

FY 2011

CONGRESSIONAL BUDGET JUSTIFICATION

EMPLOYMENT AND TRAINING ADMINISTRATION

**State Unemployment Insurance and
Employment Service Operations**

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

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STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

APPROPRIATION LANGUAGE

For authorized administrative expenses, \$86,403,000, together with not to exceed [3,977,278,000] \$4,293,924,000 which may be expended from the Employment Security Administration Account in the Unemployment Trust Fund ("the Trust Fund"), of which:

(1) [3,195,645,000]\$3,515,079,000 from the Trust Fund is for grants to States for the administration of State unemployment insurance laws as authorized under title III of the Social Security Act (including \$10,000,000 to conduct in-person reemployment and eligibility assessments and unemployment insurance improper payment reviews), the administration of unemployment insurance for Federal employees and for ex-service members as authorized under 5 U.S.C. 8501-8523, and the administration of trade readjustment allowances, reemployment trade adjustment assistance, and alternative trade adjustment assistance under the Trade Act of 1974 and under section 1891(b) of the Trade and Globalization Adjustment Assistance Act of 2009, and shall be available for obligation by the States through December 31, [2010]2011 except that funds used for automation acquisitions shall be available for obligation by the States through September 30, [2012]2013 and funds used for unemployment insurance workloads experienced by the States through September 30, [2010]2011 shall be available for Federal obligation through December 31, [2010]2011;

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

(3) \$680,893,000 from the Trust Fund, together with \$22,683,000 from the General Fund of the Treasury, is for grants to States in accordance with section 6 of the Wagner-Peyser Act, and shall be available for Federal obligation for the period July 1, [2010]2011 through June 30,

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[2011]2012

(4) \$20,994,000 from the Trust Fund is for national activities of the Employment Service, including administration of the work opportunity tax credit under section 51 of the Internal Revenue Code of 1986, and the provision of technical assistance and staff training under the Wagner-Peyser Act, including not to exceed \$1,228,000 that may be used for amortization payments to States which had independent retirement plans in their State employment service agencies prior to 1980;

(5) [~~\$68,436,000~~]~~\$65,648,000~~ from the Trust Fund is for the administration of foreign labor certifications and related activities under the Immigration and Nationality Act and related laws, of which [~~\$53,307,000~~]~~\$50,519,000~~ shall be available for the Federal administration of such activities, and \$15,129,000 shall be available for grants to States for the administration of such activities; and

(6) \$63,720,000 from the General Fund is to provide workforce information, national electronic tools, and one-stop system building under the Wagner-Peyser Act and section 171 (e)(2)(C) of the Workforce Investment Act of 1998 and shall be available for Federal obligation for the period July 1, [2010]2011 through June 30, [2011]2012

Provided, That to the extent that the Average Weekly Insured Unemployment ("AWIU") for fiscal year [2010] 2011 is projected by the Department of Labor to exceed

[~~5,059,000~~]~~6,051,000~~, an additional \$28,600,000 from the Trust Fund shall be available for obligation for every 100,000 increase in the AWIU level (including a pro rata amount for any increment less than 100,000) to carry out title III of the Social Security Act: *Provided further*,

That funds appropriated in this Act that are allotted to a State to carry out activities under title III of the Social Security Act may be used by such State to assist other States in carrying out

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

In addition, [~~\$50,000,000~~]~~\$55,000,000~~ from the Employment Security Administration Account of the Unemployment Trust Fund shall be available to conduct in-person reemployment and eligibility assessments and unemployment insurance improper payment reviews. (Department of Labor Appropriations Act, 2010.)

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EXPLANATION OF LANGUAGE CHANGE

Not Applicable.

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ANALYSIS OF APPROPRIATION LANGUAGE

Not Applicable.

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT
SERVICE OPERATIONS**

AMOUNTS AVAILABLE FOR OBLIGATION								
(Dollars in Thousands)								
	FY 2009 Enacted		Recovery Act		FY 2010 Enacted		FY 2011 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	0	91,698	0	0	0	86,403	0	86,403
Other Supplementals and Rescissions	0	0	0	0	0	0	0	0
Appropriation, Revised	0	91,698	0	0	0	86,403	0	86,403
Subtotal Appropriation	0	91,698	0	0	0	86,403	0	86,403
Comparative Transfer To:	0	0	0	0	0	0	0	0
Comparative Transfer From:	0	0	0	0	0	0	0	0
Offsetting Collections From:	0	0	0	0	0	0	0	0
Reimbursements	0	10,075	0	0	0	10,075	0	10,075
Trust Funds	131	3,639,167	0	400,000	181	4,027,278	181	4,348,924
AWIU	0	628,342	0	0	0	733,000	0	0
Fees	31	13,000	0	0	31	13,000	31	13,000
Expenditure Transfer to PA	0	0	0	-4,000	0	0	0	0
Transfer from General Fund to TES (Proposed Legislation)	0	0	0	0	0	0	0	0
<i>Subtotal</i>	<i>162</i>	<i>4,290,584</i>	<i>0</i>	<i>396,000</i>	<i>212</i>	<i>4,783,353</i>	<i>212</i>	<i>4,371,999</i>
B. Gross Budget Authority	162	4,382,282	0	396,000	212	4,869,756	212	4,458,402
Offsetting Collections	0	0	0	0	0	0	0	0
Deduction: (all entries are negative)	0	0	0	0	0	0	0	0
Reimbursements	0	-10,075	0	0	0	-10,075	0	-10,075
Fees	-31	-13,000	0	0	-31	-13,000	-31	-13,000
Expenditure Transfer to PA	0	0	0	4,000	0	0	0	0
<i>Subtotal Offsetting Collections</i>	<i>-31</i>	<i>-23,075</i>	<i>0</i>	<i>4,000</i>	<i>-31</i>	<i>-23,075</i>	<i>-31</i>	<i>-23,075</i>
C. Budget Authority	131	4,359,207	0	400,000	131	4,846,681	181	4,435,327
Before Committee	131	4,359,207	0	400,000	131	4,846,681	181	4,435,327
Offsetting Collections From	0	0	0	0	0	0	0	0
Reimbursements	0	10,075	0	0	0	10,075	0	10,075
Fees	31	13,000	0	0	31	13,000	31	13,000
Expenditure Transfer to PA	0	0	0	-4,000	0	0	0	0
<i>Subtotal Offsetting Collections</i>	<i>31</i>	<i>23,075</i>	<i>0</i>	<i>-4,000</i>	<i>31</i>	<i>23,075</i>	<i>31</i>	<i>23,075</i>
D. Total Budgetary Resources	162	4,382,282	0	396,000	162	4,869,756	212	4,458,402
Other Unobligated Balances	0	0	0	0	0	0	0	0
Unobligated Balance Expiring	0	0	0	0	0	0	0	0
E. Total, Estimated Obligations	162	4,382,282	0	396,000	162	4,869,756	212	4,458,402

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SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2010 Enacted	FY 2011 Request	Net Change
Budget Authority			
General Funds	86,403	86,403	0
Trust Funds	4,760,278	4,348,924	-411,354
Total	4,846,681	4,435,327	-411,354
Full Time Equivalents			
General Funds	0	0	0
Trust Funds	181	181	0
Total	181	181	0

Explanation of Change	FY 2010 Base		Trust Funds		FY 2011 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	181	15,413	0	1,732	0	0	0	1,732
Personnel benefits	0	3,802	0	450	0	0	0	450
Benefits for former personnel	0	42	0	0	0	0	0	0
Travel and transportation of persons	0	245	0	0	0	0	0	0
Transportation of things	0	5	0	0	0	0	0	0
Rental payments to GSA	0	1,715	0	0	0	0	0	0
Communications, utilities, and miscellaneous charges	0	612	0	0	0	0	0	0
Printing and reproduction	0	321	0	0	0	0	0	0
Advisory and assistance services	0	16,047	0	0	0	0	0	0
Other services	0	76	0	0	0	0	0	0
Other purchases of goods and services from Government accounts	0	6,027	0	0	0	0	0	0
Operation and maintenance of facilities	0	492	0	0	0	0	0	0
Operation and maintenance of equipment	0	7,318	0	0	0	0	0	0
Supplies and materials	0	398	0	0	0	0	0	0
Equipment	0	784	0	0	0	0	0	0
Insurance claims and indemnities	0	10	0	0	0	0	0	0
Unemployment Insurance State Administration for Employer Growth and Claims Workload	0	4,793,374	0	308,484	0	0	0	308,484
Built-Ins Subtotal	181	4,846,681	0	+310,666	0	0	0	+310,666
B. Program:								
Increase for Reemployment and Eligibility Assessments	0	0	0	5,000	0	0	0	5,000

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Explanation of Change	FY 2010 Base		FY 2011 Change					
			Trust Funds		General Funds		Total	
To provide for misclassification of worker protection	0	0	0	10,950	0	0	0	10,950
Programs Subtotal			0	+15,950	0	0	0	+15,950
C. Financing:								
Total Increase	+181	+4,846,681	0	+326,616	0	0	0	+326,616
Decreases:								
A. Built-Ins:								
Decrease in Advisory and Assistance Services			0	-2,182	0		0	-2,182
Decrease for: AWIU Adjustment in FY 2010	0	0	0	-733,000	0	0	0	-733,000
Built-Ins Subtotal	0	0	0	-735,182	0	0	0	-735,182
B. Program:								
Decrease for FLC	0	0	0	-2,788	0	0	0	-2,788
Programs Subtotal			0	-2,788	0	0	0	-2,788
C. Financing:								
Total Decrease	0	0	0	-737,970	0	0	0	-737,970
Total Change	+181	+4,846,681	0	-411,354	0	0	0	-411,354

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT
SERVICE OPERATIONS**

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY (Dollars in Thousands)								
	FY 2009 Enacted		Recovery Act		FY 2010 Enacted		FY 2011 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Unemployment Insurance	0	3,497,797	0	0	0	3,989,955	0	3,581,389
Unemployment Trust Funds	0	3,497,797	0	0	0	3,989,955	0	3,581,389
Reemployment and Eligibility Assessments	0	40,000	0	0	0	50,000	0	55,000
Unemployment Trust Funds	0	40,000	0	0	0	50,000	0	55,000
State Administration	0	3,446,487	0	0	0	3,928,645	0	3,515,079
Unemployment Trust Funds	0	3,446,487	0	0	0	3,928,645	0	3,515,079
AWIU (Included in SA total)	0	628,342	0	0	0	733,000	0	0
Unemployment Trust Funds	0	628,342	0	0	0	733,000	0	0
National Activities	0	11,310	0	0	0	11,310	0	11,310
Unemployment Trust Funds	0	11,310	0	0	0	11,310	0	11,310
Employment Service	0	724,445	0	396,000	0	724,570	0	724,570
General Funds	0	22,683	0	0	0	22,683	0	22,683
Unemployment Trust Funds	0	701,762	0	396,000	0	701,887	0	701,887
Grants to State	0	703,576	0	396,000	0	703,576	0	703,576
General Funds	0	22,683	0	0	0	22,683	0	22,683
Unemployment Trust Funds	0	680,893	0	396,000	0	680,893	0	680,893
Employment Service National Activities	0	20,869	0	0	0	20,994	0	20,994
Unemployment Trust Funds	0	20,869	0	0	0	20,994	0	20,994
TAT/SWA Retirement	0	2,349	0	0	0	2,474	0	2,474
Unemployment Trust Funds	0	2,349	0	0	0	2,474	0	2,474
WOTC	0	18,520	0	0	0	18,520	0	18,520
Unemployment Trust Funds	0	18,520	0	0	0	18,520	0	18,520
Foreign Labor Certification	162	67,950	0	0	181	68,436	181	65,648
Unemployment Trust Funds	162	67,950	0	0	181	68,436	181	65,648
Federal Administration	0	52,821	0	0	181	53,307	181	50,519
Unemployment Trust Funds	0	52,821	0	0	181	53,307	181	50,519
State Grants	0	15,129	0	0	0	15,129	0	15,129
Unemployment Trust Funds	0	15,129	0	0	0	15,129	0	15,129

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Workforce Information-Electronic Tools-System Building	0	51,720	0	0	0	63,720	0	63,720
General Funds	0	51,720	0	0	0	63,720	0	63,720
Work Incentive Grants	0	17,295	0	0	0	0	0	0
General Funds	0	17,295	0	0	0	0	0	0
Total	162	4,359,207	0	396,000	181	4,846,681	181	4,435,327
General Funds	0	91,698	0	0	0	86,403	0	86,403
Unemployment Trust Funds	162	4,267,509	0	396,000	181	4,760,278	181	4,348,924

NOTE: FY 2009 reflects actual FTE.

