

FY 2015

CONGRESSIONAL BUDGET JUSTIFICATION

EMPLOYMENT AND TRAINING ADMINISTRATION

Training and Employment Services

TRAINING AND EMPLOYMENT SERVICES

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TRAINING AND EMPLOYMENT SERVICES (INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Workforce Investment Act of 1998 (referred to in this Act as "WIA"), the Second Chance Act of 2007[, the Women in Apprenticeship and Non-Traditional Occupations Act of 1992 ("WANTO Act"),] and the Workforce Innovation Fund, as established by this Act, [\$3,148,855,000] \$3,255,557,000, plus reimbursements, shall be available. Of the amounts provided:

(1) for grants to States for adult employment and training activities, youth activities, and dislocated worker employment and training activities, \$2,588,108,000 as follows:

- (A) \$766,080,000 for adult employment and training activities, of which \$54,080,000 shall be available for the period July 1, [2014] 2015, through June 30, [2015] 2016, and of which \$712,000,000 shall be available for the period October 1, [2014] 2015 through June 30, [2015] 2016;
- (B) \$820,430,000 for youth activities, which shall be available for the period April 1, [2014] 2015 through June 30, [2015] 2016; and
- (C) \$1,001,598,000 for dislocated worker employment and training activities, of which \$141,598,000 shall be available for the period July 1, [2014] 2015 through June 30, [2015] 2016, and of which \$860,000,000 shall be available for the period October 1, [2014] 2015 through June 30, [2015] 2016:
Provided, That notwithstanding the transfer limitation under section 133(b)(4) of the WIA, up to 30 percent of such funds may be transferred by a local board if approved by the Governor: *Provided further*, That a local board may award a contract to an institution of higher education or other eligible training provider if the local board determines that it would facilitate the training of multiple individuals in high-demand occupations, if such contract does not limit customer choice: *Provided further*, That notwithstanding section

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128(a)(1) of the WIA, the amount available to the Governor for statewide workforce investment activities shall not exceed 8.75 percent of the amount allotted to the State from each of the appropriations under the preceding subparagraphs;

(2) for federally administered programs, [\$474,669,000] \$501,371,000 as follows:

(A) \$220,859,000 for the dislocated workers assistance national reserve, of which \$20,859,000 shall be available for the period July 1, [2014] 2015 through [June 30, 2015] September 30, 2016, and of which \$200,000,000 shall be available for the period October 1, [2014] 2015 through [June 30, 2015] September 30, 2016: *Provided*, That funds provided to carry out section 132(a)(2)(A) of the WIA may be used to provide assistance to a State for statewide or local use in order to address cases where there have been worker dislocations across multiple sectors or across multiple local areas and such workers remain dislocated; coordinate the State workforce development plan with emerging economic development needs; and train such eligible dislocated workers: *Provided further*, That funds provided to carry out [section] sections 170(b) and 171(d) of the WIA may be used for *technical assistance to the workforce system and demonstration projects, respectively*, that provide assistance to new entrants in the workforce, *adults without employment who are not dislocated workers* and incumbent workers: *Provided further*, That none of the funds shall be obligated to carry out section 173(e) of the WIA;

(B) \$46,082,000 for Native American programs, which shall be available for the period July 1, [2014] 2015 through June 30, [2015] 2016;

(C) \$81,896,000 for migrant and seasonal farmworker programs under section 167 of the WIA, including \$75,885,000 for formula grants (of which not less than 70 percent shall be for employment and training services), \$5,517,000 for migrant and seasonal housing (of which not less than 70 percent shall be for permanent

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housing), and \$494,000 for other discretionary purposes, which shall be available for the period July 1, [2014] 2015 through June 30, [2015] 2016: *Provided*, That notwithstanding any other provision of law or related regulation, the Department of Labor shall take no action limiting the number or proportion of eligible participants receiving related assistance services or discouraging grantees from providing such services;

[(D) \$994,000 for carrying out the WANTO Act, which shall be available for the period July 1, 2014 through June 30, 2015;]

[(E)] (D) \$77,534,000 for YouthBuild activities as described in section 173A of the WIA, which shall be available for the period April 1, [2014] 2015 through June 30, [2015] 2016; and

[(F)] (E) [\$47,304,000] \$60,000,000 to be available to the Secretary of Labor [(referred to in this title as "Secretary")] for the Workforce Innovation Fund to carry out projects that demonstrate innovative strategies or replicate effective evidence-based strategies that align and strengthen the workforce investment system in order to improve program delivery and education and employment outcomes for beneficiaries, which shall be for the period July 1, [2014] 2015 through September 30, [2015] 2016: *Provided*, That amounts shall be available for awards to States or State agencies that are eligible for assistance under any program authorized under the WIA, consortia of States, or partnerships, including regional partnerships: *Provided further, that grantees may award subgrants to carry out workforce innovation activities: Provided further, That up to \$10,000,000 of the funds provided for the Workforce Innovation Fund may be used for performance-based awards or other agreements under the Pay for Success program: Provided further, That any funds obligated for Pay for Success projects or agreement shall remain available for disbursement until expended, notwithstanding 31. U.S.C. 1552(a), and that any funds deobligated from such projects or agreements shall immediately be available for Workforce Innovation Fund activities: Provided further, That not more than 5 percent of the funds*

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available for workforce innovation activities shall be for technical assistance and evaluations related to the projects carried out with these funds: *Provided further*, That the Secretary may authorize awardees to use a portion of awarded funds for evaluation, upon the Chief Evaluation Officer's approval of an evaluation plan; *and*

(F) \$15,000,000 for the Secretary of Labor to award grants to assist in the development of partnerships and employment and training strategies targeted to particular in-demand industry sectors in regional economies, which shall be available from July 1, 2015 through July 30, 2016: Provided, That such grants may be awarded to States, consortia of States, or to regional partnerships consisting of representatives of multiple firms or employers in the in-demand industry sector, local or State workforce investment boards in the region, postsecondary educational institutions (such as community colleges), economic development entities, labor organizations where present, and other appropriate entities: Provided further, That activities may include strategies to identify training services that will facilitate career advancement opportunities in the in-demand industry sector, including opportunities for subpopulations who face significant barriers to employment: Provided further, That grantees may award subgrants to carry out activities: Provided further, That the Secretary may reserve not more than 5 percent of the funds available under this subparagraph to provide technical assistance and evaluation of grant projects; and

(3) for national activities, [\$86,078,000] \$166,078,000, as follows:

(A) \$80,078,000 for ex-offender activities, under the authority of section 171 of the WIA and section 212 of the Second Chance Act of 2007, which shall be available for the period April 1, [2014] 2015 through June 30, [2015] 2016, notwithstanding the requirements of section 171(b)(2)(B) or 171(c)(4)(D) of the WIA: *Provided*, That of this amount, \$20,000,000 shall be for competitive grants to national and regional intermediaries for activities that prepare young ex-

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offenders and school dropouts for employment, with a priority for projects serving high-crime, high-poverty areas; and

(B) \$6,000,000 for the Workforce Data Quality Initiative, under the authority of section 171(c)(2) of the WIA, which shall be available for the period July 1, [2014] 2015 through [June 30, 2015] September 30, 2016, and which shall not be subject to the requirements of section 171(c)(4)(D); and

(C) \$80,000,000 for the Secretary of Labor to award performance incentive grants to States and tribal governments that achieve high levels of performance with respect to such core indicators of performance identified in section 136(b)(2) of the WIA as the Secretary may specify regarding subpopulations served under title I-B of the WIA or section 166 of the WIA, respectively, who face significant barriers to employment, such as the long-term unemployed, disconnected youth, individuals with disabilities, and veterans, which shall be available from July 1, 2015 through September 30, 2017: Provided, That in order for a State or tribal government to be eligible to receive an incentive grant, the State or tribal government must exceed the adjusted levels of performance established for the core indicators of performance for such title I-B or section 166, respectively, for the program year on which awards are based: Provided further, That not more than 15 grants may be awarded under this subparagraph for any program year: Provided further, That the Secretary may award grants based on the extent to which States or tribal governments improve the levels of performance achieved for the subpopulations from the preceding program year or years: Provided further, That the Secretary may adjust the levels of performance considered for purposes of awarding the performance incentive grants to take into account differences in economic conditions among States and among tribal governments, the number of individuals served from the respective subpopulations among States and among tribal governments, and other appropriate factors; Provided further, That the performance incentive grants shall be used to carry out activities under title I-B of the WIA or section 166 of the WIA, respectively, which may include

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innovative activities such as activities designed to remove barriers to, and improve, the alignment of programs, services, and providers in order to enhance employment outcomes and streamline service delivery, except the Secretary may require that up to a specified percentage, or all, of such funds be used to provide activities under such title or section for subpopulations who face significant barriers to employment: Provided further, That the Secretary may develop and use additional indicators of performance for purposes of awarding the performance incentive grants and may reserve not more than 3 percent of funds for research relating to such indicators and for technical assistance to States and tribal governments. (Department of Labor Appropriations Act, 2014.)

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EXPLANATION OF LANGUAGE CHANGE

The Administration proposes several changes for FY 2015 to the appropriations language under the Training and Employment Services (TES) heading from the language enacted in FY 2014.

The changes include in paragraph (2)(A) the extension of one calendar quarter for the availability of funds in the National Reserve for dislocated workers, from July 1, 2015 through September 30, 2016, rather than through June 30, 2016. This extension is needed to ensure sufficient resources are available to provide the disaster relief assistance that is funded out of the National Reserve throughout the summer months, when most disasters occur and the need is therefore the greatest. This extension of availability also provides important flexibility to the Department of Labor in committing resources in response to other major, unanticipated economic dislocations that are intended to be addressed with these funds.

Another change to paragraph (2)(A) would be to extend the current authority provided under a proviso contained in that subparagraph to carry out demonstrations with funds out of the National Reserve to assist new entrants to the workforce and incumbent workers to also include authority to provide technical assistance to the workforce development system with the funds available for technical assistance out of the National Reserve for the provision of services to new entrants to the workforce and incumbent workers. The language change would also clarify that the funds for demonstrations and technical assistance may include the provision of services for adults without employment who do not meet the definition of a dislocated worker under WIA.

The language in the current paragraph (2)(D) that appropriates funds for WANTO would be deleted since those activities may be addressed with other workforce programs, and a corresponding deletion referencing WANTO is made in the language under the heading that precedes the enumerated paragraphs.

In paragraph (2)(E), as redesignated, language would be added to clarify the authority for grantees to award subgrants under the Workforce Innovation Fund (WIF). In addition, language would be added to allow up to \$10 million to be used for Pay for Success activities. Any funds obligated for such activities would be available until expended, and that any unused funds could be recaptured and reobligated for other WIF activities. This flexibility will assure that WIF is able to maximize these resources and use them for the purpose for which they were intended.

In addition, a new paragraph (2)(F) is included that would provide an appropriation of \$15,000,000 for the Secretary of Labor to award grants to States, consortia of States, or regional partnerships to develop employment and training strategies targeted to particular in-demand industry sectors in regional economies. This focus on particular in-demand industry sectors in regions builds on promising practices and complements other employment and training strategies used within States and local areas in developing career opportunities. These funds would assist in the development of robust partnerships

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between representatives of businesses in the in-demand industry sector, State or local workforce agencies or boards in the region, postsecondary institutions such as community colleges, labor organizations where present, economic development entities and other appropriate entities in order to identify appropriate training strategies and services tailored to meet the needs of the in-demand industry sector and workers within the region, including subpopulations facing significant barriers to employment. The language would also include authority for subgrants and the Secretary would be allowed to reserve not more than 5 percent of the funds for technical assistance and evaluation.

In paragraph (3)(B) the period of availability for Workforce Data Quality Initiative (WDQI) funds is extended to September 30, 2016. This change in the period of availability will align WDQI with the WIF period of availability, which will enable better alignment of the initiatives.

