on a regional cluster approach. The grants can encourage the use of innovative training strategies such as contextualized learning, development and implementation of articulation agreements with universities and other educational partners that allow for recognition of course credits, and updating and replicating existing industry-recognized curricula to support direct education and training.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$130,537	0
2009	\$110,821	0
2010	\$114,026	0
2011	\$130,975	0
2012	\$125,000	0

Note: H-1B fees - This account is not appropriated.

Funding Mechanism

These funds will be awarded competitively through one or more Solicitations for Grant Applications (SGAs). Eligible applicants for these grants include partnerships of business-related nonprofit organizations, education and training providers, community-based organizations, entities involved in administering the public workforce system, and economic development agencies.

FY 2013

Grants will address workforce skills gaps by using training strategies that provide workers with skills upgrades for in-demand industries and occupations. These funds will allow grantees to focus their efforts on training and related activities for occupations and industries that are growing in their regions and for which H-1B visas have been awarded. The grants will build off the lessons learned through the Technical Skills Training and Jobs and Innovation Accelerator Challenge grants awarded in FY 2011, which had particular emphasis on On-the-Job Training (OJT) training strategies and regional innovation clusters. The Department is considering a competition that targets existing industry clusters that have already aligned employers, training providers, the workforce system, and other invested stakeholders and which are contributing to the development and maintenance of a thriving community.

The Department will continue to require that employers are directly involved in the implementation of grant activities to ensure that all of the training leads directly to industry-recognized credentials and opportunities for participants to enter high-skill, high-wage jobs. One of the valuable initial planning efforts conducted prior to announcing the most recent grant competition was convening an information technology (IT) round table with major IT employers, as the IT industry has many H-1B visa applications. For future grant opportunities, DOL will

JOB TRAINING FOR EMPLOYMENT IN HIGH GROWTH INDUSTRIES

consult with employers across other major H-1B sectors to better understand the pressing workforce needs that these investments could target.

DOL will use a small portion of the H-1B fee funding to provide technical assistance and an independent evaluation of the outcomes and benefits of the projects.

FY 2012

Grants in FY 2012 are being awarded to partnerships of private and public sector entities, which may include: business-related nonprofit organizations, such as trade associations; education and training providers, including community colleges and community-based organizations; and entities involved in administering the workforce investment system established under Title I of the Workforce Investment Act of 1998 and economic development agencies. Additional partners that reflect the character and resources of the local or regional economy are strongly encouraged. Analysis of the early results and experiences from these grants, as well as others that have focused on OJT strategies, will inform future grant activities.

To meet the training needs for high-growth industries and economic sectors, the Department is focused on funding projects that: 1) target skills and competencies in demand by industries for which employers are using H-1B visas to hire foreign workers; 2) provide education/training for jobs currently available or job openings that are anticipated during the life of the grant; and 3) result in an employer- or industry-recognized credential. The Department will also encourage grantees to leverage resources to complement grant activities and sustain them once the grants have expired.

During FY 2012, the Department awarded \$159 million for the first round of H-1B Technical Skills Training Grants and plans to award an additional \$180 million for the second round of the grants. The Department anticipates 75 grantees total from both rounds of the competition. These grants will focus on On-the-Job Training (OJT), targeting long-term unemployed individuals, and a portion of funds will support the Health Care sector.

The BLS projects that health care employers will generate 4 million new wage and salary jobs between 2008 and 2018, with the health care and social assistance sector projected to grow by 23.8 percent.³⁸ Employment growth in the health care sector will be driven by significant increases in demand for health care and assistance because of an aging population and longer life expectancies. In addition, projected retirements for current health care workers will necessitate a pipeline of skilled individuals ready to enter health care occupations. The projected shortfall of qualified workers in this diverse sector threatens the current and future quality and availability of medical care, and the economic stability and growth potential of local communities in rural, urban, and suburban areas. Moreover, the growing complexity of health care delivery, including changing technologies and the introduction of advanced medical devices, will require both incumbent workers and new entrants to continuously upgrade their skills. Although job

³⁸ Employment Projections Program, U.S. Department of Labor, U.S. Bureau of Labor Statistics

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opportunities exist for workers without extensive specialized training, most health care occupations require training leading to a vocational license, certificate, or degree.

In order to support the implementation of grants funded by these fees, DOL will use a portion of the available funds to provide technical assistance to the grantees, distributing best practices and lessons learned by grantees to other stakeholders, including the workforce system, and evaluating the grants. These efforts will be documented, distributed, and published on the Workforce3One Web site and through conference calls, newsletters and other outreach and publication efforts.