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT
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BUDGET AUTHORITY BY OBJECT CLASS						
(Dollars in Thousands)						
		FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	Change FY 11 Req. / FY 10 Enacted
	Full-Time Equivalent					
	Full-time Permanent	162	0	181	181	0
	Other	19	0	31	31	0
	Total	180	0	212	212	0
	Total Number of Full-time Permanent Positions	180	0	212	212	0
	Average ES Salary	168,924	0	172,302	179,366	7064
	Average GM/GS Grade	12	0	12	12	0
	Average GM/GS Salary	88,741	0	90,516	94,227	3711
11.1	Full-time permanent	11,297	0	15,413	17,145	1732
11.3	Other than full-time permanent	140	0	0	0	0
11.5	Other personnel compensation	621	0	0	0	0
11.9	Total personnel compensation	12,058	0	15,413	17,145	1732
12.1	Civilian personnel benefits	2,939	0	3,802	4,252	450
13.0	Benefits for former personnel	42	0	42	42	0
21.0	Travel and transportation of persons	238	0	245	245	0
22.0	Transportation of things	17	0	5	5	0
23.1	Rental payments to GSA	1,558	0	1,715	1,715	0
23.3	Communications, utilities, and miscellaneous charges	400	0	612	612	0
24.0	Printing and reproduction	32	0	321	321	0
25.1	Advisory and assistance services	19,118	0	16,047	11,077	-4,970
25.2	Other services	76	0	76	76	0
25.3	Other purchases of goods and services from Government accounts 1/	3,971	0	6,027	6,027	0
25.4	Operation and maintenance of facilities	390	0	492	492	0
25.7	Operation and maintenance of equipment	10,813	0	7,318	7,318	0
26.0	Supplies and materials	429	0	398	398	0
31.0	Equipment	740	0	784	784	0
41.0	Grants, subsidies, and contributions	4,306,386	396,000	4,793,374	4,384,808	-408,566
42.0	Insurance claims and indemnities	0	0	10	10	0
	Total	4,359,207	396,000	4,846,681	4,435,327	-411,354
	1/Other Purchases of Goods and Services From Government Accounts					
	Working Capital Fund	3,971	0	4,939	4,939	0
	Census Services	0	0	1,088	1,088	0

NOTE: FY 2009 reflects actual FTE.

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SUMMARY OF PERFORMANCE				
	FY 2009		FY 2010	FY 2011
	Target	Result	Target	Target
Employment Service				
Grants to State				
1				
1. Percent of participants employed in the first quarter after exit	59.00%	--	59.70%	61.20%
2. Percent of participants employed in the first quarter after exit still employed in the second and third quarters after exit.	77.70%	--	78.20%	79.20%
3. Average earnings in the second and third quarters after exit.	\$10,034.00	--	\$10,385.00	\$11,112.00
Foreign Labor Certification				
1				
Goal not achieved				
Percent of H-1B applications processed within seven days of the filing date for which no prevailing wage issues are identified	100.00%	100.00%	100.00%	100.00%
Percent of employer applications for permanent labor certification resolved within nine months of filing	--	--	80.00%	81.00%
Percent of resolved permanent applications selected for integrity review and found in compliance	--	--	60.00%	61.00%
Percent of H-2A applications with no pending state actions processed within 15 days of receipt and 30 days from the date of need.	61.00%	46.00%	62.00%	57.00%
Percent of the H-2B applications processed within 60 days of receipt	65.00%	43.00%	65.00%	72.00%
Foreign Labor Certification				
1				
Goal not achieved				
Percent of H-1B applications processed within seven days of the filing date for which no prevailing wage issues are identified	100.00%	100.00%	100.00%	100.00%
Percent of employer applications for permanent labor certification resolved within nine months of filing	--	--	80.00%	81.00%
Percent of resolved permanent applications selected for integrity review and found in compliance	--	--	60.00%	61.00%
Percent of H-2A applications with no pending state actions processed within 15 days of receipt and 30 days from the date of need.	61.00%	46.00%	62.00%	57.00%
Percent of the H-2B applications processed within 60 days of receipt	65.00%	33.00%	65.00%	72.00%

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Unemployment Insurance				
8	Goal not achieved			
1. Payment Timeliness: Percent of all intrastate first payments that will be made within 21 days.	85.70%	83.80%	89.30%	87.70%
2. Detect Overpayments: Percent of the amount of estimated overpayments that states detect established for recovery.	51.80%	54.90%	59.90%	56.50%
3. Facilitate Claimant Reemployment: Percent of UI claimants reemployed by the end of the first quarter after the quarter in which they received their first payment.	59.00%	60.80%	58.60%	59.80%
4. Percent of Employer Tax Liability Determinations Made Promptly: Percentage of determinations about UI tax liability of new employers made within 90 days of the end of the 1st qtr they became liable	88.70%	84.10%	90.00%	90.00%
State Administration				
8	Goal not achieved			
1. Payment Timeliness: Percent of all intrastate first payments that will be made within 21 days.	85.70%	83.80%	89.30%	87.70%
2. Detect Overpayments: Percent of the amount of estimated overpayments that states detect established for recovery.	51.80%	54.90%	59.90%	56.50%
3. Facilitate Claimant Reemployment: Percent of UI claimants reemployed by the end of the first quarter after the quarter in which they received their first payment.	59.00%	60.80%	58.60%	59.80%
4. Percent of Employer Tax Liability Determinations Made Promptly: Percentage of determinations about UI tax liability of new employers made within 90 days of the end of the 1st qtr they became liable.	88.70%	84.10%	90.00%	90.00%
Work Incentive Grants				
1				
1. Percent of exiters with disabilities.	4.70%	--	--	--
2. Percent of exiters with disabilities employed after program exit.	67.00%	--	--	--
3. Percent of exiters with disabilities who retain employment after exit.	81.00%	--	--	--
4. Average earnings in the second and third quarters after exit.	\$10,204.00	--	--	--
Workforce Information-Electronic Tools-System Building				
9	Goal not achieved			
2. Number of O*NET site visits (millions)	12.00	.00	12.75	13.75
4. Number of CareerOneStop site visits (millions)	25.00	.00	26.00	26.00
5. Number of Career Voyages site visits (millions)	2.80	.00	3.00	--

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

EMPLOYMENT AND TRAINING ADMINISTRATION

SIGNIFICANT ITEMS IN APPROPRIATION COMMITTEES' REPORTS

Unemployment Insurance Integrity

- Senate: The Committee intends for the increase provided to be used for additional technology-based overpayment prevention, detection, and collection activities above the \$9,000,000 to \$10,000,000 supported in the Department's current Unemployment Insurance [UI] Supplemental Funding Opportunity for Automated Payment Integrity Related Systems.
- House: The Committee emphasizes that successful program integrity activities are vital to maintain the public's support for continuing benefits to recipients deserving of assistance. The Committee also urges that program integrity activities be administered in a way that will not adversely affect workers who receive unemployment benefits and, instead, will enhance their knowledge of, and referral to, necessary reemployment services.
- Conference: The conference agreement includes \$60,000,000 for in-person reemployment and eligibility assessments and unemployment insurance improper payment reviews. This amount includes \$50,000,000 available for these purposes through a discretionary spending cap adjustment established in the fiscal year 2010 congressional budget resolution. In addition to increasing support for in-person reemployment and eligibility assessments, the Department should continue to make a portion of these funds available for technology-based overpayment prevention, detection, and collection activities.
- Response: The Reemployment and Eligibility Assessment initiative has been administered in such a way so as to ensure that individuals entitled to benefits are not adversely affected. The Department fully recognizes the need to encourage states to make investments in technology-based overpayment prevention, detection, and collection systems. In FY 2009, over \$10,000,000 of appropriated funds were awarded to states for such activities. The Department expects that these investments will result in significant savings to state Unemployment Trust Funds. The Department intends to continue making integrity related awards using FY 2010 funding, as well as expand the Reemployment Eligibility Assessment program, as the Committee intends. States will be using these funds to enhance various integrity systems and programs to prevent and detect overpayments such as improving their data matching capabilities, for example, states match benefit wage information matched against wage records, Social Security Administration records, prison records, states' Department of Motor Vehicle records, and Vital Statistics records. States will also use the funds to enhance collection efforts to recover UI overpayments, for example, states have been implementing or enhancing systems that make collections efforts more efficient by using predictive dialing systems that include call queuing.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

Participation of Persons with Disabilities

Senate: The Committee's recommendation includes \$12,000,000 for ETA, in collaboration with the Office of Disability Employment Policy [ODEP], to develop and implement a plan for improving effective and meaningful participation of persons with disabilities in the workforce. The Committee expects that these funds, in combination with funding available to ODEP, will improve the accessibility and accountability of the public workforce development system for individuals with disabilities. The Committee further expects these funds to continue promising practices implemented by disability program navigators, including effective deployment of staff in selected States to: improve coordination and collaboration among employment and training and asset development programs carried out at a State and local level, including the Ticket to Work program and build effective community partnerships that leverage public and private resources to better serve individuals with disabilities and improve employment outcomes. The Committee requests that ETA and ODEP develop appropriate objectives and performance measures by which this initiative will be evaluated. The Committee requests that the joint plan described above be submitted to the Senate Committee on Appropriations no later than 30 days after the date of enactment of this Act.

Response: ETA intends to dedicate \$12,000,000 to continue funding the *Disability and Employment Initiative*, designed to improve employment opportunities and outcomes for job seekers with disabilities who access the One-Stop Career Center system. In addition to this dedicated funding, the ODEP budget also includes \$12,000,000 for the same objective. Funding for this initiative was authorized in FY 2010 and ETA and ODEP developed a Memorandum of Agreement to establish a new inter-agency collaboration for the joint administration of these funds. The initiative will build upon the promising practices of ETA's Disability Program Navigator and ODEP's customized employment initiatives to improve the employment outcomes of individuals with disabilities served by One-Stop Career Centers. Funds will continue to support the public workforce investment system's goal of improving access to persons with disabilities, including women, minorities and veterans with disabilities. The initiative will also help workers with disabilities in low-wage jobs, or those who are out of the labor market, find a path into the middle class.

ETA and ODEP are committed to developing appropriate objectives and performance measures by which this initiative will be evaluated. The plan to jointly administer and provide strategic direction for the use of funds has been formulated and will be submitted to the Senate Appropriations Committee by the requested due date.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2001...1/	3,389,198	3,097,790	3,249,430	3,453,494	0
2002...2/	3,788,712	3,774,712	3,804,712	3,698,556	0
2003...3/	3,697,143	3,618,903	3,618,903	3,747,464	0
2004...4/	3,646,783	3,615,381	3,620,552	7,239,448	0
2005...5/	3,593,434	3,582,848	3,636,235	3,636,709	0
2006...6/	2,716,830	3,470,366	3,361,779	3,358,157	0
2007	3,435,717	3,435,717	3,435,717	3,340,350	0
2008...7/	2,454,134	3,382,614	3,386,632	3,492,874	75
2009...8/	2,665,267	0	3,692,363	4,187,357	131
2010	4,101,556	0	0	4,113,681	181
2011	4,435,327	0	0	0	181

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

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

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

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

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

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

7/ Reflects 1.747% rescission.

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

UNEMPLOYMENT INSURANCE

BUDGET AUTHORITY BEFORE THE COMMITTEE					
(Dollars in Thousands)					
	FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	Diff. FY 11 Req. / FY 10 Enacted
Activity Appropriation	3,497,797	0	3,989,955	3,581,389	-408,566
FTE	0	0	0	0	0

Note: FY 2009 reflects actual FTE. Authorized FTE for FY 2009 was 0.

Introduction

The Federal-state Unemployment Insurance (UI) program, authorized by Title III of the Social Security Act, provides temporary, partial wage replacement to unemployed workers who are between jobs and helps to stabilize local economies where layoffs have occurred as well as the national economy. The program is a lifeline for unemployed workers providing them with income support when work is unavailable or impossible to find. Research shows that for each dollar of UI benefits spent, \$1.60 in economic activity is generated through the multiplier effect and that without UI, the gross domestic product would decline an additional 11 percent on average during recessions.

To be eligible for benefits, unemployed workers must have worked recently, be involuntarily unemployed, and be able to and available for work. While states must meet minimum Federal eligibility standards, most eligibility requirements are set by state law and an unemployed worker in one state may not be eligible in another state. Because of its concern that all eligibility requirements are not equitable, Congress has made \$7 billion available to states in UI Modernization Incentive Payments. To qualify for their initial payment, states must use a worker's recent earnings in determining eligibility if the worker did not initially qualify. To qualify for their remaining payment, states may select among several options relating to part-time workers, workers who must leave their jobs because of compelling family reasons, and workers who attend approved training. UI benefits and administration are funded by state payroll and Federal taxes, respectively.

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

States administer the UI program directly and also administer certain Federal benefit programs. These activities are funded by the UI State Administration line item. UI National Activities provides funds with which the Department of Labor supports the states collectively in administering their state UI programs. Reemployment and Eligibility Assessments fund states for in-person interviews with selected UI beneficiaries to promote quicker reemployment and to ensure continuing eligibility requirements are met.

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

UNEMPLOYMENT INSURANCE

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2006	2,507,670	0
2007	2,507,670	0
2008	2,649,365	0
2009	3,325,947	0
2010	3,989,955	0

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

UNEMPLOYMENT INSURANCE

BUDGET ACTIVITY by OBJECT CLASS						
(Dollars in Thousands)						
		FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	FY 11 Req. / FY 10 Enacted
41.0	Grants, subsidies, and contributions	3,497,797	0	3,989,955	3,581,389	-408,566
	Total	3,497,797	0	3,989,955	3,581,389	-408,566

UNEMPLOYMENT INSURANCE

CHANGES IN FY 2011

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Unemployment Insurance State Administration for employer
growth and claims workload

-\$733,000

Built-Ins Subtotal

-424,516

Net Program

15,950

	Estimate	FTE
Base	3,565,439	0
Program Increase	15,950	0

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BUDGET AUTHORITY BEFORE THE COMMITTEE					
(Dollars in Thousands)					
	FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	Diff. FY 11 Req. / FY 10 Enacted
Activity Appropriation	3,446,487	0	3,928,645	3,515,079	-413,566
FTE	0	0	0	0	0

Note: FY 2009 reflects actual FTE. Authorized FTE for FY 2009 was 0.