Finally, a new paragraph (3)(C) is added that would provide an appropriation of \$80,000,000 for the Secretary of Labor to provide Incentive Grants to States and tribal governments carrying out employment and training activities under title I-B and section 166 of WIA, respectively. Specifically, these funds would be available from July 1, 2015 through December 31, 2017 to award grants to those States and tribal governments that exceed levels of performance for core indicators of performance identified by the Secretary under title I of WIA with respect to subpopulations facing significant barriers to employment served under these programs, such as the long-term unemployed, disconnected youth, individuals with disabilities, and veterans. In order to be eligible for these grants States and tribal governments would also have to exceed the adjusted levels of performance for the core indicators generally applicable to programs under title I-B and section 166 of WIA, respectively, for all individuals served by those programs. Not more than 15 grants could be awarded for any program year, and the grants may be based on the extent to which States and tribal governments improve their performance relating to employment outcomes for the subpopulations facing significant barriers to employment. The Secretary may adjust the levels of performance based on differing economic conditions among States and among tribal governments, the number of individuals served from the subpopulations facing significant barriers to employment, and other appropriate factors. The grants are to be used to carry out activities under title I-B and section 166, respectively, and the Secretary may require a specified percentage, or all, of the funds be used to serve the subpopulations facing significant barriers to employment. The Secretary may develop additional indicators of performance for use in awarding these grants, and may reserve not more than 3 percent of the funds to carry out research regarding such indicators and to provide technical assistance to States and tribal governments. These funds would provide important incentives for States and tribal governments to achieve high levels of performance in serving those most in need.

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AMOUNTS AVAILABLE FOR OBLIGATION¹						
(Dollars in Thousands)						
	FY 2013²		FY 2014³		FY 2015	
	Enacted		Enacted		Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	0	\$1,420,693	0	\$1,376,855	0	\$1,483,557
Pursuant to P.L. 113-2 for Hurricane Sandy Relief and Recovery	0	\$25,000	0	\$0	0	\$0
Reduction Pursuant to P.L. 113-6 for FY 2013	0	-\$2,841	0	\$0	0	\$0
Reduction Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985	0	-\$72,480	0	\$0	0	\$0
<i>Subtotal Appropriation</i>	<i>0</i>	<i>\$1,370,372</i>	<i>0</i>	<i>\$1,376,855</i>	<i>0</i>	<i>\$1,483,557</i>
Non-Expenditure Transfer to WHD for Hurricane Sandy Relief and Recovery	0	-\$1,002	0	\$0	0	\$0
Non-Expenditure Transfer to OSHA for Hurricane Sandy Relief and Recovery	0	-\$2,250	0	\$0	0	\$0
Offsetting Collections From:						
Fees	0	\$143,466	0	\$124,488	0	\$125,000
<i>Subtotal Appropriation Offsetting Collections</i>	<i>0</i>	<i>\$143,466</i>	<i>0</i>	<i>\$124,488</i>	<i>0</i>	<i>\$125,000</i>
Advance Appropriation	0	\$1,772,000	0	\$1,772,000	0	\$1,772,000
Reduction Pursuant to P.L. 113-6 for FY 2013	0	-\$3,544	0	\$0	0	\$0
Reduction Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985	0	-\$88,839	0	\$0	0	\$0
<i>Subtotal Advance Appropriation</i>	<i>0</i>	<i>\$1,679,617</i>	<i>0</i>	<i>\$1,772,000</i>	<i>0</i>	<i>\$1,772,000</i>
B. Gross Budget Authority	0	\$3,190,203	0	\$3,273,343	0	\$3,380,557
Offsetting Collections From:						
Fees	0	-\$143,466	0	-\$124,488	0	-\$125,000

¹ Amounts represent program year funding, not fiscal year availability.

² For FY 13: Amounts represent funding provided in the Department of Labor Appropriations Act, 2013 (P.L. 113-6) regardless of the period of availability.

³ For FY 14: Amounts represent funding provided in the Department of Labor Appropriations Act, 2014 (P.L. 113-76) regardless of the period of availability.

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<i>Subtotal</i>	0	-\$143,466	0	-\$124,488	0	-\$125,000
C. Budget Authority Before Committee	0	\$3,046,737	0	\$3,148,855	0	\$3,255,557
Offsetting Collections From:						
Prior Year Balance	0	\$0	0	\$0	0	\$0
Fees	0	\$143,466	0	\$124,488	0	\$125,000
<i>Subtotal</i>	0	\$143,466	0	\$124,488	0	\$125,000
D. Total Budgetary Resources	0	\$3,190,203	0	\$3,273,343	0	\$3,380,557
Unobligated Balances Expiring	0	\$114	0	\$0	0	\$0
E. Total, Estimated Obligations	0	\$3,190,089	0	\$3,273,343	0	\$3,380,557

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY¹								
(Dollars in Thousands)								
	FY 2013 Enacted²		FY 2014 Enacted		FY 2015 Request		Diff. FY15 Request / FY14 Enacted	
			FTE	Amount				
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Adult Employment and Training Activities	0	730,624	0	766,080	0	766,080	0	0
General Funds	0	730,624	0	766,080	0	766,080	0	0
Formula Grants	0	730,624	0	766,080	0	766,080	0	0
General Funds	0	730,624	0	766,080	0	766,080	0	0
Youth Activities	0	781,375	0	820,430	0	820,430	0	0
General Funds	0	781,375	0	820,430	0	820,430	0	0
Youth Employment and Training Activities	0	781,375	0	820,430	0	820,430	0	0
General Funds	0	781,375	0	820,430	0	820,430	0	0
Dislocated Workers Employment and Training Activities	0	1,167,976	0	1,222,457	0	1,222,457	0	0
General Funds	0	1,167,976	0	1,222,457	0	1,222,457	0	0
Formula Grants	0	955,591	0	1,001,598	0	1,001,598	0	0
General Funds	0	955,591	0	1,001,598	0	1,001,598	0	0
National Reserve	0	212,385	0	220,859	0	220,859	0	0

¹ Amounts represent program year funding, not fiscal year availability.

² FY 2013 Full Year C.R. does not include \$25,000,000 for the Dislocated Workers National Reserve for expenses related to Hurricane Sandy, as provided in the Disaster Relief Appropriations Act, 2013, P.L. 113-2. Of this amount, \$3,252,000 was transferred to the Occupational Safety and Health Administration and the Wage and Hour Division for Hurricane Sandy reconstruction and recovery activities via a non-expenditure transfer.

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY¹

(Dollars in Thousands)

	FY 2013 Enacted ²		FY 2014 Enacted		FY 2015 Request		Diff. FY15 Request / FY14 Enacted	
			FTE	Amount				
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
General Funds	0	212,385	0	220,859	0	220,859	0	0
Workforce Innovation Fund	0	47,304	0	47,304	0	60,000	0	12,696
General Funds	0	47,304	0	47,304	0	60,000	0	12,696
WIA Incentive Grants	0	0	0	0	0	80,000	0	80,000
Sector Strategies	0	0	0	0	0	15,000	0	15,000
Indian and Native American Programs	0	45,082	0	46,082	0	46,082	0	0
General Funds	0	45,082	0	46,082	0	46,082	0	0
Migrant and Seasonal Farmworkers	0	79,897	0	81,896	0	81,896	0	0
General Funds	0	79,897	0	81,896	0	81,896	0	0
Women in Apprenticeship	0	944	0	994	0	0	0	-994
General Funds	0	944	0	994	0	0	0	-994
Pilots, Demonstrations and Research	0	6,259	0	0	0	0	0	0
General Funds	0	6,259	0	0	0	0	0	0
YouthBuild	0	75,535	0	77,534	0	77,534	0	0
General Funds	0	75,535	0	77,534	0	77,534	0	0
Reintegration of Ex-Offenders	0	76,055	0	80,078	0	80,078	0	0

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY¹

(Dollars in Thousands)

	FY 2013 Enacted ²		FY 2014 Enacted		FY 2015 Request		Diff. FY15 Request / FY14 Enacted	
			FTE	Amount				
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
General Funds	0	76,055	0	80,078	0	80,078	0	0
Evaluation	0	9,064	0	0	0	0	0	0
General Funds	0	9,064	0	0	0	0	0	0
Workforce Data Quality Initiative	0	6,126	0	6,000	0	6,000	0	0
General Funds	0	6,126	0	6,000	0	6,000	0	0
Total	0	3,026,241	0	3,148,855	0	3,255,557	0	106,702
General Funds	0	3,026,241	0	3,148,855	0	3,255,557	0	106,702

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BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
	Full-Time Equivalent				
	Total	0	0	0	0
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
25.1	Advisory and assistance services	14,571	9,319	9,319	0
41.0	Grants, subsidies, and contributions	3,011,670	3,139,536	3,246,238	106,702
	Total	3,026,241	3,148,855	3,255,557	106,702

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SIGNIFICANT ITEMS IN APPROPRIATIONS COMMITTEES' REPORTS

Senate Report (S. 113-71)

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The Committee encourages the Department to use grant funds and training programs to facilitate solutions to address the shortage on the STEM workforce, such as laboratory professionals. STEM fields are central to U.S. economic competitiveness and growth and to address gaps in the Nation's approach to strengthening the STEM pipeline.

ETA Response: ETA agrees that STEM fields are particularly important. In addition to generally focusing H-1B training grants to STEM areas, ETA will review its grant opportunities, in coordination with the Department of Education, to determine the best places to encourage this work. In PY 13, the Department is committed to providing extensive technical assistance, both in-person and virtually, to state and local workforce leaders to build their skills as effective leaders of and participants in public/private industry-driven workforce partnerships and will continue efforts into PY 14.

Senate Report (S. 113-71)

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The Committee notes that GAO Report 12-97, dated January 19, 2012, found that one of the six identified characteristics of effective local public and private workforce partnerships was leadership. The Committee encourages the Department to support States, in cooperation with local elected officials and local workforce board chairs, in the development of high quality standards for workforce development leaders and to support professional development of such leaders based on the standards.

ETA Response: ETA has, and will continue to, provide a number of training opportunities for the workforce system staff. This included a series focused on leadership in the workforce system and a set of training focused on the roles of Workforce Information Board (WIB) members and staff. In 2013, ETA developed a technical assistance resource web page, *Workforce Board Solutions* that includes a collection of resources for State and Local Board members and staff focused on improving WIB capacity in a number of critical areas. We will continue to work with states and local areas on the leadership role they can play in establishing partnerships through sector-based approaches to workforce development, as well as through focusing on implementing career pathway strategies in partnership with employers and education providers.

Senate Report (S. 113-71)

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The Committee commends ETA for its collaborative work with IMLS to integrate the education, employment, and training services provided by public libraries into the workforce development system. The Committee encourages ETA to continue to invest in building and strengthening

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partnerships between the one-stop system and public libraries and recommends that ETA encourage applicants for grants under WIF to collaborate with public libraries.

ETA Response: ETA agrees that the public libraries are an important partner to the workforce system as well as a great resource in communities across the country, and we will continue to promote those partnerships broadly.

Senate Report (S. 113-71)
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The Committee remains greatly concerned about the low level of literacy and numeracy skills among adult workers. The Committee continues to encourage the Department to work with the Department of Education to examine and share best practices to help adults with the lowest literacy levels improve their overall skills and employment opportunities. The Committee requests a report on the Department's progress in educating the workforce system on the effectiveness of adult literacy and basic skills programs that have successfully implemented strategies for delivering basic literacy instruction together with occupational training; the report should be provided to the Committee no later than March 1, 2014. Further, the Committee recommends that these best practices be widely disseminated to maximize outreach to programs that would be able to implement improved approaches.

ETA Response: ETA has supported integration of basic skills and occupational skills training through some of its grants programs, including H-1B Technical Skills Training Grants and TAACCCT, and has provided guidance to the workforce system on increasing literacy and numeracy in Training and Employment Notice No. 18-11, "Improving Literacy and Numeracy Gains of Workforce Investment Act Youth Program Participants." Currently, the Workforce Innovation Fund is piloting, testing, and growing effective models and partnerships to increase adult literacy and numeracy skills and ETA's career pathways interagency workgroup is also collaborating to expand adult basic education models. Also, ETA has profiled adult literacy and basic skills strategies and programs through Workforce Systems Strategies, which catalogs and presents research and practices on this topic and others and is available online at <http://strategies.workforce3one.org/>. Due to late enactment of the appropriation for FY 2014, our target date for the submission of this report is May 1, 2014.