FY 2011

The Jobs and Innovation Accelerator Challenge grants were awarded in September, 2011. These grants were funded by the Department of Labor along with Department of Commerce's Economic Development Administration and the Small Business Administration for a total of \$33 million. The interagency Federal collaboration allowed applicants to submit one application to access three complementary Federal sources to comprehensively support cluster development. Awards ranged from approximately \$1.5 million to \$2.2 million per cluster through the three funding agencies, and matching funds were required for a portion of the funding. The Department made awards that will support the advancement of 20 high-growth regional industry clusters across the country in areas such as advanced manufacturing, information technology, aerospace and clean technology in rural and urban regions. The lessons learned from the early implementation of these grants will inform future grant-making with a regional cluster approach.

DOL used a small portion of the H-1B fee funding to provide technical assistance and an independent evaluation of the outcomes and benefits of the projects. The planning for this evaluation is underway now and it will likely focus on the impact of regional clusters on job creation and job training.

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DETAILED WORKLOAD AND PERFORMANCE				
	PY 2010 Enacted	PY 2011 Enacted	PY 2012 Enacted	PY 2013 Request
	Result	Target	Target	Target
Job Training for Employment in High Growth Industries				
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.	--	--	--	--
Six-Months Average Earnings	N/A	Baseline	TBD	TBD
Strategic Goal 1 – Prepare workers for good jobs and ensure fair compensation.	--	--	--	--
Outcome Goal 1.2 – Assuring skills and knowledge that prepares workers to succeed in a knowledge-based economy, including in high-growth and emerging industry sectors like “green” jobs.	--	--	--	--
Total Enrolled in Training	N/A	Baseline	TBD	TBD
Total Completed Training	N/A	Baseline	TBD	TBD
Total Participants Who Complete Education/Training Activities that Receive a Degree or Other Credential	--	Baseline	TBD	TBD
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.	--	--	--	--
Total Number of Participants Who Complete Education and Training Activities Who Enter Unsubsidized Employment	N/A	Baseline	TBD	TBD
Entered Employment Rate	N/A	Baseline	TBD	TBD
Strategic Goal 1 – Prepare workers for good jobs and ensure fair compensation.	--	--	--	--
Outcome Goal 1.4 – Helping middle-class families remain in the middle class.	--	--	--	--
Employment Retention Rate	N/A	Baseline	TBD	TBD

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

NOTE: The first H-1B Technical Skills Training grant awards were made on October 4, 2011, and the Jobs Accelerator grants were awarded on September 22, 2011. ETA expects the second round of H-1B Technical Skills Training grant awards to be made in early 2012. The Department anticipates that baseline data on the PY 2011 grant awards for most of the outcome categories listed above will become available in PY 2012. Due to the methodology used to

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calculate three outcome categories - average earnings in the second and third quarters after exit, percent of participants employed in the first quarter after exit, and percent of participants employed in the first quarter after exit still employed in the second and third quarters after exit – baseline data for these three outcome categories will not become available until PY 13, but once available it too will be incorporated into the table above as targets for the PY11 grants.

For all the outcome categories above except the Common Measures, baseline data for each year that grant funds are awarded will be based on the specific outcome projections that grantees provide in their grant applications. These projections will not be available until after the funds awarded for that particular year are awarded. Grantees generally do not provide projections for the Common Measures since the outcomes are captured via administrative data, so the results for those measures will be used as baseline data in the first year that those measures are available, which is generally at least 18 month after grants are awarded.

Workload and Performance Narrative

These grants focus on DOL's key system outcomes: 1) improved earnings; 2) keeping unemployed workers in the middle class; 3) increasing employment in emerging industries; and, 4) increasing rates of credential and education attainment. In order to address employers' current workforce needs, DOL will continue to require that grantees work closely with employers to target growth occupations with good wages based on current labor market information. In addition, grantees will be required to be specific about the skills and credentials the training programs will provide to participants. The Department assesses grantee performance by requiring grantees to establish performance targets in key outcome categories, and then assessing grantee performance in achieving these targets. In addition, DOL measures performance for these grants based on three interrelated outcomes: entered employment rate, six months average earnings, and employment retention rate. These common performance measures enable DOL to describe in a similar manner the core purposes and results across grantees and the workforce investment system – how many people obtained a job, how many stayed employed, and their average six months' earnings. H-1B funded grants have a focus on providing training and related activities in high growth industry sectors, but are used in different initiatives that may target varying strategies, types of training, and populations, making it difficult to translate potential performance across initiatives. Therefore, other grant specific metrics and outcomes may be identified based on the nature of the grant.

The Department expects that future targets will take into consideration the design and implementation approach of grant programs developed at the discretion of the Secretary and should reflect any program-specific measures that improve the quality of information available on the performance of such programs.

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
41.0	Grants, subsidies, and contributions	130,975	125,000	125,000	0
	Total	0	0	0	0

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CHANGES IN FY 2013
(Dollars in Thousands)

Activity Changes	
Built-In	
To Provide For:	
Costs of pay adjustments	\$0
Grants, subsidies, and contributions	0
Built-Ins Subtotal	\$0
Net Program	\$0
Direct FTE	0