Introduction

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

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

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

The UI program has established four performance indicators for FY 2011:

1) Payment Timeliness: 86.0 percent of all State UI intrastate first payments for weeks of full unemployment will be made within 14/21 days.

Making timely payments to unemployed workers is critical to fulfilling the UI system's key statutory objective of making full payment of unemployment compensation "when due." This measure, which includes nearly 90 percent of all State UI intrastate payments, is a good indicator of overall payment timeliness.

2) Detection of Overpayments (previously known as "Payment Accuracy"): Establish for recovery at least 53.1 percent of the amount of estimated overpayments that states can detect and recover.

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

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3) **Facilitate Reemployment:** This performance indicator is the percentage of UI claimants who are reemployed during the first quarter after the quarter in which they received their first UI payment. The FY 2011 target has been set at 59.8 percent.

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

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

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

Past Performance Results and Future Projections

1) **Payment Timeliness:** The FY 2009 target of 85.7 percent was not attained; 82.9 percent of first payments were made within 14/21 days, down from the FY 2008 level of 86.8 percent. First payment timeliness declined in the majority of states. States performing below the 87 percent minimum acceptable level of performance in the UI performance management system (UI Performs) will be expected to submit a corrective action plan that outlines the actions they will take to improve their performance as part of their FY 2010 State Quality Service Plan.

Statistical analysis indicates that significant change for this measure is attributable to increases in claims and changes in the levels of real base administrative funding. New initial claims increased from 13,400,000 in FY 2008 to 20,640,000 in FY 2009, an increase of 54 percent. The 14,500,000 UI first payments made during FY 2009 were 54 percent higher than in FY 2008. Data for the fourth quarter of FY 2009 show a continued decrease in performance, and the economic outlook for FY 2010 and 2011 indicates that progress will be difficult to achieve. In view of the projected weakness in the labor market, FY 2010 to 2011 targets for first payment timeliness reflect performance levels below the FY 2008 level.

2) **Detection of Overpayments:** States detected and established for recovery 52.9 percent of the estimated overpayments, which met the FY 2009 target of 51.8 percent. Although overpayments estimated by the Benefit Accuracy Measurement (BAM) survey increased from \$1,880,000,000 in FY 2008 to \$2,800,000,000 in FY 2009 the overpayment rate decreased from 5.58 percent of UI benefits paid in the period covered by the FY 2008 measure to 5.50 percent of the UI benefits paid for the FY 2009 measurement period. States increased overpayment detections by 42 percent from \$1,050,000,000, during FY 2008 to almost \$1,500,000,000 during FY 2009. The improved FY 2009 performance is attributable to: 1) the increased use of integrity tools such as matching UI claimants with the National Directory of New Hires (NDNH), which resulted in more timely and effective detection of overpayments attributable to

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claimants who have returned to work and continue to claim benefits; and 2) increased claims by individuals who have been laid off due to lack of work.

Historically, overpayment errors due to separation issues (voluntary quits and discharges for cause), which are the second leading cause of overpayments, decrease during periods of adverse labor market conditions. Statistical analysis of this measure suggests that this improved performance may not be sustained. The overpayment establishment component of the measure is quite sensitive to economic conditions, and the projected weak labor market is expected to result in states diverting staff from integrity to claims taking functions. Data for the fourth quarter of FY 2009 show a continuing slide in performance, although the most recent BAM projections indicate that the estimated overpayment rate may stabilize and targets for FY 2010 and FY 2011 reflect performance for this measure, performance is projected to be at or about FY 2009 levels, based on Administration economic assumptions.

3) Facilitate Reemployment: In the year ending June 30, 2009 (latest data available), 56.5 percent of UI claimants were reemployed in the calendar quarter following the quarter in which they received their first UI payment. This performance was below the FY 2009 target of 59 percent, and represents a decrease of 6 percentage points from the FY 2008 level of 62.5 percent. Analysis of the state reemployment data indicates that performance is significantly influenced by factors outside the control of the state agencies administering the UI program, most notably economic conditions, measured by the Total Unemployment Rate (TUR). Regression analysis indicates that the reemployment rate declines by two percentage points for every one point rise in the unemployment rate. The decrease in reemployment rates parallels the rise in unemployment between FY 2008 and FY 2009, and the measure will likely decline further due to the rise in TUR during FY 2010. The measure is also sensitive to the percentage of UI claimants who have no expectation of recall to their previous employment. This group, which increases during economic downturns, has a reemployment rate significantly below the rate for claimants on temporary lay-off.

Regression estimates, based on Administration economic assumptions, show this measure remaining at about 59 percent during FY 2010 and 2011. However, the fact that it was 2.5 points below the target for the year ending June 30, 2009, when unemployment rates were considerably below Quarter 3, 2009 levels, indicates that those targets may be optimistic. Because this measure is influenced strongly by labor market conditions, changes in administrative funding are not likely to significantly affect performance.

4) Establish Tax Accounts Promptly: In FY 2009, 84.1 percent of new status determinations were made within the specified 90-day period, which fell considerably short of the 88.7 percent target. Also, this is a 1-percentage point drop from FY 2008 performance. Statistical studies have indicated that new status timeliness is countercyclical: it rises as economic activity declines, and with it, business creation rates fall. Based on this historical relationship and the Administration's economic assumptions, targets were set at 88.7 percent for FY 2009 and 90.0 percent for FY 2010 and FY 2011.

However, the fact that performance for FY 2009 was about the same as for the year ending June 30, 2009 indicates that the historical relationship has not held for the current recession. Rather, it

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appears that states are reassigning staff to UI claims in response to the sharply increased workloads. If this trend continues, performance may fall short of the targets, especially for FY 2010 and 2011. Statistical analysis indicates that historically, levels of administrative funding are weakly related to performance for this measure and that changes in budget resources will not have a significant effect on outcomes. However, to the extent that staffing resources are negatively impacted by budget reductions, it is likely that performance outcomes for this measure would reflect these staffing reductions.

Funding Mechanism

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

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

The appropriation language includes an important mechanism for providing additional State UI administrative funding if workloads rise unexpectedly. The average weekly insured unemployment (AWIU) level that is specified in the appropriation is significant because it represents a threshold, which if exceeded for the budget year, automatically triggers additional funds (\$28.6 million per 100,000 increase over the AWIU in the appropriation or if less than 100,000, a prorated amount) to the system. This feature was added to the appropriation language as a safety valve to avoid the need for a supplemental budget request, since budget formulation begins about 18 months in advance of the beginning of the budget year and economic conditions can change dramatically between formulation, Congressional action, and during a budget year. The funding requested for State Administration in the President’s Budget Request supports the administrative activities associated with the volume of claims represented by the AWIU contained in the request.

The funding provided for in the FY 2010 appropriation is sufficient to support administrative costs associated with an AWIU level of 5,059,000. Under current economic assumptions, the Department projects that the FY 2010 AWIU level will be 7,621,000. If that projection holds true, the application of the contingency reserve formula contained in the FY 2010 appropriation would provide an additional \$733,000,000 for State UI administration.

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Five-Year Budget Activity Component History

Fiscal Year	Funding (Dollars in Thousands)	FTE
2006	2,497,770	0
2007	2,497,770	0
2008	2,639,638	0
2009	3,274,637	0
2010	3,928,645	0

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

FY 2011

The FY 2011 Budget request for UI State Administration is \$3,515,079,000, a decrease of \$413,566,000 from the FY 2010 appropriation of \$3,928,645,000 (includes midsession adjustments).

The funds requested are sufficient to process 6,051,000 continued claims per week (referred to as average weekly insured unemployment (AWIU)) which includes processing benefit payments made under the Trade Act of 1974, as amended. During the year, states are expected to collect \$52.7 billion in state unemployment taxes and to pay an estimated \$83.1 billion in Federal and State UI benefits to 15.5 million beneficiaries, including former Federal military and civilian personnel, recipients of federal-state extended benefits, and workers adversely affected by imports who may be eligible for benefits under the Trade Act.

The request continues the contingency reserve language which provides for additional funds to meet unanticipated workload. The formula for FY 2011 finances \$28,600,000 per 100,000, an increase above the total AWIU level of 6,051,000. In addition, the appropriation language for FY 2011 continues to allow states up to three years to obligate their UI funds if those funds are used for automation activities, which effectively allows states to obligate FY 2011 funds used for automation until September 30, 2013.

The Department of Labor (DOL) is proposing a multi-agency initiative to dramatically strengthen and coordinate Federal and State efforts to address employer misclassification of workers. The goal is to build cross-Federal agency and state capacity to improve identification of potential bad actors through improved information sharing and targeted audits in high risk industry sectors; to outreach to employers to prevent misclassification; to increase statutory enforcement where appropriate; and to enable collection of payroll taxes previously lost due to misclassification. The Misclassification Initiative includes \$10,950,000 for two new initiatives focused on increasing capacity to address misclassification within the Federal/state administered Unemployment Insurance program. The first initiative provides states the opportunity to compete for grants to increase their capacity to participate in data sharing activities with the IRS and other Federal and state agencies; to implement targeted audit strategies; establish a cross-state agency task force to target egregious employer schemes to avoid taxation through misclassification, and to develop education and outreach programs. The second initiative would

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

FY 2010

During FY 2010 the state agencies are expected to collect \$44.5 billion in state unemployment taxes and to pay \$157.3 billion in Federal and state unemployment benefits to 16.3 million beneficiaries.

In FY 2010, \$3,195,645,000 has been appropriated for State Administration. This funding level is sufficient to support administrative costs associated with an AWIU level of 5,059,000. Based on the latest economic assumptions available, the Department projects that the AWIU level for FY 2010 will be 7,621,000. If that projection holds true, the application of the contingency reserve formula contained in the FY 2010 appropriation would provide an additional \$733,000,000 for State UI administration bringing the FY 2010 appropriation to \$3,928,645,000.

FY 2009

During FY 2009 the state agencies collected \$31.1 billion in state unemployment taxes and paid \$119.4 billion in Federal and state unemployment benefits to 14.5 million beneficiaries.

A total of \$3,446,487,000 was enacted for State UI Administration during FY 2009. \$2,782,145,000 was appropriated. \$628,342,000 was issued through the contingency formula because the average weekly insured unemployment level exceeded the threshold set in the FY 2009 appropriation and \$36,000,000 was issued for administrative expenses for states triggered on to Extended Benefits under the total unemployment rate trigger.

Recovery Act Update

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

- An extension of the Emergency Unemployment Compensation program through December 31, 2009, with a phase out through May 2010, is estimated to cost \$37.5 billion and provide benefits to approximately 5.0 million unemployed workers. A later expansion and an extension of the program are not considered to be Recovery Act.

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- An addition of \$25 to all UI checks for weeks of unemployment ending before January 1, 2010, with a phase out through June 2010. This is estimated to supplement 560 million checks and is estimated to cost \$14.1 billion. A later extension of this program is not considered to be Recovery Act.
- A provision making available a share of \$7,000,000,000 to states whose UI laws include certain benefit eligibility provisions. States can use the funds for UI benefits, or UI and/or Employment Service administration.
- A share of \$500,000,000 to states for administration of the modernization provisions, outreach to individuals who might be eligible for benefits as a result of modernization provisions, improvement of UI benefit and tax operations, and staff assisted reemployment services to UI claimants.
- 100% Federal funding of the federal-state Extended Benefit (EB) program for weeks of unemployment beginning before January 1, 2010, with a phase-out through May 2010. EB costs are normally split evenly between states and the Federal government. This provision is estimated to increase Federal EB payments by \$6.7 billion. A later extension of this provision is not considered to be Recovery Act.

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WORKLOAD SUMMARY				
	FY 2009		FY 2010	FY 2011
	Target	Result	Target	Target
Unemployment Insurance				
Employer Tax Accounts		7,691 (e)	7,661	7,742
Initial Claims Taken		34,114 (e)	44,192	34,038
Weeks Claimed		304,032 (e)	416,043	331,801

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

The workload table provides estimates for the number and length of claims to unemployment benefits and the number of contributing employer tax accounts. The Department projects an increase in both the number of employer tax accounts, from approximately 7,658,000 in FY 2009 to 7,744,000 in FY 2011, and the number of weeks claimed, from approximately 292,424,000 in FY 2009 to 308,442,000 in FY 2011. The Department also projects a decrease in the number of initial claims taken, from approximately 31,219,000 in FY 2009 to 30,953,000 in FY 2011. It is important to note that UI workload volumes are unaffected by administrative funding levels, although the speed and quality of the processing of these workloads is dependent on administrative funding levels.