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APPROPRIATION HISTORY (Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2005 ^{1,2,3}	2,863,292	2,649,728	2,914,662	2,879,183	0
2005 Advance for 2006 ³	2,438,000	2,463,000	2,463,000	2,439,620	
2006 ^{3,4}	3,404,949	2,658,792	2,787,806	2,625,888	0
2006 Advance for 2007	2,463,000	2,463,000	2,463,000	2,438,000	
2007	1,949,405	2,504,209	996,832	2,791,341	0
2007 Advance for 2008	2,463,000	1,772,000	1,772,000	1,741,043	
2008 ^{5,6}	2,776,972	1,758,530	1,815,138	1,804,268	0
2008 Advance for 2009	1,772,000	0	1,772,000	1,772,000	
2009	1,338,600	0	1,854,448	1,854,448	0
2009 Advance for 2010	1,772,000	1,772,000	0	1,772,000	
2010	2,061,563	2,030,961	0	2,056,530	0
2010 Advance for 2011	1,772,000	0	0	1,772,000	
2011 ⁷	2,153,475	0	2,105,478	1,572,497	0
2011 Advance for 2012	1,772,000	0	1,772,000	1,768,651	
2012 ⁸	1,854,947	0	1,538,247	1,420,692	0
2012 Advance for 2013 ⁹	1,772,000	0	0	1,760,318	
2013 ¹⁰	1,459,812	0	0	1,265,923	0
2013 Advance for 2014	1,772,000	0	0	1,772,000	
2014	1,615,405	0	0	1,376,855	0
2014 Advance for 2015	1,772,000	0	0	1,772,000	
2015	1,483,557				
2015 Advance for 2016	1,772,000				

¹ Reflects a 0.80% across-the-board rescission pursuant to P.L. 108-447

² Reflects a portion of \$18,000,000 rescission to Labor/HHS/Educ pursuant to P.L. 108-447

³ Reflects a 1.0% government-wide rescission pursuant to P.L.109-148

⁴ Reflects a \$25,000,000 decrease in Job Corps Construction, Rehabilitation, and Acquisition

⁵ Reflects 1.747% rescission pursuant to P.L. 110-161

⁶ Excludes \$250,000,000 for Recovery Act pursuant to P.L. 111-5

⁷ Reflects a 0.2% across-the-board rescission pursuant to P.L. 112-10

⁸ Reflects a 0.189% across-the-board rescission pursuant to P.L. 112-74

⁹ Reflects a 0.2% across the board rescission pursuant to P.L. 113-6 and the sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as executed.

¹⁰ Reflects a 0.2% across the board rescission pursuant to P.L. 113-6 and the sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as executed. Does not reflect Hurricane Sandy Disaster Supplemental funds provided pursuant to P.L. 113-2.

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BUDGET AUTHORITY BEFORE THE COMMITTEE¹				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	730,624	766,080	766,080	0
FTE	0	0	0	0

¹ Amounts represent program year funding, not fiscal year availability.

Introduction

The Workforce Investment Act (WIA) Adult formula program provides employment and training services for disadvantaged, low-skilled, unemployed, and underemployed adults, including veterans, within the public workforce system. The program is well-positioned to meet the needs of adult job seekers and support the economic recovery by helping adult customers understand their skills in the context of the current labor market and improve those skills to find better jobs with career pathways. Specifically, the WIA Adult formula program:

- Supports an economy that is built to last by aligning the skills of American workers with needs of businesses so they can compete in the rapidly evolving job market of the 21st century;
- Transforms the unemployment system into a reemployment system by providing adult job seekers with job placement, career counseling, skills-training, credential attainment, and labor exchange services that make it possible for disadvantaged, low-skilled, and underemployed adult workers to get back to work quickly;
- Puts veterans back to work by providing priority of service to veterans and eligible spouses; and
- Offers seamless service delivery with multiple workforce-related programs housed in American Job Centers. A consolidated entry point provides the best value in terms of positive outcomes for job seekers and business customers by capitalizing on the administrative efficiencies and shared resources.

Even as the unemployment rate has begun to decline overall to 7 percent¹ in July 2014 from a high of 10 percent in October 2009, disadvantaged, low-skilled, and underemployed adults are still at risk of being left behind in the strengthening economy. The unemployment rate for adults without a high school diploma has remained above the national average at 9.6 percent,² while the unemployment rate for adults with a high school diploma but no postsecondary education is 6.5 percent. Comparatively, for those with some college but less than a bachelor's degree the rate is 6 percent, and for those with a bachelor's degree or higher it is 3.2 percent. Additionally, industries that previously employed a large number of low-skilled adults (such as basic

¹ Bureau of Labor Statistics Data, Employment Situation Summary, January 2014.

² Bureau of Labor Statistics Data, Table 4, Employment Status of the Civilian Population 25 Years and over by Educational Attainment, January 2014.

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manufacturing) will no longer be drivers of the economy, replaced instead by job growth in occupations that require some postsecondary education or training.³

If graduation and credential attainment rates continue at their current levels, employers could experience significant shortages in skilled workers, constraining economic growth and increasing the risk that jobs will be permanently lost. Therefore, it is essential that adult job seekers are provided with the new skills and higher education opportunities required of an American economy that is built to last.

Even in today's challenging economic environment, the WIA Adult program has been successful in meeting the needs of businesses and workers served through the American Job Center system. There is a body of evidence to support the effectiveness of WIA Adult employment and training services for increasing the skills, credentials, employment, and earnings of program participants. A 2011 evaluation of Washington State's workforce programs found that adults served through WIA had higher employment and earnings than non-participants three quarters following their participation in the program.⁴ Similarly, a 2008 study of 12 states found "large and immediate impacts on earning and employment for individuals who participated in the WIA adult program,"⁵ while a 2005 study of WIA services in seven states found that WIA participants, especially those who received training, were more likely to be employed and to have higher earnings than non-participants.⁶

The WIA Adult program provides employment services to adult job seekers, and if required, training services. Most job seekers in the WIA Adult program are provided core and intensive services before being determined 'job ready.' Training has shown to be an effective service for individuals who need additional skills to find employment. As the PY 2012 WIA Adult data suggest, WIA-supported job training services helped individuals enter employment as the country recovers from one of the most challenging labor markets since the Great Depression. The entered employment rate was over 74 percent for program participants who received training compared to only 58.6 percent for those who did not receive training services.⁷ In addition, the employment retention rate and six month average earnings for individuals who received training services were also significantly higher than those of participants who only received core and intensive services. Individuals who received training services had an employment retention rate of 87.3 percent and six months average earnings of \$15,986 compared to an employment retention rate of 81.1 percent and six months average earnings of \$12,935 for those who did not receive training.⁸

³ Bureau of Labor Statistics, Employment Projections 2010-2020.

⁴ Washington State Workforce Training and Education Coordinating Board, Results of the Net Impact Study of 12 Workforce Programs, April, 2011.

⁵ Carolyn Heinrich, Peter Mueser and Kenneth Troske, Workforce Investment Act Non-Experimental Net Impact Evaluation, Final Report, IMPAQ International, December 2008.

⁶ Kevin Hollenbeck, Daniel Schroeder, Christopher T. King and Wei-Jang Huang, Net Impact Estimates for Services Provided through the Workforce Investment Act, U.S. Department of Labor, Employment and Training Administration, October 2005.

⁷ PY 2012 WIA Annual Report (ETA 9091).

⁸ PY 2012 WIA Annual Report (ETA 9091).

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Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$860,116	0
2011	\$769,576	0
2012	\$770,811	0
2013	\$730,624	0
2014	\$766,080	0

Funding Mechanism

WIA programs operate on a PY calendar. Therefore, funds appropriated in FY 2014 are available from July 1, 2014 through June 30, 2015. WIA Adult funding allotments for states are based on formula provisions defined by legislation. Under Title I of WIA, formula funds are provided to states and outlying areas for the operation of both Adult and Dislocated Worker employment and training activities, in accordance with 29 USC 2861. States, in turn, distribute resources by formula to local workforce investment areas. The WIA allotments for outlying areas are based on an administrative formula as authorized under WIA Title I.

FY 2015

The request includes \$766,080,000 for the Adult program in FY 2015, the same amount as the FY 2014 enacted level. These funds will be used to provide employment and training services to disadvantaged, low-skilled, and/or unemployed/underemployed adult job seekers. These funds are vital to ensuring these disadvantaged populations have opportunities to enter the middle class, while also ensuring those in the middle class are able to stay in the middle class.

In FY 2014, the set-aside available for statewide activities was increased to 8.75 percent. The Department continues this level of funding for the statewide reserve to help maintain oversight and accountability activities and also to support state-wide, job-driven activities such as on-the-job and incumbent worker training. At the requested funding level, the Adult formula grant program estimates it will serve 6,753,768 adult job seekers in Program Year 2015, with an Entered Employment Rate of 63.1 percent, an Employment Retention Rate of 82.1 percent, and Six Months Average Earnings of \$14,194.

In order to meet these targets, the Department will focus on improving the employment prospects for millions of Americans, including veterans, particularly those who are identified as low-skilled, disadvantaged, or unemployed, so they can take advantage of available jobs in high-growth sectors. By focusing on high-demand skills and industries, the Department can continue to shift its programmatic approach to serving job seekers in the context of a reemployment system rather than simply an unemployment system. The Department will address the challenge of increasing job seeker competitiveness in a knowledge-based economy by emphasizing the following goals:

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- ***Increasing Credential Attainment and Promoting Tailored Training Strategies to Meet the Unique Needs of Low-skilled Adults.*** Because credential attainment is strongly associated with improved labor market outcomes for workers, the Department will increase the impact of Adult formula resources by working with the states and local areas to increase the percent of exiters receiving an industry-recognized credential in PY 2015. The Department also will continue to work with the U.S. Department of Education to jointly encourage states to leverage Adult Basic Education and postsecondary education programs delivered through community colleges and other community organizations and explore other available training resources beyond those provided by the Department, such as Federal Pell Grants.

In regard to education and credential attainment, Bureau of Labor Statistics data shows that:

- During the recession, unemployment rates for individuals with a high school diploma or less were over five percentage points higher than for individuals with some postsecondary education, and nearly nine percentage points higher than for individuals with a bachelor's degree or higher.
- In 2011, the weekly earnings of an individual with some college or an associate's degree were 15 percent higher than an individual with only a high school diploma and nearly 64 percent higher than an individual with less than a high school diploma.
- Fifteen percent of U.S. adults lack a high school diploma or high school equivalency credential, and another 30 percent have a high school diploma with no postsecondary education. Collectively, these individuals make up over half of today's unemployed adults.

Adults without a high school diploma are more likely to be in need of temporary cash assistance and in-kind benefits such as Medicaid, food stamps, and housing subsidies. According to the Center for Law and Social Policy, this assistance can cost the federal government around \$671 per person each year, but by investing in industry-recognized credentials for low-skilled adults, these costs have been shown to be reduced or eliminated. (<http://www.clasp.org/resources-and-publications/files/Beyond-Basic-Skills-March-2011.pdf>)

- ***Institutionalizing the Practice of Data-driven Decision-making.*** The Department will continue to use available evidence in the development of strategies and other decision making, both at the service delivery and systems levels of the public workforce system.
- ***Providing Seamless, Dual-customer Service through American Job Centers.*** The public workforce system coordinates a range of federally funded training programs and services through its American Job Centers that address the specific and varying needs of its business and job seeker customers. These complementary programs make the public workforce system uniquely positioned to best address and adapt to the emerging needs of workers and businesses, and will allow the system to continue to offer the best value-per-participant in terms of positive outcomes for job seekers, employers, and State Workforce Agencies.

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- *Providing for low-income Priority of Service.* The WIA Adult program offers the option to provide a priority of service for intensive and training services to adults who are on public assistance or are classified as “low-income,” when funds are limited. WIA Adult data for April 1, 2011 through March 31, 2012, indicates that around half of all intensive or training services in the WIA Adult program have gone to low-income adults.¹

To address the need for greater levels of skills and education, the Department will encourage the development and implementation of sector strategies – a proven workforce development approach that has shown success in helping job seekers access employment and training opportunities in in-demand and growing occupations. Sector-focused programs, such as in the fields of science, technology, engineering, and mathematics (STEM), aim to connect disadvantaged job seekers and low-skilled workers to employment opportunities, addressing unmet hiring needs of local employers and improving participants’ prospects in the labor market.^[1] Findings from a rigorous evaluation on sector-based programs showed that: 1) participants in sector-focused programs earned significantly more than control group members; 2) participants in sector-focused programs were significantly more likely to work and, in the second year, worked more consistently than control group members; 3) program participants were significantly more likely to work in jobs with higher wages; 4) program participants were significantly more likely to work in jobs that offered benefits; and 5) participants had significant earnings gains as compared to their counterpart controls.^[2] The Department will continue to emphasize sector-based strategies through its guidance and technical assistance as a promising approach to helping participants across the WIA formula programs gain valuable, industry-recognized skills and credentials, as well as through the Sector Strategy request.