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PERFORMANCE INDICATORS

Unemployment Insurance contributes to the following Outcome Goals in support of the Department's Strategic Vision of <i>Good Jobs for Everyone</i> :											
1.4 Helping middle-class families remain in the middle class.											
4.2 Income support when work is impossible or unavailable											
		FY 2006		FY 2007		FY 2008		FY 2009		FY 2010	FY 2011
		Goal Substantially Achieved		Goal Not Achieved		Substantially Achieved		Goal Not Achieved			
Goal	Performance Indicator	Target	Result	Target	Result	Target	Result	Target	Result	Target	Target
4.2	Payment Timeliness: Percent of all intrastate first payments that will be made within 21 days.	89.9%	87.6%	90.0%	88.2%	88.4%	86.8%	85.7%	82.9%	85.9%	86.0%
4.2	Detect Overpayments: Percent of the amount of estimated overpayments that states detect established for recovery.	59.5%	62.1%	60.0%	54.8%	56.0%	56.0%	51.8%	52.9%	52.8%	53.1%
1.4	Facilitate Claimant Reemployment: Percent of UI claimants reemployed by the end of the first quarter after the quarter in which they received their first payment. *	Baseline	62.4%	65.0%	65.1%	65.2%	62.5%	59.0%	56.5%	58.6%	59.8%
4.2	Percent of Employer Tax Liability Determinations Made Promptly: Percentage of determinations about UI tax liability of new employers made within 90 days of the end of the first quarter they became liable.	82.5%	83.7%	82.8%	85.6%	84.9%	85.0%	88.7%	84.1%	90.0%	90.0%
Baseline(s): Facilitate Claimant Reemployment: In July 2005, the Employment and Training Administration (ETA) received approval under the Paperwork Reduction Act to collect data for this measure. State Workforce Agencies (SWAs) submitted data during FY 2006 from which a baseline was set.											
Data Source(s): ETA 9050 and 9050p Reports; Benefits Accuracy Measurement (BAM) data, and ETA 227 Report; ETA 5159 Report and ETA 581 Report. <i>Workforce System Results.</i>											
Comments: Regression analysis used to adjust targets for FY 2009 – FY 2010. First Payment Timeliness, Tax Liability Determination Timeliness, and Reemployment results are based on all states reporting; FY 2011 targets are based on regression models using the Administration's economic assumptions for the FY 2010 budget, and reflect alternative assumptions about FY 2011 funding.											

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REEMPLOYMENT AND ELIGIBILITY ASSESSMENTS

BUDGET AUTHORITY BEFORE THE COMMITTEE					
(Dollars in Thousands)					
	FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	Diff. FY 11 Req. / FY 10 Enacted
Activity Appropriation	40,000	0	50,000	55,000	5,000
FTE	0	0	0	0	0

Note: FY 2009 reflects actual FTE. Authorized FTE for FY 2009 was 0.

Introduction

Reemployment and Eligibility Assessments (REAs) are in-person interviews with selected Unemployment Insurance (UI) beneficiaries to review their efforts to find new employment and other state UI eligibility requirements, refer them to reemployment services or training if needed, and provide labor market information to aid in their job search. Research has shown that similar services reduce UI duration and save UI trust fund resources by helping beneficiaries find jobs faster and eliminating payments to ineligible individuals. FY 2009 funding (including the \$10,000,000 appropriated under State Administration) provided for approximately 600,000 REAs. This is expected to increase to 660,000 for FY 2010 and 700,000 for FY 2011.

Funding Mechanism

States will receive funding based on proposals they submit to the Department. States participating in the initiative in FY 2011 may describe how they will continue or expand their REA initiatives. States seeking to implement a new REA initiative will provide the REA design they propose to implement. A portion of the funds will be available for technology-based overpayment prevention, detection, and collection activities.

Five-Year Budget Activity Component History

Fiscal Year	Funding (Dollars in Thousands)	FTE
2006	0	0
2007	0	0
2008	0	0
2009	40,000	0
2010	50,000	0

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

REEMPLOYMENT AND ELIGIBILITY ASSESSMENTS

FY 2011

The FY 2011 budget requests \$55,000,000 for the REA initiative, which when combined with the \$10,000,000 included in State Administration, would fund 700,000 REAs and save state UI Trust Fund Accounts \$210,000,000. This request level is \$5,000,000 higher than the amount that was appropriated for FY 2010 and will support continuation and expansion of the REA initiative in approximately 40 states.

FY 2010

For FY 2010, \$60,000,000 (\$50,000,000 plus \$10,000,000 included in State Administration) was appropriated for REAs which is estimated to fund 660,000 REAs resulting in \$194,000,000 in state trust fund account savings. The \$50,000,000 was an increase of \$10,000,000 over the amount that was provided in the final passage of the FY 2009 budget. This amount will support continuation of the REA initiative in 34 states and allow for additional states to participate.

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

FY 2009

\$50,000,000 was included in the final appropriation passed in March 2009, and allowed for expansion of the initiative to 34 states. It is estimated that these funds will allow for 600,000 REAs and save state UI trust fund accounts \$159 million by returning unemployed UI claimants to work faster and reducing overpayments.

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

NATIONAL ACTIVITIES

BUDGET AUTHORITY BEFORE THE COMMITTEE					
(Dollars in Thousands)					
	FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	Diff. FY 11 Req. / FY 10 Enacted
Activity Appropriation	11,310	0	11,310	11,310	0
FTE	0	0	0	0	0

Note: FY 2009 reflects actual FTE. Authorized FTE for FY 2009 was 0.

Introduction

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

Funding Mechanism

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

Five-Year Budget Activity Component History

Fiscal Year	Funding (Dollars in Thousands)	FTE
2006	9,900	0
2007	9,900	0
2008	9,727	0
2009	11,310	0
2010	11,310	0

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

NATIONAL ACTIVITIES

FY 2011

The FY 2011 Budget request for UI National Activities is \$11,310,000, no change from the FY 2010 appropriated level. In addition to funding activities which support states collectively, National Activities will support continuation of upgrades to information technology (IT) systems.

FY 2010

During FY 2010, \$11,310,000 in appropriated National Activities funds are being used to support continuation of upgrades to IT systems that collect and store critical data on claims, benefit payments, taxes, and other UI activities.

FY 2009

During FY 2009, \$11,310,000 in National Activities funds were appropriated to support the UI system infrastructure. In addition, funds are being used on upgrading IT infrastructure systems for collection and storage of data. The upgrade will ensure a secure and stable IT environment as well as provide a long term effective solution in terms of procurement and support costs.

EMPLOYMENT SERVICE

BUDGET AUTHORITY BEFORE THE COMMITTEE					
(Dollars in Thousands)					
	FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	Diff. FY 11 Req. / FY 10 Enacted
Activity Appropriation	724,445	396,000	724,570	724,570	0
FTE	0	0	0	0	0

Note: FY 2009 reflects actual FTE. Authorized FTE for FY 2009 was 0.

Introduction

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

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2006	749,311	0
2007	749,311	0
2008	723,052	0
2009	724,445	0
2010	724,570	0

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

EMPLOYMENT SERVICE

BUDGET ACTIVITY by OBJECT CLASS						
(Dollars in Thousands)						
		FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	FY 11 Req. / FY 10 Enacted
41.0	Grants, subsidies, and contributions	724,445	396,000	724,570	724,570	0
	Total	724,445	396,000	724,570	724,570	0

EMPLOYMENT SERVICE

CHANGES IN FY 2011

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Built-Ins Subtotal

\$0

Estimate

FTE

Base

724,570

0

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BUDGET AUTHORITY BEFORE THE COMMITTEE					
(Dollars in Thousands)					
	FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	Diff. FY 11 Req. / FY 10 Enacted
Activity Appropriation	703,576	396,000	703,576	703,576	0
FTE	0	0	0	0	0

Note: FY 2009 reflects actual FTE. Authorized FTE for FY 2009 was 0.

Introduction

The public Employment Service system (authorized by the Wagner-Peyser Act of 1933) is a cornerstone in the foundation of the national network of One-Stop Career Centers which provides pathways for workers searching for a job that provides livable wages, and connects employers with the qualified workers they need. States provide individuals with core employment and workforce information services, which are accessible with staff assistance in One-Stop Career Centers as well as on-line. Individuals may access job search assistance, workforce and economic information, skills assessments, career guidance, job matching and referrals, as well as connect to the broader range of WIA intensive and training services. In a dual customer approach, One-Stop Career Centers also serve employers seeking workers. These employers, especially small businesses with limited human resource staff, can take advantage of critical labor market information, job listing services, referrals of qualified applicants, support for job fairs and mass recruitments, information on tax credits for hiring targeted populations, and other customized services. These funds also support the One-Stop Career Center system's ability to offer universal access to all customers, a key strategy to increase greater diversity of the labor force.

To measure performance, the Employment Service (ES) utilizes the federal job training program common measures. The use of common measures enables the Employment and Training Administration (ETA) to describe in a similar manner the core purposes and results of the workforce investment system – how many people got a job, how many stayed employed, and how much they earn, on average. The definitions of the measures are as follows:

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

In Program Year (PY) 2008, the program achieved a 59.7 percent Entered Employment Rate; 79.6 percent Retention Rate; and \$13,067 Average Earnings result. Performance targets from 2008 are adjusted through a regression model that accounts for the increase in unemployment, decline in jobs, and changes in personal characteristics. Projections for employment and retention measures are expected to decline in 2009 and 2010 and rise slightly in 2011. Average earnings is expected to decrease in 2009 and then increase in both 2010 and 2011. The Employment Service is on track to meet its upcoming PY 2011 performance targets, in part, by improved technical assistance for ES and Reemployment Service activities, including the sharing

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of best practices for stronger Unemployment Insurance (UI)/One-Stop Career Center connections and the creation of a Reemployment Community of Practice, building on the lessons learned through the additional Recovery Act funding that was utilized to provide more intensive reemployment services for UI claimants.

Funding Mechanism

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

Five-Year Budget Activity Component History

Fiscal Year	Funding (Dollars in Thousands)	FTE
2006	715,883	0
2007	715,883	0
2008	703,376	0
2009	703,576	0
2010	703,576	0

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

FY 2011

For FY 2011, a total of \$703,576,000 is requested, which provides level funding from the FY 2010 appropriated level.

In the context of a One-Stop Career Center, Wagner-Peyser Act funded employment services are critical to the overall delivery system to support job seekers connecting to middle class jobs and help employers find a qualified and diverse workforce. These services help job seekers looking for a new, next, or better job by providing them with an understanding of the local labor market and jobs that are in demand; providing job search assistance such as resume writing and interviewing skill development; offering assessments and testing to identify skill matches and gaps; and by referring them to available jobs for which they qualify. Employers have access to labor market information and One-Stop Career Center resources such as job fairs and interviewing space; workforce professionals to help recruit and screen qualified workers; and services for workers being displaced when an employer is faced with downsizing or closure of their business. Wagner-Peyser services are also part of the full suite of reemployment and training services to help unemployed workers, including recipients of unemployment insurance, return successfully to the labor market.

During Program Year 2011, the Department will continue to ensure these mission critical services are fully integrated in One-Stop Career Centers and will continue to support capacity for improved service delivery. The demand for One-Stop Career Center on-line workforce information services, as well as staff-assisted services, has risen sharply across the country since

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the inception of the recession and is expected to remain high for some period as the economy recovers. In support of the service delivery funded by the formula grant to states, the focus will be to build capacity in the following strategic areas:

1. Increase the capacity of front line staff to more effectively provide career counseling services, using the full array of assessment tools and labor market, workforce, and career information available;
2. Build on the promising practices and new approaches developed through the Recovery Act funding for Reemployment Services (RES), and promote knowledge sharing and peer to peer learning to support replication and adaptation of those practices through an interactive “community of practice” offering learning events and social networking opportunities.
3. Work collaboratively with states to help them more effectively utilize technology to manage their job matching systems and to more effectively connect to their unemployment insurance systems;
4. As the economy continues to recover and grow, support improved access to labor market and career information in real time; and
5. Support targeted service delivery to small businesses.

States and local areas must incorporate priority of services for veterans and eligible spouses sufficient to meet the requirements of 20 CFR part 1010, published at Federal Register 78132 on December 19, 2008, the regulations implementing priority of service for veterans and eligible spouses in Department of Labor job training programs under the Jobs for Veterans Act. On November 10, 2009, the Department issued formal guidance (Training and Employment Guidance Letter 10-09 and Veterans Program Letter 07-09) to provide information to assist and support those agencies and other grantees that receive funds from the Department to operate qualified job training programs in the implementation of Priority of Service for Veterans and Eligible Spouses Final Rule.

FY 2010

During FY 2010, the Department will continue to provide direction and technical assistance to the state and local workforce system on how to improve seamless service integration with WIA services, unemployment insurance, and One-Stop Career Center partners to ensure individuals have access to a full array of employment and training services. The Department’s technical assistance to states will include highlighting effective approaches to use funds to support career guidance and counseling services, including in-depth assessments, which are integral to helping unemployed workers assess transferrable skills and skill gaps. Additionally, the Department will encourage states to utilize a portion of Wagner-Peyser funding to enhance labor market information availability and utilization. Such investments are critical to identifying businesses and sectors of the economy still in need of workers and those that will begin to grow as the

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economy recovers, as well as identifying transferable skills for workers who have lost their jobs and need career transition assistance.

FY 2009

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

ETA pursued multiple strategies to support state and local partners in utilizing Employment Service funding to develop and implement new workforce information, career guidance, and skill assessment strategies that better meet the needs of jobseekers and support workforce decisions that position them for economic prosperity and career pathways. ETA strongly encouraged states to use these funds to support career guidance and counseling services and to support an improved reemployment function within local One-Stop Career Centers, one that supports informed career decisions from training referrals to job placement.