The Opportunity, Growth, and Security Initiative also includes an additional \$750,000,000 for employment programs, a portion of which will be used to restore prior cuts in job training and employment services.

FY 2014

The FY 2014 enacted budget provided \$766,080,000 for the Adult formula program, an increase of \$35,456,000 from the FY 2013 enacted level. These funds are critical to providing unemployed job seekers and underemployed workers the services necessary to find new jobs. At this funding level, an estimated 6,753,786 individuals will receive services through the WIA Adult formula-funded program.

The Department has set an entered employment rate target of 62.5 percent, an employment retention rate target of 82.1 percent, and a six months average earnings target of \$13,945 for the WIA Adult program in 2014.

¹ PY 2011 WIASRD Data book 4/1/11-3/31/12. 202,723 Low income adult exiters receiving intensive or training services out of 427,994 total receiving intensive or training services.

^[1] Tuning In to Local Labor Markets: Findings from The Sectoral Employment Impact Study; Public/Private Ventures, 2010

^[2] Ibid.

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FY 2013

Figures shown for FY 13 reflect the finalized full-year appropriation of \$730,624,000 for Adult activities. During FY 2013, sequestration reductions were taken from the funding that became available on July 1, 2013. Since most funding for the Adult program becomes available in October as part of the Advance appropriation, many states were forced to reduce the intake for participants entering training during this time period.

Final FY 2013 outcome data is not available at the time of this budget submission. The FY 13 Adult funding is for PY 2013 is from July 1, 2013 to June 30, 2014, therefore full FY 2013 outcome data will not be available until after the Program Year ends. However, the Department anticipates serving 6,441,188 job seekers in the WIA Adult program during FY 2013. These job seekers are anticipated to have an Entered Employment Rate of 61.2 percent, an Employment Retention Rate of 82 percent, and Six Months Average Earnings of \$13,684.

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DETAILED WORKLOAD AND PERFORMANCE							
	PY 2012 Enacted		PY 2013 Enacted	PY 2014 Request	PY 2015 Agency Request	Diff. PY15 Agency Request / PY14 Request	
	Target	Result	Target	Target	Target	Target	
Adult Employment and Training Activities							
Strategic Goal 1 - Prepare workers for better jobs							
Strategic Objective 1.1 - Advance employment opportunities for US workers in 21st century demand sectors and occupations using proven training models and through increased employer engagement and partnerships							
ETA-CH1-WIAAdult-GPRA-03	Six Months Average Earnings (WIA Adult)	\$14,450	\$13,335	\$13,684	\$13,945	\$14,194	\$249.00
ETA-CH1-WIAAdult-GPRA-02	Employment Retention Rate (WIA Adult)	80.10%	81.90%	82.00%	82.10%	82.10%	0.00%
ETA-CH1-WIAAdult-GPRA-01	Entered Employment Rate (WIA Adult)	56.7%	59.9%	61.2%	62.5%	63.1%	0.60%
	Participants Served	7,011,194	6,795,177	6,441,188	6,753,768	6,753,768	0
	Cost Per Participant Served in Employment and Training Activities	\$167.18	\$113.43	\$113.43	\$113.43	\$113.43	\$113.43

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

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Workload and Performance Narrative

The PY 2012-2015 targets for the entered employment rate, the employment retention rate and six months average earnings are based on a methodology developed by the Department for setting national performance targets using a statistical model. This methodology adjusts the most recent program results available (PY 2012) using current and projected labor market conditions, holding constant the individual characteristics, to account for the projected effects of the business cycle and labor market conditions on the outcomes of employment and training programs. The purpose is to produce targets that objectively reflect the impact of the economic environment on program performance.

In addition to outcomes, the Department also measures projected workload in terms of the number of participants served by the program. In PY 2015, the Department projects that the program will serve 6,753,768 participants, the same amount estimated to be served in PY 2014. These projections are developed using the cost per participant and are calculated before set-asides are removed from the funding. Following the implementation of the Recovery Act, the Department developed adjustments to the cost per participant calculation to account for the large influx of temporary funding during the following two program years (PY 2009-2010). The influence of Recovery Act funding on PY 2011 data was minimal and is therefore being used to rebase a new cost per participant calculation in PY 2013. Additional data are collected on the intensity of participant services.

Federal Project Officers in regional offices monitor grantee performance regularly to ensure grantees are on target to meet performance goals. Such monitoring informs the design and delivery of technical assistance to improve performance. As part of program monitoring, the Department looks at the following system outputs:

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

It is important to note that in establishing the performance accountability system in WIA section 136, Congress specified the core indicators of performance and directed that these indicators should not apply to self-service and informational activities.

In addition to the measures noted above, the Department conducts evaluations of WIA formula programs to evaluate the specific strategies promoted to support goal achievement. The results of such evaluation and research are used to revise and develop new strategies. In 2014, the first impact findings from the WIA Adult and Dislocated Worker Programs Gold Standard Evaluation (WGSE) are expected. The WGSE is a random assignment evaluation of the formula programs' impacts on participants' post-program employment and earnings and their cost effectiveness. The evaluation will provide critical insight on the impact and cost effectiveness of intensive and training services for participants in the WIA program.

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BUDGET ACTIVITY BY OBJECT CLASS¹					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
25.1	Advisory and assistance services	0	0	0	0
41.0	Grants, subsidies, and contributions	730,624	766,080	766,080	0
	Total	730,624	766,080	766,080	0

¹ Amounts represent program year funding, not fiscal year availability.

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CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$0

Advisory and assistance services 0

Grants, subsidies, and contributions 0

Built-Ins Subtotal \$0

Net Program \$0

Direct FTE 0

	Estimate	FTE
Base	\$766,080	0
Program Increase	\$0	0
Program Decrease	\$0	0

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BUDGET AUTHORITY BEFORE THE COMMITTEE¹				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	781,375	820,430	820,430	0
FTE	0	0	0	0

¹ Amounts represent program year funding, not fiscal year availability.

Introduction

The WIA Youth program aligns with the Department of Labor’s goals by helping to cultivate an economy built on skills for American workers, specifically low-income youth with barriers to employment, by providing them with services that prepare them for employment and post-secondary education.

America’s youth and young adults are facing three challenges today that, if unaddressed, will have long-term consequences on the competitiveness of our nation: record youth unemployment; a high school dropout crisis; and, a shift to a knowledge and service-based economy – requiring greater levels of skills and education. According to BLS, in December 2013, unemployment for 16-24 year old youth reached 13.5 percent (not seasonally adjusted); more than double the national unemployment rate of 6.7 percent. BLS also reported that in July 2013, the traditional summertime peak for youth employment, the proportion of the 16 to 24 year old population employed, was only 50.7 percent. Although dropping slowly, the youth unemployment rate is still high with 3.8 million youth unemployed. Also, while the unemployment rate is slowly decreasing for youth, the employment rate is not increasing as fast and was about the same as last year at 19.7 million youth employed.

The nation faces increased challenges in economic competitiveness in this 21st century global economy as large numbers of young people drop out of high school, do not complete high school on time, or leave high school underprepared. While high school graduation rates are on the rise, according to the National Center for Education Statistics, across the cohort of first-time ninth graders in 2006-07, only an estimated 78.2 percent graduated by the end of the 2009-10 school year. High school graduation rates were substantially lower for most minority groups that year, (71.4 percent for Hispanic students and 66.1 percent for Black students) and particularly for males. The Center for Labor Market Studies at Northeastern University suggests that young people who do not complete high school experience a wide array of labor market, earnings, social and income problems that exacerbate their inability to transition to careers from their mid-20s onward.¹

While too many youth are not completing high school, jobs paying family-sustaining wages increasingly require a post-secondary degree. BLS reports that occupations that typically need

¹ Sum. A. et al. 2009. “The Consequences of Dropping Out of High School: Joblessness and Jailing for High School Dropouts and the High Cost for Taxpayers.” Center for Labor Market Studies, Northeastern University.

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some type of post-secondary education for entry are projected to grow the fastest during the 2010-20 decade. Seventeen of the 30 occupations projected to have the fastest employment growth typically need some type of post-secondary education for entry into the occupation. In addition, projected employment growth is concentrated in the service sector, requiring young people to have strong work readiness skills — such as communication, team-work, customer service, and problem-solving skills.

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

The services offered through the WIA Youth program help ensure that low-income youth have job opportunities that will lead to higher wages. The WIA Youth program is well positioned to convene youth serving organizations and encourage state and local partners to develop comprehensive youth employment strategies. The services also help youth acquire the skills and knowledge necessary to succeed in the knowledge-based economy.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$924,069	0
2011	\$825,914	0
2012	\$824,353	0
2013	\$781,375	0
2014	\$820,430	0

Funding Mechanism

WIA programs operate on a PY calendar. Funds appropriated in FY 2015 are available from April 1, 2015 through June 30, 2016. Under Title I of WIA, formula funds are provided to states and local areas for the operation of WIA Youth training programs, in accordance with 29 USC

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2851 Chapter 4. Funds for youth services are allotted to states that in turn, allocate funds to local areas based on a formula distribution as defined in Sec.127(b)(1)(C)(ii) of WIA.

FY 2015

To address the skill and youth employment needs anticipated in 2014, the Department requests \$820,430,000 for WIA Youth programs, the same as the FY 2014 enacted level. These funds will serve an estimated 216,987 low-income youth who face barriers to employment. The requested funding will keep the statewide reserve at 8.75 percent. This reserve funding will be used to increase oversight and accountability activities and help improve performance in targeted local areas.

The Department has set a target for placement in employment/education/training of 66.9 percent, a degree/certificate attainment target of 62.2 percent, and a literacy/numeracy gains target of 46.0 percent. In order to meet these targets, the Department will promote and/or implement a number of strategies within four focus areas: increasing credential attainment through promoting sector strategies; creating career pathways for WIA youth, particularly disconnected youth; implementing promising strategies identified through Workforce Innovation Fund (WIF) grantees; and, developing and expanding collaborative partnerships to leverage resources for youth participants.

To address the need for greater levels of skills and education and consistent with the WIA Adult and Dislocated Worker programs, the Department will encourage the development and implementation of sector strategies – a workforce development approach that has shown success in helping job seekers access employment and training opportunities in in-demand and growing occupations, such as STEM fields. Sector-focused programs aim to connect disadvantaged job seekers and low-skilled workers to employment opportunities, addressing unmet hiring needs of local employers and improving participants' prospects in the labor market.¹ The Department will continue to emphasize sector-based strategies through its guidance and technical assistance as a promising approach to helping youth gain valuable, industry-recognized skills and credentials — connecting youth to good paying jobs and career pathway opportunities.

ETA will also include a focus on creating career pathways for WIA youth, particularly disconnected youth. ETA, in collaboration with the Departments of Education and Health and Human Services will promote the use of career pathways approaches as a promising strategy to help youth acquire marketable skills and industry-recognized credentials through better alignment of education, training and employment, and human and social services among public agencies and with employers. Career pathways is a contextual learning approach that combines occupational skills training with basic skill training which allows participants to attain work readiness skills in a shorter amount of time than traditional education and occupational training programs. Career pathways include the full range of secondary, adult education, and postsecondary education options, including registered apprenticeship, with a non-duplicative progression of courses clearly articulated from one level of instruction to the next, with

¹Tuning In to Local Labor Markets: Findings from The Sectoral Employment Impact Study; Public/Private Ventures, 2010

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opportunities to earn postsecondary credits that lead to industry-recognized and/or postsecondary credentials.

In FY 2012, ETA awarded 26 grants under the Workforce Innovation Fund (WIF). WIF grants are implementing and evaluating strategies that deliver services more efficiently, achieve better outcomes, and facilitate cooperation across programs and funding streams. The grants emphasize building knowledge about effective practices through rigorous evaluation and translating “lessons learned” into improved labor market outcomes, the ability to bring such practices to scale in other geographic locations and increased cost efficiency in the broader workforce system. In addition, the Department is currently implementing the Opportunity Youth Demonstration Initiative, a cross-agency effort using a strategic approach to systematically develop full-scale demonstrations to test promising, evidence-based approaches to improving the education and employment outcomes and well-being of low-income youth 16-24 years of age who are not in school and not working. In FY 2015, ETA will assist states and local areas to implement preliminary promising practices and lessons learned specific to disconnected youth identified during the first three years of WIF implementation and identified through the Opportunity Youth Demonstration Initiative.

In addition, the Department will continue to be an active participant in Federal interagency groups such as the Interagency Working Group on Youth Programs and the Interagency Forum on Disconnected Youth to promote comprehensive youth employment strategies. The 2014 Budget provides authority to establish up to 10 Performance Partnership Pilots to improve outcomes for disconnected youth using existing discretionary Federal resources. The authority will enable states and local entities to seek Federal approval to blend funds from multiple funding sources and obtain waivers for such areas as program design, performance, and other requirements, in exchange for greater accountability for results. The Interagency Forum on Disconnected Youth will continue to explore how it can support innovative approaches that improve service delivery. The President’s 2015 Budget again proposes Performance Partnership Pilot authority, which would be expanded to include the Department of Justice and would also include \$10 million in funding from the Workforce Innovation Fund. If authority is provided for Performance Partnership Pilots, the Department will both support pilot efforts as well as implement early lessons learned from 2014 pilots.

The Opportunity, Growth, and Security Initiative also includes an additional \$750,000,000 for employment programs, a portion of which will be used to restore prior cuts in job training and employment services.

FY 2014

In FY 2014, funding for the WIA Youth program is \$820,430,000. These funds will serve an estimated 239,611 low-income youth who face barriers to employment.

The Department has set a target for placement in employment/education/training of 66.8 percent, a degree/certificate attainment target of 62.2 percent, and a literacy/numeracy gains target of 46.2 percent. In order to meet these targets, the Department will promote and/or implement a number of strategies within four focus areas: increasing credential attainment through promoting sector

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strategies; increasing work experience and training in the health care sector; implementing promising strategies identified through Workforce Innovation Fund (WIF) grantees; and, developing and expanding collaborative partnerships to leverage resources for youth participants.

To address the need for greater levels of skills and education, sectoral employment – an innovative workforce development approach – has shown evidence of success in helping job seekers access employment and training opportunities in in-demand and growing occupations. Sector-focused programs aim to connect disadvantaged job seekers and low-skilled workers to employment opportunities, addressing unmet hiring needs of local employers and improving participants’ prospects in the labor market.² The Department will continue to emphasize sector-based strategies through its guidance and technical assistance as a promising approach to helping youth gain valuable, industry-recognized skills and credentials — connecting youth to good paying jobs and career pathway opportunities.

There is currently limited evaluation evidence identifying effective practices for serving disconnected youth. To build that evidence base, the Department is utilizing WIF grants that are implementing and evaluating strategies that deliver services more efficiently, achieve better outcomes, and facilitate cooperation across programs and funding streams. The 26 grants the Department awarded in 2012 emphasize building knowledge about effective practices through rigorous evaluation; translating “lessons learned” into improved labor market outcomes; and bringing such practices to scale in other geographic locations and increased cost efficiency in the broader workforce system. The Department will assist states and local areas to implement preliminary promising practices and lessons learned specific to disconnected youth identified during the first two years of WIF implementation.

The Department will continue to assist WIA Youth programs in developing collaborative partnerships and leveraging resources. Specifically, the Department will build on collaborative partnerships with HHS around utilizing Temporary Assistance for Needy Families (TANF) funds and increasing access to opportunities for youth in the health care sector, as well as partnerships with the Departments of Interior and Agriculture around utilizing funds for work experience on public lands. The Department will also explore partnership opportunities with the Department of Housing and Urban Development for youth residing in public housing and with the Department of Education in order to increase literacy skills for out-of-school youth deficient in basic skills.

FY 2013

In FY 2013, funding for the WIA Youth program was \$781,375,000. In FY 2013, DOL will serve an estimated 228,205 youth participants in WIA Youth program activities.

In 2013, the Department published Training and Employment Guidance Letter (TEGL) No. 33-12 providing guidance for states and local workforce investment areas. This guidance was based on common findings in ETA monitoring reviews conducted during 2011 and 2012. The most common monitoring findings related to four, at times overlapping, categories: case management,

²Tuning In to Local Labor Markets: Findings from The Sectoral Employment Impact Study; Public/Private Ventures, 2010

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service provision, performance management, and governance. Within these four themes, the guidance included: 1) tips on case management such as the development of adequate Individual Service Strategies (ISS), providing effective follow-up services, and proper case file maintenance and case notes; 2) tips on service provision such as determining services based on assessment and ISS, ensuring the availability of all ten program elements, ensuring appropriate services for out-of-school youth, and identifying eligible youth service providers; 3) tips on performance management including properly exiting youth; and 4) tips on governance including ensuring adequate state youth policy and oversight and operating effective Youth Councils.

In addition, the Department published a number of Training and Employment Notices (TENs) to assist the WIA Youth program in carrying out its mission. The TENs published in 2013 included TEN No. 19-12, which in light of the changes in the high school equivalency exams, provided the workforce development system with information related to the 2014 General Education Development (GED®) Test series. The TEN provided information from the GED® Testing Service on key changes in the content of the GED® Test, delivery, costs, teacher preparation, and information resources. It also provided details about the closeout of the 2002 GED® Test series and contact information for state adult education and GED® administrators to learn more about the changes in each state.

The Department also published TEN No. 26-12 to announce the release and availability of the *What's My Next Move?*, a guide to exploring careers online using electronic tools from the U.S. Department of Labor. *What's My Next Move?* was developed to support high school students in developing their education and career plans. The guide starts students down the path of exploring their career options through a seven-step process beginning with a self-assessment of their career interests which they complete online. The student next moves through a series of steps that further refines career choices, including identifying specific occupations and people working in those occupations who they may want to contact about setting up an informational interview and/or a job shadowing experience. The succeeding steps help identify the education and skills the student will need to acquire to qualify for a job in these occupations.

The Department published TEN No. 31-12 to announce the release and availability of ETA's *First Step: A Youth Practitioner's Resource Guide to Supportive Services*. The guide provides youth practitioners with the information needed to connect youth to supportive services their employing organizations may not offer. The Guide provides quick and easy access to programs and services at the state or local level and helps program staff identify potential partnerships that can maximize services to youth.

YOUTH ACTIVITIES

DETAILED WORKLOAD AND PERFORMANCE						
	PY 2012 Enacted		PY 2013 Enacted		PY 2014 Enacted	PY 2015 Request
	Target	Result	Target	Result	Target	Target
Youth Activities						
Strategic Goal 1 - Prepare workers for better jobs						
Strategic Objective 1.1 - Advance employment opportunities for US workers in 21st century demand sectors and occupations using proven training models and through increased employer engagement and partnerships						
Percent of participants who achieve literacy or numeracy gains of one AE level	40.80%	47.50%	46.90%	--	46.20%	46.00%
Formula Grant Participants	238,597	218,050	228,205	--	239,611	216,987
Formula Grant Cost Per Participants	\$3,455.00	\$3,781.00	\$3,424.00	--	\$3,424.00	\$3,781.00
Strategic Objective 1.2 - Provide marketable skills and knowledge to increase workers' incomes and help them overcome barriers to the middle class through partnerships among business, education, labor, community organizations, and the workforce system						
ETA-CH1-OWI-Youth-GPRA-01 Percent of participants who earn a diploma, GED, or certificate by the end of the third quarter after exit. (WIA Youth)	59.60%	62.30%	62.30%	--	62.20%	62.20%
ETA-CH1-OWI-Youth-GPRA-02 Percent of participants entering employment or enrolling in post-secondary education, the military or advanced training/occupational skills training in the first quarter after exit. (WIA Youth)	59.70%	66.00%	66.40%	--	66.80%	66.90%

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

YOUTH ACTIVITIES

Workload and Performance Narrative

The detailed workload and performance table provides estimates for the number of youth participants served through WIA Youth Activities. In PY 2015, the Department estimates \$3,781 as the average cost per participant for WIA Youth Activities. This is based on actual cost per participant data from the most recent full program year (PY 2012), which saw an increase in the cost per participant from the previous few years. The reason for the increase is most likely due to the decrease in carry in funds from PY 2011 to PY 2012. Carry in funds for WIA Youth (including both statewide reserve and local area funds) decreased by 18 percent (\$56,460,000) from PY 2011 to PY 2012, due to the sharp decline in funding from PY 2010 to PY 2011. The full impact of the decreased funding was felt in PY 2012.

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

The targets are based on a methodology developed by the Department for setting national performance targets using regression analysis. This regression uses program results from the prior year, current labor market conditions, and individual characteristics to account for the effects of labor market conditions and participant characteristics on performance levels. These targets do not change based on specific levels of funding for the program. Data used to create these targets come from WIA Youth program results spanning the period PY 2005 to PY 2012. The Department developed these program-specific regression targets based on the most recent annual results.

The training and employment services delivered through the WIA Youth program are designed to address all three outcomes. States and local areas target their service delivery strategies to the specific needs of their employer and youth populations, and the Department provides policy and programmatic guidance to help states and local areas identify strategies that are beneficial in improving successful outcomes in the current economy.

Research has shown that sector strategies that connect disconnected youth to in-demand and growing occupations result in improved placement outcomes.¹ Because a career pathway model focuses on educational and occupational skills training, it should lead to improved outcomes for the placement measure, as well as degree/certificate attainment and literacy/numeracy gains. The strategy of implementing lessons learned from Workforce Innovation Fund grants and the Opportunity Youth Demonstration initiative will be based on evidence-based strategies that are promising or have proven to lead to successful outcomes for disconnected youth. Finally, the strategy of partnering across agencies will result in better aligned and leveraged resources devoted to serving low-income, disconnected youth and provide more opportunities for such youth to

¹ Tuning In to Local Labor Markets: Findings from The Sectoral Employment Impact Study; Public/Private Ventures, 2010.

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receive work experiences, including summer employment. Research from the Center for Labor Market Studies suggests paid work experience may improve educational and employment outcomes for at-risk youth;² therefore, the Department believes that increasing the opportunities for work experience for these youth is a promising strategy that may result in higher employment and increased high school graduation rates.

The Department monitors grantee performance regularly through Federal Project Officers in regional offices to ensure that they adhere to statutory requirements.

The Department also conducts evaluations of the WIA formula programs to assess the specific strategies promoted to support goal achievement. The results of such evaluation and research are used to update and develop new strategies. The Department has evaluated several components of the Recovery Act-funded programs related to youth services. The Department has funded an implementation evaluation of the Recovery Act Summer Youth Employment Initiative and has issued a report from that study, *Reinvesting in America's Youth: Lessons from the 2009 Recovery Act Summer Youth Employment Initiative*. The Department is sponsoring three additional evaluation studies of summer youth employment initiatives under the Recovery Act: 1) an evaluation of post-summer 2009/2010 youth services; 2) an evaluation of Indian and Native American youth services, and 3) an evaluation of youth services funded with Temporary Assistance for Needy Families (TANF) Emergency Contingency funds. Reports for all three evaluations were published in January 2012 and will inform future program design and technical assistance efforts. These evaluations showed that local workforce agencies served a greater number of youth than they would have otherwise served as a result of tapping into funds that arose from the partnership between TANF and workforce agencies; there is large youth demand for work experience and summer employment opportunities; summer and year round employment opportunities not only benefit program participants, but also employers and the community as a whole; stand-alone paid work experience programs can be an effective way to engage disconnected youth; providing older youth with work experiences as part of a larger targeted career ladder in health care or other high-growth or high-demand industries may be beneficial; and local programs believe private sector work experience opportunities may offer broader opportunities for youth and/or increase the likelihood that the summer job would lead to youth's permanent work placement at the jobsite. In 2015, the President's Budget proposes repurposing \$602 million in annual TANF Contingency Fund resources to support subsidized employment, including for youth. In addition, the Department is currently implementing the Opportunity Youth Demonstration Initiative, a cross-agency effort using a strategic approach to systematically develop full-scale demonstrations to test promising, evidence-based approaches to improving the education and employment outcomes and well-being of low-income youth 16-24 years of age who are not in school and not working.

²Sum. A. et al. 2008. "The Historically Low Summer and Year Round 2008 Teen Employment Rate: The Case for An Immediate National Public Policy Response to Create Jobs for the Nation's Youth." Center for Labor Market Studies, Northeastern University.