Recovery Act Update

The Recovery Act made \$150,000,000 in funding available for ES operations, excluding RES, of which one percent was used for administration, management, and oversight of the program. These funds were made available for states to assist persons in One-Stop Career Centers to secure employment and workforce information to provide a variety of services, including job search assistance, skills assessments, and labor market information services to job seekers and to employers seeking qualified individuals to fill job openings. The services offered to employers, in addition to referral of job seekers to job openings, include matching job requirements with job seeker experience, skills and other attributes; helping with special recruitment needs; assisting employers analyze hard-to-fill job orders; assisting with job restructuring; and helping employers. The Recovery Act also supported the following enhancements to services and information: 1) a computerized career information system including access to State Job Bank resources and institutions and organizations that provide training; and 2) the development and distribution of state and local workforce information which allows job seekers, employers, providers, and planners of job training and economic development to obtain information about job opportunities, regional job vacancies, labor supply, labor market or workforce trends, and the market situation in particular industries.

An additional \$250,000,000 in RES funding was provided via the Wagner-Peyser formula to supplement existing RES for UI claimants, and to support integrating ES and UI information technology to identify and serve the needs of such claimants. The RES that states may provide with these funds include: services provided to UI claimants identified through the UI profiling system; in-person staff assisted services; initial claimant reemployment assessments; career

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guidance and group and individual counseling, including provision of materials, suggestions, or advice which are intended to assist the job seeker in making occupation or career decisions; provision of labor market, occupational, and skills transferability information that clarifies claimants' reemployment opportunities and skills used in related or other industries; referral to job banks, job portals, and job openings; referral to employers and registered apprenticeship sponsors; referral to training; assessments, including interviews, testing, individual and group counseling, or employability planning; and referral to training by WIA-funded or third party service providers. These services are being provided to UI claimants through the One-Stop Career Centers, in addition to the regular Wagner-Peyser Act funded employment services, in order to accelerate their return to work.

GRANTS TO STATES

WORKLOAD SUMMARY				
	FY 2009		FY 2010	FY 2011
	Target	Result	Target	Target
Employment Service				
Employment Service National Activities				
WOTC				
Certifications/Participants	698,520	822,000 (r)	822,000	822,000
Grants to State				
Participants Served	16,290,424	17,584,400	17,589,400	17,589,400
Cost Per Participant	\$43.00	\$40.00	\$40.00	\$40.00

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined
 Note: Since the ES program operates on Program Year basis, final PY 2009 data are not available until October 15, 2010. FY 2009 participants served data are based on quarterly report estimates; estimates were taken prior to the significant influx of Recovery Act resources to have a more accurate accounting of services based upon typical budget levels (minus Recovery Act funding).

The workload table provides estimates for the number of individuals served through Wagner-Peyser funded Employment Services. In FY 2011, 17,589,400 individuals are projected to services at a cost of \$40 per participant, maintaining levels for the prior years.

With the addition of Recovery Act funds to regular formula funds during PY 2008, approximately 20,000,000 individuals received services. The workload table illustrates projected activity at regular formula funded levels and does not account for the additional impact from supplemental Recovery Act funds.

GRANTS TO STATES

PERFORMANCE INDICATORS

Employment Services Grants to States contributes to the following Outcome Goals in support of the Department's Strategic Vision of <i>Good Jobs for Everyone</i>: 1.1 Increase workers' incomes and narrow wage and income inequality. 1.3 Help workers who are in low-wage jobs or out of the labor market find a path into middle class jobs. 1.4 Help middle-class families remain in the middle class.										
Goal	Performance Indicator	PY 2006		PY 2007		PY 2008		PY 2009	PY 2010	PY 2011
		Goal Not Achieved		Goal Achieved		Goal Not Achieved				
		Target	Result	Target	Result	Target	Result	Target	Target	Target
1.3	Percent of participants employed in the first quarter after exit	64%	60%	61%	64%	60.30%	59.7%	56.5%	56.9%	58.1%
1.4	Percent of participants employed in the first quarter after exit still employed in the second and third quarters after exit.	81%	77%	78%	81%	78.60%	79.6%	76.6%	77.0%	78.2%
1.1	Average earnings in the second and third quarters after exit.	\$10,500	\$11,749	\$11,870	\$12,763	\$10,708	\$13,067	\$9,827	\$10,131	\$11,178
Baseline(s): The methodology for calculating average earnings became effective PY 2006.										
Data Source(s): Quarterly state reports submitted to DOL and UI wage records										
Comments: Targets for PY2009 (FY2009) are the same as stated in the President's 2010 budget. They are based on the 2010 Budget assumptions for unemployment rates and on WIA estimates which included 11 states. Targets for PY2010 (FY2010) and subsequent years are computed using the 2011 unemployment rate assumptions in the President's 2011 budget and estimates for WIA programs based on all states, DC, and Puerto Rico.										
The unemployment impact estimates were calculated by using the weighted average of the estimated effects from two states. The estimates are based on administrative records of individual participants for the two states.										

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

BUDGET AUTHORITY BEFORE THE COMMITTEE					
(Dollars in Thousands)					
	FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	Diff. FY 11 Req. / FY10 Enacted
Activity Appropriation	18,520	0	18,520	18,520	0
FTE	0	0	0	0	0

Note: FY 2009 reflects actual FTE. Authorized FTE for FY 2009 was 0.

Introduction

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

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

The WOTC has been modified recently by several pieces of legislation. Most recently, the American Recovery and Reinvestment Act of 2009 added two new target groups: 1) Unemployed Veterans, and 2) Disconnected Youth. Individuals in these two new target groups must begin work for an employer during 2009 or 2010. The Small Business and Work Opportunity Tax Act of 2007 (P.L. 110-28) extended the WOTC Program through August 31, 2011. This Act and the Tax Relief and Health Care Act of 2006 (P.L. 109-432), amended certain target group definitions and introduced new provisions that streamline the WOTC program and make it easier for the business sector to participate. For example, WOTC previously has a companion program, the Welfare-to-Work Tax Credit. P. L. 109-432 eliminated the Welfare-to-Work Tax Credit by merging it into the WOTC and making the Long-term TANF Recipient a different WOTC target group.

With the exception of the Recovery Act target groups mentioned above, WOTC only applies to new employees hired by a participating employer after December 31, 2006 and before September 1, 2012, who, if eligible, may be certified under any of the eleven targeted groups. The eleven target groups are: TANF recipients, veterans, 18-39 year old food stamp recipients, 18-39 year old designated community residents, 16-17 year old summer youth, vocational rehabilitation referrals, ex-felons, Social Security Insurance recipients, Ticket-to-Work participants, unemployed veterans, and disconnected youth.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

Funding Mechanism

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

Five-Year Program Category History

Fiscal Year	Funding (Dollars in Thousands)	FTE
2006	17,677	0
2007	17,677	0
2008	17,368	0
2009	18,520	0
2010	18,520	0

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

FY 2011

A total of \$18,520,000 is requested for WOTC in FY 2011, which provides level funding from the FY 2010 request. During FY 2011, the Department will continue to help workers who are out of the labor market find a path into middle class jobs by providing funding for State Workforce Agencies (SWAs) to administer the WOTC program, which provides a tax credit to employers who hire individuals in a number of low income target populations. Funds support SWAs as they provide certifications of new applications; determinations of ineligible applications; and process applications that have been pending due to lack of proper documentation.

In an analysis of WOTC program data and subsequent discussions with SWAs, ETA confirmed that while over 767,000 certifications were issued in FY 2008, backlogs continued to rise in several states. With the two new target groups introduced by the Recovery Act of 2009 (unemployed veterans and disconnected youth) and the recent target group expansions in 2006 and 2007 to the veteran, food stamp, ex-felon, and designated community resident target groups, ETA is expecting a significant increase in the number of certification requests received by the SWAs. Due to the additional workload, the projected backlog of applications by the end of FY 2011 may exceed 1,000,000. In an effort to overcome the backlog challenges and chart a new course for WOTC, ETA proposes to conduct an intensive strategic management analysis to identify the administrative tools, process improvements, and IT investments that could support states in their efforts to reduce pending applications.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

FY 2010

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

FY 2009

The WOTC administration funds were used to support state staff to certify WOTC applications. ETA supported WOTC administration through provision of technical assistance. In FY 2008, the SWAs issued over 767,000 certifications. Under the Recovery Act, two new target groups were established: unemployed veterans and disconnected youth. ETA, along with IRS, issued guidance in FY 2009. ETA developed and provided training to the SWA staff on the new forms which incorporated these two groups. States are responsible for helping to market tax credits to employers and process applications as they are received. As noted in the first section, the volume of new applications was expected to increase substantially during the tenure of the new target groups (through September 2011) and because of the recent target group expansions in 2006 and 2007 to the Veteran, Food Stamp, Ex-felon, and Designated Community Resident target groups.

Recovery Act Update

While the WOTC program did not receive funding under the Recovery Act, work generating activities were created with the establishment of two new target groups, unemployed veteran and disconnected youth authorized in the Recovery Act. ETA developed and provided training to the State Workforce Agency staff on the new forms which incorporate these two groups. States are responsible for helping to market tax credits to employers and process applications as they are received. As previously noted, the volume of new applications is expected to increase substantially during the tenure of the new target groups (through September 2011). In an effort to overcome the backlog challenges and chart a new course for WOTC, ETA proposes to conduct an intensive strategic management analysis to identify the administrative tools, process improvements, and IT investments that could support states in their efforts to reduce pending applications.

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

BUDGET AUTHORITY BEFORE THE COMMITTEE					
(Dollars in Thousands)					
	FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	Diff. FY 11 Req. / FY10 Enacted
Activity Appropriation	2,349	0	2,474	2,474	0
FTE	0	0	0	0	0

Note: FY 2009 reflects actual FTE. Authorized FTE for FY 2009 was 0.

Introduction

The Employment Service National Activities appropriation provides funding to support Technical Assistance and Training (TAT) activities that help to assure tools are available to provide the skills and knowledge are available to prepare workers to succeed in a knowledge-based economy, and to contribute the Federal share of State Workforce Agencies (SWA) Retirement System payments. The requested funding for capacity building and technical assistance will be focused on supporting the Employment and Training Administration's (ETA) efforts to create a more effective and responsive One-Stop Career Center delivery system.

The strategies ETA plans to continue utilizing include:

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

Funding Mechanism

Funding for TAT activities is provided to states through grants or contracts.

The funding for unfunded liabilities related to independent retirement plans for SWA employees currently goes to the state of Utah. Prior to 1982, the Department agreed to provide funding for improvements to SWA retirement plans to make their benefits more comparable to the benefits provided to Federal employees. The improvements created an unfunded liability because the benefit improvements were payable to present plan members, including retirees, although neither the employer nor the employees were able to put the necessary resources into the plan to cover the improvements. The Department's solution to this problem was to determine the amount needed to cover the improvements in the plan and then amortize the costs over a span of years.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES TAT/SWA RETIREMENT

Five-Year Program Category History

Fiscal Year	Funding (Dollars in Thousands)	FTE
2006	2,738	0
2007	2,738	0
2008	2,308	0
2009	2,349	0
2010	2,474	0

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

FY 2011

A total of \$2,474,000 is requested for ES National Activities, which is the same as funded in FY 2010, to support TAT activities and to make contributions toward financing unfunded liabilities of independent SWA Retirement Systems in the current program year. The TAT investment in FY 2011 will focus on providing states access to expertise to improve the provision of core employment, job search assistance, and labor market information services, to all unemployed workers including those with multiple barriers to employment such as individuals with disabilities, and racial and ethnic minorities. The agency will also turn more attention to staff development and training, particularly for frontline One-Stop Career Center staff. Training topics may range from guidance on how to conduct skill assessments for customers to policies regarding the use of needs-related payment. Other critical technical assistance will include enhancing the use of electronic and internet-based employment and information tools that also incorporate assistive technology applications for a diverse customer population. General technical assistance will continue to be provided around labor market information, including user friendly workforce information tools that support the states' reemployment function, which will help workers obtain the skills and knowledge necessary to succeed in a knowledge-based economy. Lastly, increased integration of employment and training programs including the Workforce Investment Act programs to support training and career advancement will also be a strategic focus during the Fiscal Year. Ultimately, these enhanced programs will help workers be prepared for and find middle class jobs.

FY 2010

The Employment and Training Administration (ETA) received \$2,474,000 for FY 2010 for the Employment Service National Activities to support TAT activities and to contribute the federal share of SWA Retirement System payments. With the infusion of the Recovery Act funds in 2009, technical assistance will be provided to states to continue to expand the bridging of unemployment insurance claimants information between the unemployment compensation system and the One-Stop Career Center system to ensure a data driven approach to reemployment.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES TAT/SWA RETIREMENT

FY 2009

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

FOREIGN LABOR CERTIFICATION

BUDGET AUTHORITY BEFORE THE COMMITTEE					
(Dollars in Thousands)					
	FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	Diff. FY 11 Req. / FY 10 Enacted
Activity Appropriation	67,950	0	68,436	65,648	-2,788
FTE	162	0	181	181	0

Note: FY 2009 reflects actual FTE. Authorized FTE for FY 2009 was 131.