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BUDGET ACTIVITY BY OBJECT CLASS¹					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
25.1	Advisory and assistance services	0	0	0	0
41.0	Grants, subsidies, and contributions	781,375	820,430	820,430	0
	Total	781,375	820,430	820,430	0

¹ Amounts represent program year funding, not fiscal year availability.

YOUTH ACTIVITIES

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Advisory and assistance services	\$0
----------------------------------	-----

Grants, subsidies, and contributions	0
--------------------------------------	---

Built-Ins Subtotal	\$0
---------------------------	------------

Net Program	\$0
--------------------	------------

Direct FTE	0
------------	---

	Estimate	FTE
Base	\$820,430	0
Program Increase	\$0	0
Program Decrease	\$0	0

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

BUDGET AUTHORITY BEFORE THE COMMITTEE¹				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	1,167,976	1,222,457	1,222,457	0
FTE	0	0	0	0

¹ Amounts represent program year funding, not fiscal year availability.

Introduction

The WIA Dislocated Worker (DW) program serves as the primary vehicle to help workers who have lost their jobs as a result of layoffs gain new skills and find meaningful jobs in sectors that are projected to grow. The DW program is well-positioned to meet the needs of employers and enhance U.S. competitiveness by connecting industries' needs for a skilled workforce to the public workforce system's trained workers. Specifically, the DW program:

- Supports the creation of an economy that is built to last by helping align the skills of American workers with the skill needs of business;
- Turns the unemployment system into a reemployment system by providing services that help dislocated workers obtain employment, such as career counseling, training, credential attainment, and job placement;
- Puts veterans back to work by providing priority of service to veterans and eligible spouses and by utilizing existing system infrastructure to support veteran targeted initiatives, such as the Gold Card Initiative; and
- Capitalizes on efficiencies obtained by housing multiple programs within the American Job Center network that allow the system to offer seamless services and the best value in terms of positive outcomes for job seekers and business customers.

Although the economy is strengthening, the U.S. is still experiencing high levels of unemployment. To support an American economy that is built to last, it is important that workers' skills align with the needs of businesses, and that these skills can be readily adapted as business needs evolve. Recent data from the Bureau of Labor Statistics indicate that between now and 2020, occupations that typically need some type of post-secondary education for entry are projected to grow fastest and occupations classified as needing an associate's degree are projected to grow by 18 percent.¹

As the need for skilled workers grows, state and local Workforce Investment Boards (WIBs) are strategically positioned to support a job-driven approach to workforce development by sharing information on the requirements of local industries and small businesses and the skills available in the local labor market. Additionally, there is strong evidence to demonstrate the effectiveness of employment and training services for helping dislocated and unemployed workers gain new skills and find new jobs. During this challenging job market, the DW program in Program Year

¹ <http://www.bls.gov/news.release/pdf/ecopro.pdf>.

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

(PY) 2012 saw an Entered Employment Rate of 81.2 percent for participants that received training and a 56.4 percent Entered Employment Rate for individuals that received services other than training.²

The DW program provides an array of employment, supportive, and training services to meet the needs of eligible job seekers who have been displaced from their jobs, and who are unlikely to return to employment in their previous industries, including recently separated veterans; formerly self-employed individuals; and displaced homemakers who have been dependent on the income of another family member, but are no longer supported by that income. Basic core services include job search and placement assistance and real-time labor market information, while intensive services range from comprehensive skills assessments to career counseling and planning. For dislocated workers needing new or upgraded skills, training services are available, including but not limited to: occupational skills training, on-the-job training (OJT), workplace training and related instructional programs, skill upgrading, adult education and literacy training, and customized training. In addition, dislocated workers may receive supportive services, such as transportation, child care, and needs-related payments to assist them in completing training.

The Department believes the goal of the DW program should be to provide workers the skills needed to establish a career in a high-demand field. The Department has placed a priority on industry-recognized credential attainment in training because it has been shown to provide individuals with the skills and recognition necessary to build a career that will lead to increased wages. One net impact study of WIA services indicated that participation in training resulted in a net increase in earnings of more than \$380 per quarter for employed WIA DW participants. This same study found that individuals receiving any WIA services increased employment by 10 percentage points.³

Additionally, a portion of DW program funds are held in a Dislocated Worker National Reserve and is used to support a range of national activities, including:

- National Emergency Grants (NEGs) temporarily increase the capacity of state, local, and tribal governments to provide DW services in response to plant closings and mass layoffs. The reemployment services provided through regular NEGs include core, intensive, and training services similar to those that are made available to dislocated workers under the DW formula program, as well as the supportive services needed to enable eligible individuals to participate in training and reemployment services. These services help to prepare workers for better jobs in high-demand occupations and further the Department's efforts to turn the unemployment system into a reemployment system.
- NEGs also provide funding to create disaster relief employment for eligible individuals to assist with the clean-up and recovery efforts in areas declared eligible for public

² [WIA Annual Report PY 2012](#)

³ Hollenbeck, K., et al. *Net Impact Estimates for Services Provided through the Workforce Investment Act, 2005*.
http://wdr.doleta.gov/research/keyword.cfm?fuseaction=dsp_puListingDetails&pub_id=2367&mp=y&start=81&sort=7

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assistance, as defined by the Stafford Disaster Relief and Emergency Assistance Act, administered by the Federal Emergency Management Agency.

- DW demonstration and technical assistance and training funds available through the National Reserve promote strategies to help individuals earn credentials that strengthen reemployment outcomes, increase quality career guidance and training services, target hard-to-serve and disadvantaged dislocated worker populations, and promote workforce system innovation in both the DW formula program and NEG.
- DW formula funds for the United States' outlying areas to operate their DW programs.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$1,410,880	0
2011	\$1,285,541	0
2012	\$1,232,217	0
2013	\$1,167,976	0
2014	\$1,222,457	0

Funding Mechanism

WIA programs operate on a PY calendar, and funds appropriated in 2015 are made available in two allotments. A portion of PY 2015 funds are made available on July 1, 2015, and the remaining funds are made available on October 1, 2016. Funding allotments for states are based on formula provisions defined by WIA legislation and for territories on administrative formula. Under Title I of WIA, formula funds are provided to states and outlying areas for the operation of both Adult and DW employment and training activities, in accordance with 29 USC 2861. States, in turn, distribute resources by formula to local workforce investment areas.

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

FY 2015

To provide dislocated workers with employment and training opportunities and maintain program infrastructure and integrity, the Department requests \$1,222,457,000 for WIA DW programs, the same as the FY 2014 enacted level. Of the requested amount, \$1,001,598,000 will be directed by formula to states to provide reemployment assistance and training to an estimated 1,015,186 dislocated workers. Performance targets for these grants include an Entered Employment Rate of 62.8 percent, an Employment Retention Rate of 84.6 percent, and Six Month Average Earnings of \$16,998. The NEG program projects an Entered Employment Rate of 62.8 percent, an Employment Retention Rate of 88.6 percent, and Six Month Average Earnings of \$19,321.

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

To meet these targets, the Department will provide states with guidance and technical assistance to ensure funds are used to provide high-quality, data-driven job search assistance, career counseling, and training services to equip dislocated workers with in-demand skills that facilitate their reemployment and contribute to an American economy built to last. The Department will address the challenge of turning the unemployment system into a reemployment system that provides increased employment opportunity for participants by continuing to emphasize three key strategies:

1. **Increasing Skills and Facilitating Rapid Reattachment to the Labor Force.** The Department will maximize the investment of DW resources by promoting training that leads to industry-recognized credential attainment, transitioning unemployed individuals to reemployment in jobs that offer career pathways, and gathering and providing labor market information that quickly connects workers to employers. OJT and other training options, such as on-line training, will provide flexibility to meet the needs of adult learners and workers in transition. OJT gives participants a chance to "earn and learn," developing occupational skills while earning a paycheck. Employers participating in OJT projects will receive partial reimbursement to offset the extraordinary costs of training workers.
2. **Institutionalizing the Practice of Data-Driven Decision Making.** The Department will continue to emphasize the use of available evidence in the development of strategies and other decision making, both at the service delivery and systems levels of the public workforce system. Building on the identification and documentation of evidence-based practice within the field of workforce development spurred by the Workforce Innovation Fund and other investments, the DW program will help states and local areas use such data to form the basis for continuous improvement to best meet the needs of both its job seeker and business customers.
3. **Providing Seamless Dual-Customer Service through American Job Centers.** The public workforce system coordinates a range of federally-funded training programs and services through the American Job Center network that address the specific and varying needs of business and job seeker customers. These complementary programs make the public workforce system uniquely positioned to best address and adapt to the emerging needs of workers and businesses, and will allow the system to continue to offer the best value per participant in terms of positive outcomes for job seekers, employers, and State Workforce Agencies (SWAs). The locally-administered DW program will continue to play a critical role in enhancing U.S. competitiveness and creating an economy that is built to last by connecting industries' needs for a skilled workforce to the public workforce system's trained workers.
4. **Encourage the development and implementation of sector strategies – a workforce development approach that has shown success in helping job seekers access employment and training opportunities in in-demand and growing occupations,**

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

such as STEM fields. Sector-focused programs aim to connect dislocated workers to employment opportunities to address the unmet hiring needs of local employers.

The Department requests a continuation of the 8.75 percent set-aside for statewide activities to help maintain both oversight and accountability activities and also continue resources for statewide, job-driven activities, such as OJT and incumbent worker training.

The balance of the request, \$220,859,000, will be maintained in the Dislocated Worker National Reserve. The primary use of the National Reserve will be to fund NEGs that serve dislocated workers impacted by large layoffs and natural disasters. These critical resources supplement state WIA formula programs unable to absorb the unexpected impacts of mass dislocations. Unemployed workers will benefit from NEG projects designed to provide the reemployment services needed to enable them to quickly return to the workforce, and employers will benefit from workers that are equipped with skills that are in demand. Training resources will target high-demand occupations.

The National Reserve also will be used to provide technical assistance and training to the workforce system, pilot demonstration projects that identify service strategies for assisting dislocated workers, and finalize any remaining American Job Center rebranding efforts that were initiated during the previous two fiscal years. Additionally, this request includes appropriations language that would expand the allowable use of the National Reserve technical assistance and training resources to include activities that support improved service delivery to participants in the WIA Adult program. This language provides flexibility to pursue greater efficiency by allowing a more uniform approach to responding service delivery challenges, which are frequently shared across WIA programs.

In addition, the Department is requesting to extend the availability of the DW National Reserve funds by an additional three months, until September 30. Due to the funding structure of this account, approximately 11 percent of funds are available in the first quarter of the program year (July through September), with the remaining funds becoming available on October 1. Often the need for disaster NEGs is the highest during these first three months of the program year, when the availability is the lowest. Extending the availability of the National Reserve funding an additional three months is a cost-free way of ensuring that sufficient funds are available during these months.

The FY 2015 request also includes a legislative proposal that would create a New Career Pathways (NCP) program. The NCP program is a key part of the Administration's comprehensive plan to get Americans the skills they need for the high-demand jobs of today and tomorrow and offers a new path to reemployment for displaced workers by consolidating and improving upon the Trade Adjustment Assistance for Workers and DW programs. The NCP proposal is presented in a separate section of the budget. The new program would begin on January 1, 2015, and if enacted PY 2015 would be the final year of funding for the WIA Dislocated Worker Program.

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

The Opportunity, Growth, and Security Initiative also includes an additional \$750,000,000 for employment programs, a portion of which will be used to restore prior cuts in job training and employment services.

FY 2014

The enacted budget provided \$1,222,457,000 for the DW program in FY 2014. This appropriation included \$1,001,598,000 in DW formula funds and \$220,859,000 for the National Reserve to continue to meet unanticipated increases in the demand for employment and training services throughout the country. At the enacted funding level, the DW formula grant program estimates it will serve 1,015,186 dislocated workers with an Entered Employment Rate of 62.3 percent, an Employment Retention Rate of 84.6 percent, and Six-Month Average Earnings of \$16,964. The NEG program projects an Entered Employment Rate of 62.3 percent, an Employment Retention Rate of 88.6 percent, and Six Months Average Earnings of \$18,979. The 2014 appropriations increased the governor's reserve to 8.75 percent, which will help provide for innovative statewide activities that include OJT and Incumbent Worker training, in addition to program administration and oversight.

FY 2013

In FY 2013, States faced reductions in funding due to sequestration. In the Dislocated Worker program, these reductions were taken in PY 2013, and \$955,591,379 was distributed to states via formula. In the National Reserve, the reduction was applied to the PY 2012 Advance funds, leaving \$224,066,428 in funding available during PY 2013. The tables elsewhere show a funding amount of \$212,385,000, which reflects the sequestration as it was enacted rather than as it was executed. During FY 2013, the formula grants are expected to serve an estimated 979,644 participants with an Entered Employment Rate of 61.2 percent, an Employment Retention Rate of 84.4 percent, and Six-Month Average Earnings of \$16,364.

While the Program Year is still ongoing, highlights of significant National Reserve-funded activities during FY 2013 to date include:

- Provision of approximately \$70,570,500 (which includes the resources made available to the National Reserve through the Hurricane Sandy supplemental appropriation) in disaster NEG funding to Connecticut, New Jersey, New York, Rhode Island, and West Virginia to create temporary employment opportunities for individuals in need of work to support clean-up and recovery efforts in the wake of Superstorm Sandy.
- Creation of the Dislocated Worker Training (DWT) NEG, to increase dislocated worker training participation and industry-recognized credential attainment, especially among the long-term unemployed. To date, over \$58,000,000 has been awarded to 30 states to increase OJT, customized training, and registered apprenticeship opportunities. The strategies funded by these grants are job-driven and rely on strong employer connections and involvement.

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

DETAILED WORKLOAD AND PERFORMANCE							
		PY 2012 Enacted		PY 2013 Enacted		PY 2014 Enacted	PY 2015 Request
		Target	Result	Target	Result	Target	Target
Dislocated Workers Employment and Training Activities							
Strategic Goal 1 - Prepare workers for better jobs							
Strategic Objective 1.1 - Advance employment opportunities for US workers in 21st century demand sectors and occupations using proven training models and through increased employer engagement and partnerships							
	Dislocated Workers Budget (Formula Grants)	\$1,008,151,000	\$1,008,151,000	\$955,591,000	\$955,591,000	\$1,001,598,000	\$1,001,598,000
	Dislocated Workers Budget (National Emergency Grants)	\$220,985,883	\$220,985,883	\$224,066,000	\$224,066,000	\$220,859,000	\$220,859,000
ETA-CH1- WIADW-GPRA-03	Six Month Average Earnings (Dislocated Worker)	\$18,346	\$15,930	\$16,364	--	\$16,964	\$16,998
ETA-CH1-ONR- GPRA-03	Six Month Average Earnings (National Emergency Grants)	\$17,935	\$18,138	\$18,619	--	\$18,979	\$19,321
ETA-CH1- WIADW-GPRA-01	Entered Employment Rate (Dislocated Worker)	58.60%	60.00%	61.20%	--	62.30%	62.80%
ETA-CH1- WIADW-GPRA-02	Employment Retention Rate (Dislocated Worker)	82.00%	84.30%	84.40%	--	84.60%	84.60%
ETA-CH1-ONR- GPRA-01	Entered Employment Rate (National Emergency Grants)	70.70%	73.70%	61.20%	--	62.30%	62.80%
ETA-CH1-ONR- GPRA-02	Employment Retention Rate (National Emergency Grants)	83.90%	88.30%	88.40%	--	88.60%	88.60%

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

DETAILED WORKLOAD AND PERFORMANCE						
	PY 2012 Enacted		PY 2013 Enacted		PY 2014 Enacted	PY 2015 Request
	Target	Result	Target	Result	Target	Target
Participants Served in Employment and Training Activities (Formula Grants)	678,096	1,020,730	979,644	--	1,015,186	1,015,186
Cost Per Participant Served in Employment and Training Activities (Formula Grants)	\$1,673.11[e]	\$1,204.17	\$1,204.17	--	\$1,204.17[e]	\$1,204.17[e]

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

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

Workload and Performance Narrative

The Department measures performance in the WIA DW program based on three interrelated outcomes: Entered Employment Rate, Employment Retention Rate, and Six-Month Average Earnings. The training and employment services delivered through the WIA DW program are designed to address all three outcomes. States and local areas target their service delivery strategies to the specific needs of their employer and worker populations, and the Department provides policy and programmatic guidance to help states and local areas identify strategies that are beneficial in improving employment outcomes in the current economy.

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

The Department will monitor grantee performance regularly through Federal Project Officers in the regional offices to ensure grantees are on target to meet performance goals. Such monitoring informs the design and delivery of technical assistance to improve performance. As part of program monitoring, the Department looks at the following system outputs:

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

Additional data are collected on the intensity of participant services based on the number served, exiters, and those with positive outcomes for entered employment. These outputs help determine whether states are implementing strategies that will help meet their outcome goals. In addition, the Department conducts evaluations of WIA formula programs to evaluate the specific strategies promoted to support goal achievement. The results of such evaluation and research are used to revise and update strategies regularly. In 2014, the WIA Adult and Dislocated Worker Programs Gold Standard Evaluation (WGSE) will continue and the first impact findings are expected to be available. The WGSE is a rigorous random assignment evaluation of the formula programs established under Title I of WIA. The evaluation is examining the Adult and DW

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

programs' impacts on participants' post-program employment and earnings and their cost effectiveness. The evaluation is comparing the outcomes of WIA participants who receive intensive services and training to the outcomes of similar individuals who receive only core WIA services. The evaluation will provide critical insight on the impact and cost effectiveness of intensive and training services for participants in the WIA program.

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

BUDGET ACTIVITY BY OBJECT CLASS¹					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
25.1	Advisory and assistance services	0	0	0	0
41.0	Grants, subsidies, and contributions	1,167,976	1,222,457	1,222,457	0
	Total	1,167,976	1,222,457	1,222,457	0

¹ Amounts represent program year funding, not fiscal year availability.

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Advisory and assistance services	\$0
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Grants, subsidies, and contributions	0
--------------------------------------	---

Built-Ins Subtotal	\$0
---------------------------	------------

Net Program	\$0
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Direct FTE	0
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	Estimate	FTE
Base	\$1,222,457	0
Program Increase	\$0	0
Program Decrease	\$0	0

WORKFORCE INNOVATION FUND

BUDGET AUTHORITY BEFORE THE COMMITTEE¹				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	47,304	47,304	60,000	12,696
FTE	0	0	0	0

¹ Amounts represent program year funding, not fiscal year availability.

Introduction

Under the Workforce Innovation Fund (WIF), the Department of Labor (Department) makes competitive awards to eligible States, local areas, and tribal communities to support transformative workforce development strategies that will help the national workforce system deliver services that are cost-effective, job-driven and impactful.

The WIF provides funding to test innovative strategies and replicate evidence-based practices in the workforce system, emphasizing cross-program collaboration and bold systemic reforms to improve education and employment outcomes for participants.

America’s economic strength is directly connected to the skills and educational achievement levels of its workers. Creating an American economy that promotes and protects opportunity means focusing the approximately \$16 billion annual Federal investment in employment and training programs on achieving results. As the national workforce system connects job seekers to jobs, it faces the additional challenge of meeting employer demand for skilled labor, which is projected to grow significantly over the next decade. Jobs are now requiring a higher level of education and credential attainment at a time when over five million unemployed adults in the U.S. lack a post-secondary degree or certificate.¹ This challenge is further complicated as Federal funding for the workforce system has become constrained by a rising demand for services, leaving fewer dollars available for training.

The WIF seeks to scale proven approaches and discover new ideas that will generate long-term improvements in the workforce system and meet the rising demand for employment and training services. Moreover, the lessons learned from WIF investments will play a significant role in determining the future course of publicly-funded employment and training programs. It also promotes further coordination with economic development, human service and employer organizations that can help the public workforce system achieve its goals. With the Governor’s Reserve at 8.75 percent, states will be able to implement many of the lessons learned through the WIF.

The WIF directs the highest level of funding to projects with the strongest evidence base, but also provides significant support for promising projects that are willing to undergo rigorous

¹ Bureau of Labor Statistics – July 2011 Report.

WORKFORCE INNOVATION FUND

evaluation. The WIF also supports new approaches and policies that improve employment and training outcomes and cost-effectiveness. WIF investments continue to target new service delivery strategies (for employers and job seekers) and the systemic change necessary to sustain and scale those strategies. This includes the alignment and adaptation of the policies, procedures, and cross-agency collaboration associated with workforce service delivery. By focusing on change at both the service delivery and systemic levels and requiring rigorous evaluation of each investment, the Department seeks to ensure that the current 26 projects will form a foundation for systemic, large-scale improvements to the operation of the public workforce system add value for employers and job seekers, and help develop a body of evidence-based practice within the field of workforce development.

WIF investments are predicated on the following assumptions:

- Improved employment and training outcomes can result from the application of evidence-based strategies applied at the point of service delivery;
- At a time of constrained resources, workforce programs and practices should be focused on lowering costs and increasing effectiveness through better alignment across different programs, funding streams, and integrated planning processes; and
- The use of waivers can facilitate cooperation across programs and funding streams and allow experimentation with different ways of structuring and delivering services.

The WIF invests in strategies that:

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

The Department coordinates with the Department of Education (ED) and the Department of Health and Human Services (HHS) in the administration of WIF to encourage collaboration across funding streams.

In FY 2015, the Department proposes strong investments in innovation and incentives for states and local areas to better align their systems and provide more efficient and effective services. Investments in the WIF and the proposed Incentive Grants—funding aimed at improving the alignment and effectiveness of the workforce system—will equal 5 percent of overall funding in the WIA formula grants. In addition, the Opportunity, Growth, and Security Initiative includes even greater investments in workforce incentives and innovation, further driving systemic reforms at the state, regional, and local level.

WORKFORCE INNOVATION FUND

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$0	0
2011	\$124,750	0
2012	\$49,906	0
2013	\$47,304	0
2014	\$47,304	0

Funding Mechanism

WIF funds appropriated in FY 2015 are available from July 1, 2015 through September 30, 2016. These funds are awarded competitively through Solicitations for Grant Applications. Eligible applicants will be states, localities, or partnerships, including regional partnerships.

FY 2015

In FY 2015, the Department will continue to build on four years of innovation, and will expect states to leverage formula and State set-aside funds to continue implementing and expanding evidence-based practices identified through WIF. Some of those practices identified include career pathways, data management and system reform, work-based learning strategies, including pre-apprenticeship, Registered Apprenticeship, and on-the-job training strategies, and cross-agency collaboration. In FY 2015, the WIF will place an emphasis on systemic reforms that create better aligned and more efficient and effective state and local workforce systems.

The Fund will set aside \$10,000,000 to fund projects that focus on innovative programs to improve services and outcomes for disconnected youth. These funds would address overarching issues with the systems serving disconnected youth. The Department will coordinate this set aside funding with the Performance Partnership Pilot authority granted in the FY 2014 budget and requested again in the FY 2015 budget. In addition, the Department will coordinate the disconnected youth set-aside funds with the ongoing efforts of the Interagency Forum on Disconnected Youth (IFDY) and the Department's Opportunity Youth Demonstration, which is a rigorous random control trial evaluation that will identify and assess promising service delivery strategies for disconnected youth.

The Department intends to use up to \$10,000,000 of WIF funds for Pay for Success financing to engage social investors, the Federal Government, and a state or local community to collaboratively support effective interventions.

In order to encourage applicants to propose bold ideas and facilitate substantial improvements, the Department requests authority to waive statutes and regulations relating to WIA; the Wagner-Peyser Act of 1933, as amended; and Title I of the Rehabilitation Act (with the approval of the Secretary of Education). Waivers will only be granted when they are: likely to substantially improve credential attainment and employment outcomes; necessary for project implementation; accompanied by guarantees of strong accountability and plans for rigorous evaluation; and meet

WORKFORCE INNOVATION FUND

other such requirements as the Secretary of Labor may establish in consultation with the Secretary of Education. In carrying out these provisions, the Secretary of Labor would not support waivers that undermine wage and labor standards, protections against discrimination or displacement, or the quality of staff providing employment services. Applicants also would be expected to provide interested parties an opportunity to comment on waiver requests and include such comments in the application.

Because the expanded waiver flexibility will be accompanied by greater accountability for results, the Department will work with grantees to strengthen their capacity to collect and track performance data, including by subpopulation, and increase the availability of data regarding training provider performance. In support of this effort, 2015 WIF investments will be coordinated closely with the Workforce Data Quality Initiative.