Introduction

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

ETA has organized OFLC as follows: A National Office is responsible for policy development and administration; and two National Processing Centers, one located in Chicago handling all temporary non-immigrant applications and one in Atlanta handling all permanent labor certification (PERM) applications, adjudicate all program applications. An OFLC National Prevailing Wage Determination and Help Desk Center opened in January 2010 and will provide prevailing wage determinations for all OFLC programs except for the H-2A program, tasks previously carried out by state workforce agencies (SWAs).

The programs currently administered by the OFLC include: the Permanent Labor Certification Program (PERM) or the "Green Card"; the H-1B Specialty Occupations Program; H-1B1 Specialty Occupations Programs; E-3 Specialty Worker Program; H-2A Temporary Agricultural Program; H-2B Temporary Non-agricultural Program; and the D-1 Crewmember Program.

Foreign labor certification programs assist in achieving the Secretary's goal to *Increase Workers' Incomes and Narrow Wage and Income Inequality* by protecting the wages and working conditions of both American workers and foreign nationals working in the U.S. Labor certification programs have as a primary responsibility the review of employer requests for the Secretary of Labor's certification to ensure that the hiring of a foreign worker will not adversely impact the wages and working conditions of U.S. workers, and that no qualified U.S. workers are willing or available to fill a given vacancy.

U.S. employers who despite good faith efforts cannot locate talent in their communities are required to pay any foreign worker the wage rate that prevails in the area of employment for the occupation in which the vacancy is being filled. In addition, employers must comply with all laws governing the terms and conditions of the employment. The labor certification process, the first step for many employment-based visas, is the first opportunity for employers to attest to their compliance with these wage and worker protection requirements. Following certification,

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other agencies within the Department have jurisdiction to enforce these requirements and address labor and workplace violations.

The FY 2011 budget proposes legislation to authorize a user fee on new applications filed in three major foreign labor certification programs – the permanent program, the H-2A temporary agricultural program, and the H-2B temporary non-agricultural program. Currently, employers do not pay a fee to the Department for the processing of permanent labor certification application. These activities are supported with annual Congressional appropriations. Employers are the primary beneficiaries of the permanent admission of foreign workers and review of applications under the current process. Therefore, it is reasonable for these employers to partially offset the cost to the Department for providing this service. There is also no DOL fee for the filing and processing of H-2B labor certification applications. As part of its H-2B fee proposal, the Department would partially offset current OFLC program expenses through an employer-paid fee and fund a new apprenticeship grant initiative. The Department also proposes a new H-2A processing fee to replace the current H-2A fee, which the Department collects but funds must revert back to the Treasury. Additionally, the current H-2A fee covers only certified applications, while the new fee would cover all applications received and processed.

The three proposals would support cost recovery of expenses associated with administration of each program and support the new apprenticeship initiative. A separate account would be established within the U.S. Department of Treasury for proceeds. Fee revenue would finance activities covered by each proposal, including state OFLC-related costs where applicable, and would be available until exhausted. As currently envisioned, ETA could adjust the fee annually through public notice and comment rulemaking. Once the fees are enacted, the discretionary budget request for these activities could be reduced or eliminated.

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

- Percent of H-1B Labor Condition Applications processed within seven (7) days of the filing date for which no prevailing wage issues are identified;
- Percent of employer applications for permanent labor certification that are resolved within nine (9) months of filing;
- Percent of resolved permanent labor certification applications selected for integrity review and found to be in compliance;
- Percent of H-2A applications with no pending state actions processed within fifteen (15) days of receipt and thirty (30) days from the employer's stated date of need; and
- Percent of the H-2B applications processed within sixty (60) days of receipt.

Two programs that contribute significantly to the overall performance goal to “Protect U.S. workers and address worker shortages through the Foreign Labor Certification Program” are PERM and H-1B. Both have been subject to a program assessment. In response to assessment

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findings, ETA has taken several steps to improve these programs' integrity and accountability. In each case, these steps include revising the program application to promote clarity and ease of use by employers, and modifying the current electronic filing system to incorporate the changes to the application form. In the permanent program, ETA is also enhancing audit activities and implementing new oversight capabilities.

In the H-1B program, ETA has implemented mandatory registration and several key validation edits, including verification of Federal Employer Identification Numbers. While necessary to protect U.S. workers, these program integrity checks create additional processing times. Eligible U.S. employers will continue to have access to foreign workers when qualified U.S. workers have proven to not be available. However, additional screens and analytical rigor in foreign labor certification programs will help ensure American jobs are truly open to U.S. workers, that they get those opportunities first as Congress originally intended, and that job opportunities are made available to foreign workers only when employers can establish need based on a sound labor market test (H-1B excepted). Greater scrutiny will also ensure, as the statute requires, that the hiring of foreign workers occurs subject to all terms and conditions, including wages, which safeguard the employment and economic security of American workers and their families.

ETA revised the PERM measure and implemented a new program integrity measure in FY 2010. The revised PERM indicator, which measures the percentage of employer applications resolved within nine months, more accurately reflects actual program performance now that enhanced integrity actions have been implemented. The new integrity compliance rate measure will provide a complementary indicator of the effectiveness of the program. ETA will monitor actual performance for the two new PERM measures and make adjustments to targets as needed.

Funding Mechanism

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

In addition to congressional appropriations, OFLC receives five percent of revenue from the H-1B processing fee collected by the Department of Homeland Security. This five percent supports labor certification processing activities – and, by law, also PERM processing activities – and is separate from the ETA portion of H-1B funding allocated to U.S. worker training.

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Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2006	0	0
2007	0	0
2008	54,005	75
2009	67,950	131
2010	68,436	181

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

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WORKLOAD SUMMARY				
	FY 2009		FY 2010	FY 2011
	Target	Result	Target	Target
Foreign Labor Certification				
Carry-In, New Applications	135,000	102,197	133,950	105,000
PERM Applications Processed	100,000	38,247 (r)	98,950	67,148
PERM Applications Remaining	35,000	63,950 (r)	35,000	37,852
H-1B Applications Processed	470,909	268,243 (r)	270,711	259,683
H-2A Applications Processed	9,288	8,150 (r)	8,150	7,818
H-2B Applications Processed	18,935	7,090 (r)	7,090	6,801

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

The OFLC projections for FY2011 are a function of: (1) the economic downturn, which has reduced the number of filings starting in FY 2009 to approximately 70,000 new applications filed, compared to approximately 100,000 in prior years; (2) a reduction in the President's Budget request for FY 2011 by \$2,788,000 from the FY 2010 appropriation, a reduction that will impact how OFLC allocates appropriated dollars and staff resources and the number of applications that can be processed; and (3) the ripple effect of the current 63,000 case backlog in the permanent program, mostly in the audits queue, which OFLC will work through during FY 2010 and potentially FY 2011. The Department has selected this function for assessment as part of the multi-sector workforce planning pilot, and will be analyzing the appropriate balance of Federal and contract staff to eliminate bottlenecks and inefficiencies that exist under the current staffing pattern. The assessment will afford FLC with an opportunity to develop processes and practices that support the broader vision of multi-sector workforce management.

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PERFORMANCE INDICATORS

Foreign Labor Certification contributes to the following Outcome Goals in support of the Department's Strategic Vision of <i>Good Jobs for Everyone</i> : 1.5 Secure wages and overtime.									
		FY 2007		FY 2008		FY 2009		FY 2010	FY 2011
		Goal Not Achieved		Substantially Achieved		Goal Not Achieved			Request
Goal	Performance Indicator	Target	Result	Target	Result	Target	Result	Target	Target
1.5	Percent of H-1B applications processed within seven days of the filing date for which no prevailing wage issues are identified.	100%	98.40%	100%	100%	100%	98%	100%	100%
1.5	Percent of employer applications for permanent labor certification resolved within nine months of filing.	--	--	--	--	--	--	80%	81%
1.5	Percent of resolved permanent applications selected for integrity review and found in compliance.	--	--	--	--	--	--	60%	61%
1.5	Percent of H-2A applications with no pending state actions processed within 15 days of receipt and 30 days from the date of need.	95%	55%	60%	56%	61%	48%	53%	57%
1.5	Percent of the H-2B applications processed within 60 days of receipt.	90%	62.40%	64%	71%	65%	43%	65%	72%
Baseline(s): FY 2009 for the new PERM Integrity measures.									
Data Sources: Program Electronic Review Management (PERM) system, Case Management System (CMS), H-1B Electronic Processing System.									
Comments: N/A									

FOREIGN LABOR CERTIFICATION

BUDGET ACTIVITY by OBJECT CLASS						
(Dollars in Thousands)						
		FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	FY 11 Req. / FY 10 Enacted
11.1	Full-time permanent	11,297	0	15,413	17,145	1,732
11.3	Other than full-time permanent	140	0	0	0	0
11.5	Other personnel compensation	621	0	0	0	0
11.9	Total personnel compensation	12,058	0	15,413	17,145	1,732
12.1	Civilian personnel benefits	2,939	0	3,802	4,252	450
13.0	Benefits for former personnel	42	0	42	42	0
21.0	Travel and transportation of persons	238	0	245	245	0
22.0	Transportation of things	17	0	5	5	0
23.1	Rental payments to GSA	1,558	0	1,715	1,715	0
23.3	Communications, utilities, and miscellaneous charges	400	0	612	612	0
24.0	Printing and reproduction	32	0	321	321	0
25.1	Advisory and assistance services	19,118	0	16,047	11,077	-4,970
25.2	Other services	76	0	76	76	0
25.3	Other purchases of goods and services from Government accounts 1/	3,971	0	6,027	6,027	0
25.4	Operation and maintenance of facilities	390	0	492	492	0
25.7	Operation and maintenance of equipment	10,813	0	7,318	7,318	0
26.0	Supplies and materials	429	0	398	398	0
31.0	Equipment	740	0	784	784	0
41.0	Grants, subsidies, and contributions	15,129	0	15,129	15,129	0
42.0	Insurance claims and indemnities	0	0	10	10	0
	Total	67,950	0	68,436	65,648	-2,788
1/Other Purchases of Goods and Services From Government Accounts						
	Working Capital Fund	3,971	0	4,939	4,939	0
	Census Services	0	0	1,088	1,088	0

FOREIGN LABOR CERTIFICATION

CHANGES IN FY 2011

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments

\$1,732

Personnel benefits

450

Other services

-2,182

Built-Ins Subtotal

0

Net Program

-2,788

	Estimate	FTE
Base	68,436	181
Program Decrease	-2,788	0

FEDERAL ADMINISTRATION

BUDGET AUTHORITY BEFORE THE COMMITTEE					
(Dollars in Thousands)					
	FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	Diff. FY 11 Req. / FY 10 Enacted
Activity Appropriation	52,821	0	53,307	50,519	-2,788
FTE	131	0	181	181	0

Note: FY 2009 reflects actual FTE. Authorized FTE for FY 2009 was 131.

Introduction

The Federal Administration activity supports the Employment and Training Administration’s (ETA) activities, including those of the Office of Foreign Labor Certification related to carrying out the Secretary of Labor’s responsibilities as stipulated in the Immigration and Nationality Act. These costs include Federal and contract staff necessary to process employer-filed applications, information technology systems required to process all employer-filed applications across multiple temporary and permanent programs, buildings for three National Processing Centers, and national office staff and support.

FY 2011

For FY 2011, the budget requests \$50,519,000 to cover Federal administrative costs, \$2,788,000 less than the FY 2010 enacted level.

Base funding will continue to finance core functions, including the implementation of a growing number of regulatory program responsibilities. ETA will also continue its drive to fully implement all integrity provisions of its PERM regulation, some of which could be implemented only partially in previous years due to resource constraints. OFLC will continue to fund its H-1B Labor Condition Applications unit in the Chicago National Processing Center. The Department will also implement a new H-2A regulation setting forth requirements for using temporary foreign agricultural workers and establishing wages and working conditions to cover both U.S. and foreign agricultural workers.

In FY 2011, OFLC will continue to reevaluate its centers’ processes and staff competencies. Additionally, OFLC will continue to dedicate core financing to ensuring that the integrated case processing system for foreign labor certification programs stays stable, reliable, and able to perform its critical functions. Funds will be dedicated to the development of IT systems to implement recent and pending changes to the H-2A, PERM, H-1B and H-2B programs. Further, OFLC is implementing a one-stop visa portal system – iCERT –that will consolidate systems, improve customer service and ultimately reduce overall information technology expenses.

In another budget initiative for FY 2011, OFLC plans to continue converting contract staff to Federal staff. This staff conversion will continue activities started in FY 2010 and will provide the program with greater long-term organizational stability. This proposal does not affect the requested funding level and will increase program knowledge and continuity, improve processing times, and reduce current case backlogs due to “bottlenecks” created by too few federal staff to make final case adjudication decisions.

FEDERAL ADMINISTRATION

FY 2010

The FY 2010 enacted appropriation of \$53,307,000 covers Federal administrative costs and represents a built-in increase of \$486,000 over the FY 2009 enacted level. Funding supports mission-critical activities, including \$14,500,000 in costs for direct personnel, \$9,000,000 for indirect FTE, \$4,500,000 in basic operations costs (rent, postage, etc.), and \$25,500,000 of appropriated dollars for IT and staffing contracts and related services. OFLC relies heavily on funding to maintain electronic case management systems serving all labor certification programs, and funding for contractor support critical to front-line processing of applications.

Beginning in FY 2010, the goal of FLC is to reduce its reliance on contract staff in favor of a larger core of experienced Federal staff. ETA believes a larger core of Federal employees will be less costly and provide greater long-term stability. In FY 2009, after receiving an increase in appropriations, ETA quickly moved to hire, train, and strategically place additional Federal staff to eliminate bottlenecks, fill in organizational gaps, and help build longer-term human capital. In addition, in FY 2010, OFLC has already received OMB approval to convert 50 contracted positions to increase its federal staff contingent. As the number of OFLC Federal staff increases over time, ETA will concurrently reduce contractor numbers. ETA believes this transition will ultimately result in greater consistency and quality of individual adjudications.

FY 2009

Starting in FY 2009, funding for the administration of Foreign Labor Certification programs, formerly provided under ETA's Program Administration Account, was appropriated under ETA's State Unemployment Insurance and Employment Service Operations account. The 2009 appropriation of \$67,950,000 which included \$52,821,000 to cover Federal administrative costs was an increase of \$11,333,671 over the FY 2008 enacted. The state grants activity was funded at \$15,129,000.

The FY 2009 funding increase helped support ETA's move toward greater integrity and accountability in its foreign labor certification programs. The program increase was used to initiate comprehensive remediation and improvement of the large case management systems which FLC staff rely on to process hundreds of thousands of labor certification applications filed by employers every year. These case management systems need enhancing. For many years the processing of applications for the major temporary labor certification programs – H-2A and H-2B – has been largely paper-based. The manual processing of paper applications increases the number of contractors required to review applications and seriously undermines the efforts of FLC to strengthen the review process.

FEDERAL ADMINISTRATION

BUDGET ACTIVITY COMPONENT by OBJECT CLASS						
(Dollars in Thousands)						
		FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	Change FY 11 Req. / FY 10 Enacted
11.1	Full-time permanent	11,297	0	15,413	17,145	1,732
11.3	Other than full-time permanent	140	0	0	0	0
11.5	Other personnel compensation	621	0	0	0	0
11.9	Total personnel compensation	12,058	0	15,413	17,145	1,732
12.1	Civilian personnel benefits	2,939	0	3,802	4,252	450
13.0	Benefits for former personnel	42	0	42	42	0
21.0	Travel and transportation of persons	238	0	245	245	0
22.0	Transportation of things	17	0	5	5	0
23.1	Rental payments to GSA	1,558	0	1,715	1,715	0
23.3	Communications, utilities, and miscellaneous charges	400	0	612	612	0
24.0	Printing and reproduction	32	0	321	321	0
25.1	Advisory and assistance services	19,118	0	16,047	11,077	-4,970
25.2	Other services	76	0	76	76	0
25.3	Other purchases of goods and services from Government accounts 1/	3,971	0	6,027	6,027	0
25.4	Operation and maintenance of facilities	390	0	492	492	0
25.7	Operation and maintenance of equipment	10,813	0	7,318	7,318	0
26.0	Supplies and materials	429	0	398	398	0
31.0	Equipment	740	0	784	784	0
42.0	Insurance claims and indemnities	0	0	10	10	0
	Total	52,821	0	53,307	50,519	-2,788
1/Other Purchases of Goods and Services From Government Accounts						
	Working Capital Fund	3,971	0	4,939	4,939	0
	Census Services	0	0	1,088	1,088	0

FEDERAL ADMINISTRATION

CHANGES IN FY 2011

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$1,732

Personnel benefits 450

Other services -2,182

Built-Ins Subtotal 0

	Estimate	FTE
Base	53,307	181
Program Decrease	-2,788	0

STATE GRANTS

BUDGET AUTHORITY BEFORE THE COMMITTEE					
(Dollars in Thousands)					
	FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	Diff. FY 11 Req. / FY 10 Enacted
Activity Appropriation	15,129	0	15,129	15,129	0
FTE	0	0	0	0	0

Note: FY 2009 reflects actual FTE. Authorized FTE for FY 2009 was 0.

Introduction

Under the OFLC State Grant activity, the Employment and Training Administration (ETA) provides grants to State Workforce Agencies (SWAs) in 54 states and U.S. territories to fund employment-based immigration activities that are required components of the various foreign labor certification programs. These activities include, but are not limited to, SWA posting and circulation of inter-state and intra-state job orders and other assistance to employers in the effective recruitment of U.S. workers, state safety inspection of employer provided H-2A housing, and the development of prevailing practice wage surveys used to set wages and standards in a defined occupation within their state.

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

FY 2011

For FY 2011, ETA requests \$15,129,000 to support state workforce agency foreign labor certification activities which is the same as the FY 2010 enacted level.

As in previous years, state grants will fund state activities to assist the processing of foreign labor certification applications, in particular in the temporary programs. The funds OFLC will provide are almost exclusively for personnel. Starting in FY 2009, the issuance of prevailing wage determinations for all foreign labor certification programs was federalized, and the responsibility transferred from SWAs to ETA.

FY 2010

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

FY 2009

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

STATE GRANTS

BUDGET ACTIVITY COMPONENT by OBJECT CLASS						
(Dollars in Thousands)						
		FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	Change FY 11 Req. / FY 10 Enacted
41.0	Grants, subsidies, and contributions	15,129	0	15,129	15,129	0
	Total	15,129	0	15,129	15,129	0

STATE GRANTS

CHANGES IN FY 2011

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Built-Ins Subtotal

0

	Estimate	FTE
Base	15,129	0
Program Decrease	-2,788	0

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

BUDGET AUTHORITY BEFORE THE COMMITTEE					
(Dollars in Thousands)					
	FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	Diff. FY 11 Req. / FY 10 Enacted
Activity Appropriation	51,720	0	63,720	63,720	0
FTE	0	0	0	0	0

Note: FY 2009 reflects actual FTE. Authorized FTE for FY 2009 was 0.

Introduction

This Workforce Information/Electronic Tools/System Building line item provides funding for a number of different national activities designed to bolster the capacity of the workforce investment system to prepare workers—in and out of the labor market—with the skills and knowledge to succeed in a knowledge-based economy and move along career pathways from low-wage jobs to middle class jobs, or remain in the middle class. The activities include: 1) National electronic tools that support self-service and direct service delivery within One-Stop Career Centers as well as provide access and connectivity to One-Stops; 2) Development of robust career information, industry competency models, and provision of tools to identify career pathways and assess skills; 3) Collection, analysis, and widespread dissemination of economic and workforce data, and translation of that information into a user-friendly format to enable the workforce system and its customers to make informed decisions about careers and education and training investments; 4) Infrastructure to support performance accountability; and 5) Technical assistance and capacity building that make use of social media and networking tools to foster the sharing of knowledge and best practices.

As the nation moves into economic recovery, these capacity-building and economic analysis functions take on new importance. Economic data and workforce information are crucial to developing economic recovery strategies by helping to identify which industries and occupations are growing and will offer high-demand careers. Career information and assessment tools are essential to transitioning workers making decisions about new career pathways and education alternatives, as well as for the workforce professionals supporting them. Connectivity to self-service information and the ability to locate and access One-Stop Career Centers serve as starting points for unemployed and low-income workers and other individuals seeking to enter the labor market in finding training and good jobs in high-growth and emerging industry sectors, such as “green” jobs.

More specifically, activities supported with these funds include:

- Hosting, development, and maintenance of national electronic tools delivered through the CareerOneStop.org portal to inform both self-service and staff-supported career decision-making. The portal includes: America’s Service Locator, providing information on One-Stop Career Centers and other service providers by zip code; America’s Career Information Network, with a vast array of career information for the nation and each state; and tools and resources such as the Certification Finder and Licensed Occupations searchable databases.

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

- On-going development and maintenance of the Occupational Information Network, or O*NET system, which collects and disseminates information on the characteristics and knowledge, skills and ability requirements for all of the Standard Occupational Classification occupations for which the Bureau of Labor Statistics provides employment and wage data. This robust data base is the foundation for a wide array of uses including identification of transferable skills, development of career information and assessment tools, job descriptions, competency models and career pathways; and many other uses in both the public and private sectors.
- Development and maintenance of key performance accountability infrastructure, such as the Wage Record Interchange System, which enables connectivity to wage data to support identification of performance outcomes, and development and maintenance of Data Validation software provided to states.
- Hosting, development, and maintenance of an interactive, knowledge sharing and e-learning platform presently supporting national technical assistance strategies for the workforce system. Through this platform, ETA develops and supports online communities of practice to foster peer-to-peer knowledge sharing and social networking among workforce professionals and partners on key issue areas, such as “green” jobs, registered apprenticeships, and reemployment.
- Workforce information grants to states to fund state workforce agency labor market information activity to project growth industries and occupations in their state and regional economies; to integrate and disseminate other data sources, including wage data, to guide individuals in building their own career pathway to better-paying jobs; to support front-line One-Stop Career Center staff with the vast array of information they need to assist a range of customers; to support state and local workforce boards in analyzing and using regional data to support strategic decisions and investments; and to support middle class workers and low wage earners in their search for good jobs.
- National infrastructure (oversight of the development and use of common statistical methodologies, data standards, development and maintenance of common software for use by states, development of short-term (2-year) and long-term (10-year) industry and occupational employment projections, licensing of an employer data base, technical assistance to states, etc.) to enable states to carry out their mission of providing robust labor market and workforce information and to enable development of national tools that roll up and disseminate data on each state.
- \$12,000,000 will be dedicated to continue funding the *Disability Employment Initiative*, designed to improve employment opportunities and outcomes for job seekers with disabilities who access the One-Stop Career Center system. In addition to this dedicated funding, the Office of Disability Employment Policy (ODEP) budget also includes \$12,000,000 for the same objective. Funding for this initiative was authorized in FY 2010. ETA and ODEP have developed a Memorandum of Agreement to establish new inter-agency collaboration for the joint administration of this initiative. The initiative will

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

seek to imbed the promising practices of ETA's Disability Program Navigator initiative and ODEP's customized employment initiative to improve the employment outcomes of individuals with disabilities served by One-Stop Career Centers. This initiative will include the effective deployment of staff in selected states and their One-Stop Career Center system to: (1) improve coordination and collaboration among employment and training and asset development programs carried out at the state or local level; (2) build effective state and local partnerships that leverage public and private resources to better serve individuals with disabilities and increase employment or self-employment outcomes; and (3) expand services to women, minorities and veterans with disabilities. States will develop models for One-Stops that will help them improve accessibility in terms of physical, programmatic and communications, including state of the art assistive technologies.

Workforce Information Grants to States result in a set of core deliverables, such as development of short-term (2-year) and long-term (10-year) industry and occupational employment projections and populating a national Workforce Information Data Base, and also offer states flexibility in shaping their workforce information strategies. This flexibility extends to the annual economic analysis and annual report on accomplishments. States are required to consult with the State workforce investment boards, regional economic development leadership within the state, local workforce investment boards, and a variety of community-based organizations that support low wage workers and those who aspire to the middle class in order to receive significant stakeholder input into the development of the grant deliverables. Because these investments contribute to multiple facets of the workforce system – both strategic and in support of One Stop Career Center service delivery, the performance outcomes of the WIA and the Wagner-Peyser Act programs are considered the outcomes for these investments. All investments and strategies contribute to the workforce investment system's efforts to improve the employment, retention, and earnings of individuals served by the system, helping them prepare for and obtain good jobs with good wages.

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

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

Previous Performance Goal Indicator 3: Number of Career Voyages site visits has been discontinued, as funds are no longer requested to support this site. Performance indicators will be designed for the *Disability Employment Initiative* upon the release of solicitations for grant applications.

The various data sets delivered through the sites are refreshed as each new data set becomes available from the states, the Bureau of Labor Statistics, the O*NET survey, and other sources.

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

Enhancements in presentation and new tools are also developed and implemented to encourage return visits and provide value to a broad range of user communities. Usage has been increasing over time, with an average of over 9,400,000 site visits per quarter to the combined E-tools Web sites in the four quarters ending September 30, 2009; increased usage is projected through 2011. Additional details are provided in the table on Performance Indicators.

Funding Mechanism

The Workforce Information Grants to States are funded by formula to all states. O*NET, the CareerOneStop Portal, America's Career Information Network, and America's Service Locator are managed through grants to specific states (Minnesota and North Carolina), who administer the tools with state cooperation. Other tools and services are supported by Federal technical assistance resources. The funds for the joint disability and employment initiative will be primarily distributed to state workforce agencies through a competitive cooperative agreement solicitation for improving effective and meaningful participation of persons with disabilities in the workforce and continue the promising practices implemented by the Disability Program Navigators, including the effective deployment of staff in selected states.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2006	81,662	0
2007	63,855	0
2008	52,059	0
2009	51,720	0
2010	63,720	0

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

FY 2011

The FY 2011 budget requests a total of \$63,720,000 for this line item, the same as the FY 2010 appropriation. The request provides \$32,000,000 in funding for state core data products and services under the Workforce Information Grants to States. A large portion of the funds support the national workforce information infrastructure; development and maintenance of O*NET data; industry competency models, national electronic tools supporting self service tools and information, delivered through the CareerOneStop.org portal; support for the workforce system's performance accountability needs; and a knowledge-sharing, e-learning and social networking platform. A new crowd-sourcing project called the Tools for America's Job Seekers Challenge began in December 2009 and identified 624 online tools. 16,045 users from the workforce development system and the public reviewed the tools and provided 32,847 recommendations, and 1,161 comments. The results will be made available to states and the public. ETA will post the ten most highly recommended tools via the CareerOneStop.org web site to help states and job seekers find tools targeted to meet their specific needs. In addition, the budget request includes resources to continue the *Disability Employment Initiative* begun in FY 2010.

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

A key area of emphasis for FY 2011 is maintaining and streamlining the activities supported with these funds, continuing the work started with the phase-out of Milspouse in 2009 and of Career Voyages in 2010. The core focus is on using these critical resources to support individuals in building career pathways to good jobs throughout the economic recovery. The goal is to continue the development and dissemination of workforce information, products, tools, and services that support the workforce investment system in preparing workers and new entrants with the skills and knowledge they need to succeed and advance in a knowledge-based economy. The resources supported through this line item are foundational to creating innovative workforce strategies to ensure a skilled workforce for renewable energy, energy efficiency, health care, broadband and telecommunications, advanced manufacturing, and other high demand and emerging industries and occupations providing good jobs for workers. Further, these resources support key performance accountability systems, including the WRIS, the Federal Employment Data Exchange System, and the Common Reporting and Information System, which enable states to access wage data to fully document performance outcomes; development and maintenance of Data Validation software, which is used by states to ensure that the performance results reported are accurate and consistent across all states; and performance information analysis to determine trends and support policy guidance for the workforce system based on the results reported.

Out of the total, \$12,000,000 is requested to continue a *Disability Employment Initiative*, designed to improve employment opportunities and outcomes for job seekers with disabilities who access the One-Stop Career Center system. The initiative will seek to build upon the promising practices of ETA's Disability Program Navigator initiative and ODEP's customized employment initiative to improve the employment outcomes of individuals with disabilities served by One-Stop Career Centers. This will include the effective deployment of staff in selected states and their One-Stop Career Center system to: (1) improve coordination and collaboration among employment and training and asset development programs carried out at the state or local level; (2) build effective state and local partnerships that leverage public and private resources to better serve individuals with disabilities and result in increased employment or self-employment outcomes; and (3) expand services to women, minorities and veterans with disabilities. States will develop models for One-Stops that will help them improve accessibility in terms of physical, programmatic and communications, including state of the art assistive technologies.

FY 2010

The Department received \$63,720,000 in FY 2010. This included \$32,000,000 for state core data products and services under the Workforce Information Grants to States, and \$12,000,000 for the *Disability Employment Initiative*, which is described above. The remaining amount funds the national infrastructure, development and maintenance of O*NET, industry competency models, national electronic tools delivered through the CareerOneStop.org portal, performance accountability infrastructure, and knowledge sharing e-learning platform described above.

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

A key area of emphasis for FY 2010 is the ongoing support and investment in the activities described in the Introduction, with a core focus on using these critical resources to support economic recovery. The goal is to continue the development of workforce information, products, tools, and services that support the national economic recovery, global competitiveness, effective use of Recovery Act resources, worker reemployment, and growth of green jobs. In addition, these resources are foundational to the sector partnerships creating innovative workforce strategies to ensure a skilled workforce for renewable energy, broadband and telecommunications, health care, advanced manufacturing, and other high demand and emerging industries and occupations which will drive national, state, and regional economic growth.

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

FY 2009

The Department received \$51,720,000 in FY 2009 to support these activities. Within the amount requested for One-Stop Career Center and Labor Market Information, ETA was directed to fund workforce information grants to States at not less than \$32,000,000 and to direct \$2,500,000 for competitive grants to States agencies to identify job openings and skill requirements for the energy efficiency and renewable energy industries and to refer workers to job openings and training programs. Based on subsequent Recovery Act funds for that purpose and consultation between ETA and Congress, the \$2,500,000 will be used for a single competitive grant to fund development of a national online interactive skill transferability interface for frontline customers.

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

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

The Department continued to support the activities of the Career One Stop portal and the Occupational Information Network (O*NET) data collection and dissemination to ensure users have access to information that will enable them to explore career options, assess their transferable skills, identify skill gaps and needed education and training to transition to new careers in sectors of the economy that are still in need of workers. O*NET has added a total of 153 New and Emerging occupations, of which 91 are related to the impact of green economy

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

activities and technologies sufficient to create the need for unique work and worker requirements and hence new occupations. In addition, the O*NET database released collected O*NET data for 23 of the new and emerging occupations.

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

The Department continued to support activities that enhance the capacity of the workforce investment system, such as the sharing of innovative and promising practices around providing reemployment services, strategic partnerships, collaboration, and leveraging resources in support of regional economic recovery and global competitiveness through its knowledge sharing portal.

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

WORKLOAD SUMMARY				
	FY 2009		FY 2010	FY 2011
	Target	Result	Target	Target
Workforce Information-Electronic Tools-System Building				
Site visits for CareerOneStop, O*NET (in millions)	39.80	37.00 (e)	38.75	45.00
Site visits to secor-specific virtual One-Stop portal(s)	--	--	--	TBD
Cost per site visit	\$.00	\$.53	\$.50	\$.45

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

Notes: The budget line item includes major formula funding for State workforce information development as well as funds for workforce investment system performance accountability and tracking systems. This cost per site visit, an efficiency measure, is being calculated without including the funds that go to the states via formula.

The Employment and Training Administration and the Office of Disability Employment Policy have entered into a Memorandum of Agreement and developed a work plan to implement the Disability initiative through a competitive grants, training and technical assistance to the workforce system, an and evaluation that includes a survey of accessibility of One-Stop Career Centers. Performance measures for the disability initiative are under discussion and development.

The workload table provides estimates for the number of site visits for CareerOneStop and O*NET. The Department projects 40.5 million site visits in FY 2011, a 9.5% increase from FY 2009, at a cost of \$.49 per visit. The budget line item includes major formula funding for State workforce information development as well as funds for workforce investment system performance accountability and tracking systems. This cost per site visit is being calculated without including the funds that go to the states via formula.

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

PERFORMANCE INDICATORS

<p>Workforce Information/Electronic Tools/System Building contributes to the following Outcome Goals in support of the Department’s Strategic Vision of <i>Good Jobs for Everyone</i>:</p> <p>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.</p> <p>1.3 Help workers who are in low-wage jobs or out of the labor market find a path into middle-class jobs.</p> <p>1.4 Help middle-class families remain in the middle class.</p>										
Goal	Performance Indicator	FY 2006		FY 2007		FY 2008		FY 2009	FY 2010	FY 2011
		Goal Achieved		Goal Not Achieved						Request
		Target	Result	Target	Result	Target	Result	Target	Target	Target
1.2	Number of O*NET site visits.	7.5 million	9.7 million	12 million	10.6 million	11.25 million	11.55 million	12 million	12.75 million	13.5 million
1.3	Number of CareerOneStop site visits.	--	--	Baseline	23.6 million	24 million	25.58 million	25 million	26 million	27 million
1.4	Number of Career Voyages site visits.	--	--	Baseline	2.1 million	2.4 million	2.25 million	N/A	N/A	N/A
Baseline(s):										
Data Source(s): Web statistics for O*NET and CareerOneStop are provided by the state grantees using AWStats and WebTrends software. Career Voyages statistics are provided by ETA’s <i>Workforce System Results</i>										
Comments: FY08 final is the PY08 result, FY09 target is PY09. Site visits for Career Voyages are not included for FY 2011 because funding for this site has been discontinued.										

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

BUDGET ACTIVITY by OBJECT CLASS						
(Dollars in Thousands)						
		FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	FY 11 Req. / FY 10 Enacted
41.0	Grants, subsidies, and contributions	51,720	0	63,720	63,720	0
	Total	51,720	0	63,720	63,720	0

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

CHANGES IN FY 2011
(Dollars in Thousands)

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

\$0

Estimate

FTE

Base

63,720

0

WORK INCENTIVE GRANTS

BUDGET AUTHORITY BEFORE THE COMMITTEE					
(Dollars in Thousands)					
	FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	Diff. FY 11 Req. / FY 10 Enacted
Activity Appropriation	17,295	0	0	0	0
FTE	0	0	0	0	0

Note: FY 2009 reflects actual FTE. Authorized FTE for FY 2009 was 0.

Introduction

Work Incentive Grants (WIGs) were funded to address concerns about the ability of the One-Stop Career Center system, which was established under the Workforce Investment Act of 1998, to meet the needs of individuals with disabilities. Established as a demonstration project, WIGs funded a variety of approaches aimed at increasing the labor force participation, life-long learning opportunities, and career advancement for persons with disabilities. Disability Program Navigators (DPNs), primarily funded through WIG grants, facilitated many of these service delivery improvements. DPNs were also engaged in promoting meaningful and effective physical, programmatic, and communication access to the One-Stop Career Center system and establishing critical linkages to employers to increase job and career opportunities.

After seven years of dedicated funding, the goal of the DPN program to demonstrate new approaches to serving individuals with disabilities was reached and ETA did not request or receive funding for the program in FY 2010. However, beginning in FY 2010 the Department began the *Disability Employment Initiative* which is administered by both ETA and the Department's Office of Disability Employment Policy. This initiative is influenced by the experiences and information gained through the DPN program and serves to improve the effective and meaningful participation of persons with disabilities in the workforce system. A further discussion of this initiative is contained in Workforce Information/Electronic Tools/System Building budget narrative.

Funding Mechanism

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

WORK INCENTIVE GRANTS

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2006	19,514	0
2007	19,514	0
2008	14,393	0
2009	17,295	0
2010	0	0

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

FY 2011

The Department of Labor proposes to continue funding targeted assistance to persons with disabilities through the Disability Employment Initiative. As a result, no funding is requested for WIGs in the FY 2011 budget. A further discussion of the Disability Employment Initiative is contained in the Workforce Information/Electronic Tools/System Building budget narrative.

FY 2010

The Department's FY 2010 budget proposed termination of funding for the WIG program and no funding was appropriated in FY 2010. The Department proposes to continue funding targeted assistance to persons with disabilities through the Disability Employment Initiative.

FY 2009

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

WORK INCENTIVE GRANTS

WORKLOAD SUMMARY				
	FY 2009		FY 2010	FY 2011
	Target	Result	Target	Target
Work Incentive Grants				
Participants Served	24,468	24,468 (e)		
Cost per Participant	\$707.00	\$707.00 (e)	\$.00	\$.00

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

Note:

- The Work Incentive Grants program operates on Program Year basis. Final PY 2009 data are not available until October 15, 2010. FY 2009 participants served data are based on the PY 2007 WIASRD results.
- Lack of targets for FY 2010 and FY 2011 reflect the fact that funding for these grants was not enacted in FY 2010, and no funding has been requested in the DOL's FY 2011 budget.

The WIG program will receive no budget appropriations for FY 2010 or FY 2011.

WORK INCENTIVE GRANTS

PERFORMANCE GOAL AND INDICATORS

<p>Work Incentive Grants contribute to the following Outcome Goals in support of the Department's Strategic Vision of <i>Good Jobs for Everyone</i>:</p> <p>1.1 Increase Workers' incomes and narrow wage and income inequality.</p> <p>1.3 Help workers who are in low-wage jobs or out of the labor market find a path into middle-class jobs.</p> <p>1.4 Help middle-class families remain in the middle class.</p> <p>3.1 Break down barriers to fair and diverse workplaces so that every worker's contribution is respected.</p>										
Goal	Performance Indicator	PY 2006		PY 2007		PY 2008		PY 2009	PY 2010	PY 2011
		Goal Not Achieved		Goal Not Achieved						
		Target	Result	Target	Result	Target	Result*	Target	Target	Target
3.1	Percent of exiters with disabilities.	6.3%	4.5%	4.6%	4.5%	4.6%	NDA	4.6%	--	--
1.3	Percent of exiters with disabilities employed after program exit.	67.0%	65.0%	66.0%	59.6%	67.0%	NDA	57.3%	--	--
1.4	Percent of exiters with disabilities who retain employment after exit.	82.0%	78.8%	80.0%	79.6%	81.0%	NDA	78.0%	--	--
1.1	Average earnings in the second and third quarters after exit.	Baseline	\$9,856	\$9,955	\$10,882	\$10,055	NDA	\$10,189	--	--
<p>Baseline(s): In PY2006, the program collected baseline data for the new average earnings measure; 2004-05 data are based on a similar earnings measure, earnings gain.</p>										
<p>Data Source(s): State Workforce Investment Act Standardized Record Data (WIASRD) submitted to DOL, Unemployment Insurance Wage Records</p>										
<p>Comments: The data shown are for exiters with disabilities for those Workforce Investment Areas with navigators. New measures were developed during the PY 2004 budget. No funding has been requested for the program for PY 2010 or 2011. Data for Work Incentive Grants is collected annually from the WIASRD.</p>										
<p>*NDA means No Data Available - PY 2008 data will be available by February 2010.</p>										

WORK INCENTIVE GRANTS

BUDGET ACTIVITY by OBJECT CLASS						
(Dollars in Thousands)						
		FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	FY 11 Req. / FY 10 Enacted
41.0	Grants, subsidies, and contributions	17,295	0	0	0	0
	Total	17,295	0	0	0	0

WORK INCENTIVE GRANTS

CHANGES IN FY 2011

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Built-Ins Subtotal

\$0