FY 2014

During the fourth year of WIF implementation, the Department will continue to place significant emphasis on helping the broader workforce investment system learn about and replicate promising practices identified during the first three years of investment. This new funding round will be informed by key lessons learned during the earlier competitions to maintain the effectiveness of grant-making, including:

- Expert reviewer guidance and training to ensure that proposals selected can adequately support rigorous evaluation standards;
- Criteria that reinforce the link between evidence-based practice and proposed strategies, policies, and innovations;
- Increased focus on projects that promote effective interagency partnerships that leverage funding and stimulate private-sector engagement and investment; and
- Outreach strategies to generate ideas and identifies barriers to delivering effective services, and encourages reform-minded states and localities to apply.

In 2014, the Department will solicit bold proposals from states or consortia of localities detailing how they could use their workforce development resources more effectively. The WIF will emphasize and invite reform ideas that cut across the entire workforce system—not just those that affect the Department-run programs in Title I of the Workforce Investment Act of 1998, as amended (WIA) and the Wagner-Peyser Act.

Up to five percent of WIF may be used for technical assistance and evaluations. In addition, the Department will continue to require grantees to conduct an evaluation of their program.

In addition, some of these funds may be used to support additional Pay for Success models. The Department is now testing its first models of this innovative funding mechanism, designed to attract non-government investment in social service interventions. Some of the potential benefits of the Pay for Success model for the workforce investment system include:

- Overcoming the challenge of blending program- and population-specific government funds by providing flexible investor funding which can be used for integrated interventions for at-risk populations;

WORKFORCE INNOVATION FUND

- Creating incentives for social innovation, improved workforce outcomes, public sector cost savings, and efficiency gains; and
- Identifying effective preventative services that generate cost savings to the government. For instance, by preventing or shortening unemployment or under-employment, or addressing skills deficiencies, existing workforce system dollars can be spent more efficiently and reach more workers in need of employment services or training.

The Department will continue to work closely with ED and consult with HHS, and other agencies, as appropriate, to develop Fund priorities for 2014.

FY 2013

After sequestration, a total of \$47,304,000 was appropriated for the Workforce Innovation Fund in FY 2013. In the third year of the Innovation Fund, ETA will continue to coordinate with federal partners to test systemic reforms designed to deliver comprehensive and cost-effective services that help individuals acquire skills and succeed in employment.

FY 2013 funds will be awarded through a competitive grant competition by September 30, 2014 to support projects that deliver services more efficiently and achieve better outcomes, particularly for vulnerable populations. The Department will update, improve, and adjust the second-round grant competition based on experience gained during the first round grant competition.

The Department will consult with the Departments of Education and Health and Human Services, and other agencies, as appropriate, to develop priority areas of innovation for FY 2013.

Workload and Performance Narrative

Performance measures are currently being established. Grantees are finalizing their evaluation design plans and confirming measures related to their unique innovations. Once this activity is complete, the Department will identify performance measures common across projects, as well as unique measures of innovation and efficiency. Measures will focus on training of participants and could include common performance measures (six month average earnings, entered employment rate, retention rate); training-related employment outcomes; and credential attainment rate. Business engagement and economic growth measures could include reduction in labor shortages (number of jobs filled through training effort); improving economic and job opportunity (number of new jobs created); and penetration of the industry sector (number of businesses in the industry that are partnering in the initiative). Measures will also focus on increased capacity for sector strategies and could include a number of new sector strategies implemented (e.g. new advanced manufacturing sector strategy, or new healthcare sector strategy); and a number of new partners engaged in sector strategies, including businesses (the number who are participating in regional sector councils) or WIBs (the number of WIBs that are participating in a statewide or regional sector strategy). ETA will continue to consider appropriate measures to demonstrate high-quality business engagement and increased capacity for sector strategies within a state.

WORKFORCE INNOVATION FUND

BUDGET ACTIVITY BY OBJECT CLASS¹					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
41.0	Grants, subsidies, and contributions	47,304	47,304	60,000	12,696
	Total	47,304	47,304	60,000	12,696

¹ Amounts represent program year funding, not fiscal year availability.

WORKFORCE INNOVATION FUND

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
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Grants, subsidies, and contributions	0
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Built-Ins Subtotal	\$0
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Net Program	\$12,696
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Direct FTE	0
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	Estimate	FTE
Base	\$47,304	0
Program Increase	\$12,696	0
Program Decrease	\$0	0

WIA INCENTIVE GRANTS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	0	0	80,000	80,000
FTE	0	0	80,000	80,000

Introduction

Many populations served by WIA face significant barriers to employment, and need more intensive services and assistance from a range of programs, including those beyond the workforce system. The Secretary of Labor will award grants to strengthen incentives for States and tribal governments to achieve high levels of performance in serving these individuals most in need of assistance. Eligibility for these incentive grants will be based on performance for the Workforce Investment Act title 1B (Adults, Dislocated Workers, and Youth) and section 166 (Indian and Native Americans) programs. States and tribal governments must exceed the adjusted levels of performance for title 1B and section 166; additionally the Secretary will take into consideration the extent to which States and tribal governments have served specific subpopulations that face significant barriers to employment, such as the long-term unemployed, disconnected youth, individuals with disabilities, and veterans. This proposal builds on the incentive grants currently authorized under WIA, which have not been consistently or well-funded in the past. The goal of these grants is to incentivize states to better align their funding for workforce, education, and social services programs while also engaging non-governmental entities to better serve individuals with barriers to employment, who are more likely to be served by multiple programs.

Five-Year Budget Activity History¹

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$0	0
2011	\$0	0
2012	\$0	0
2013	\$0	0
2014	\$0	0

¹ During this period, the Department of Education has transferred approximately \$10,500,000 per year to the Department of Labor for incentive grants authorized under WIA.

Funding Mechanism

The Department is requesting for WIA Incentive Grant funds to be appropriated in FY 2015, with funds to be available from July 1, 2015 through September 30, 2017.

WIA INCENTIVE GRANTS

FY 2015

The Budget proposes \$80,000,000 for Incentive Grants. In conjunction with the Workforce Innovation Fund, this request will allow for investment of the equivalent of five percent of the total WIA formula funds in activities to drive innovation and better performance. No more than 15 states will be awarded grants in any program year. Additionally, no more than 3 percent of the funds may be reserved for research and technical assistance related to service delivery and performance, for States and tribal governments. Similar to the incentive grants authorized in WIA, which have not been consistently or well-funded in the past, these funds will be used to reward States and tribal governments that exceed levels of performance for subpopulations facing significant barriers to employment, such as the long-term unemployed, disconnected youth, individuals with disabilities, and veterans.

Grants will be awarded to eligible states and tribal entities based overall performance outcomes from the previous program year, as well as to the extent to which States or tribal governments improve the levels of performance achieved for subpopulations that face significant barriers to employment, as determined by the Secretary, from the preceding program year or years. The exact parameters for award of the grants will be published in advance, and would be notionally as follows:

- **Top 5 states based on performance:** Share a portion of the total amount (\$30,000,000) on the states that had the highest performance outcomes for the specific sub-populations as described by the Secretary. Funds are distributed using the same proportions established by the WIA funding formulas.
- **Top 5 states based on improvement:** Share a portion of the total amount (\$30,000,000) on the states show showed the highest percentage of improvement. Funds are distributed using the same proportions established by the WIA formula funds.
- **States 6-10 based on performance:** Based on the same principles as listed in the first scenario, the remaining top ten states and tribal governments will share a portion of the total funding (\$20,000,000) to be distributed using the same proportions established by the WIA formula funds.

Additionally, eligibility will be determined in conjunction with the current incentive grant eligibility criteria set forth in Section 503 of WIA. More specifically, no State or tribal government will be determined eligible for these funds without also meeting the eligibility criteria established in Section 503. No more than 15 states will be awarded grants in any program year. Furthermore, exceeding performance will have a direct impact on the total funds awarded. In other words, if State or tribal government exceeds its target by 20 percent, it would be entitled to a higher proportion of the total funds available than a state that exceeds its target by 10 percent.

WIA INCENTIVE GRANTS

In addition, the Opportunity, Growth, and Security Initiative supports additional funds for workforce incentives and innovation. This funding will support a more effective and better aligned workforce system at the state and local level.

Workload and Performance Narrative

In order to account for factors outside of a state's control, the Department recommends incorporating variables such as customer characteristics and economic conditions when measuring state outcomes. As such, all states can be viewed objectively and on equal ground.

Performance measures will be established in the fourth quarter of 2014, with baseline data and targets being available in 2015. This will allow sufficient time for measures and eligibility criteria to be established, and proper guidance to be distributed to States and tribal governments.

WIA INCENTIVE GRANTS

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
41.0	Grants, subsidies, and contributions	0	0	80,000	80,000
	Total	0	0	80,000	80,000

WIA INCENTIVE GRANTS

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Grants, subsidies, and contributions

\$80,000

Built-Ins Subtotal

\$80,000

Net Program

\$0

Direct FTE

0

Estimate

FTE

Base

\$0

0

Program Increase

\$80,000

0

Program Decrease

\$0

0

SECTOR STRATEGIES

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	0	0	15,000	15,000
FTE	0	0	15,000	15,000

Introduction

As part of DOL’s continued focus on economic recovery and reemployment, we must balance investments in job seeker services with employer- and industry-specific workforce development strategies. The Department already makes significant formula and competitive grant investments in training that meets the needs of growing industry sectors. This request complements those investments by funding broader industry-driven and job-driven sector strategies. Sector strategies are partnerships of businesses within an industry that bring together government, workforce development, education, economic development, labor, and community organizations to focus on the needs of an industry within a region.¹ Regions use sector strategies to ensure that existing federal, state, local, and privately funded employment and training services (such as career advising, career pathway programs, adult basic education and vocational education, and community college and other training programs) meet the needs of in-demand industry clusters.²

This systemic approach to business engagement yields positive outcomes for businesses and job seekers.³ Participating businesses experience increased productivity and reduced staff turnover. Participating workers increase their earnings and job security. The Department’s dedicated sector strategy funding will increase the successful adoption of sector strategies in targeted regions areas across the nation poised for economic recovery, with a focus on building inclusive partnerships to increase work opportunities for targeted populations in in-demand sectors. These partnerships also ensure that workers receive training and employment services that will help them get jobs that employers are currently hiring for or will be in the near future.

Evidence shows that sector strategies are successful in meeting business’ workforce needs. For example, a third party evaluation of sector initiatives in the State of Massachusetts showed that 41 percent of the employers surveyed reported that participating in the sector initiative led to a reduction in turnover; 19 percent reported a reduction in rework; 23 percent reported a reduction in customer complaints; and 100 percent of companies reported that partnerships with other companies and public institutions were valuable.⁴

¹ NGA: *State Sector Strategies Coming of Age: Implications for State Workforce Policy Makers*, 2013 (<http://www.nga.org/files/live/sites/NGA/files/pdf/2013/1301NGASSSReport.pdf>)

² Ibid.

³ Ibid.

⁴ Cathryn, L. “BEST Benefits: Employer Perspectives Research and Evaluation Brief,” Commonwealth Corporation, October 2004. (<http://www.insightcced.org/uploads/nnsf/BEST%20Benefits%20-%20Employer%20Perspectives.pdf>)

SECTOR STRATEGIES

There is also strong evidence that sector strategies benefit low-wage, low-skilled workers. A random assignment evaluation of 1,014 individuals showed that sector initiative participants earned almost 30 percent more than control group members in the second year (after the end of training); were significantly more likely to be employed, working for average 1.3 more months; and spent an average of 1.5 months longer in jobs that offered benefits (e.g., health insurance, paid vacation and/or sick leave, and tuition reimbursement). The evaluation findings suggest that sector program participants find better jobs after completing the programs, jobs that allow the individual to work more consistently, receive benefits, and earn higher wages.⁵ An evaluation of the impact of sector initiatives on workers shows: decreases in poverty from 64 percent to 35 percent; increases in employer-offered health insurance plans from 49 percent to 73 percent; and increases in paid sick leave from 35 percent to 58 percent.⁶

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$0	0
2011	\$0	0
2012	\$0	0
2013	\$0	0
2014	\$0	0

Funding Mechanism

Sector Strategy funds appropriated in FY 2015 would be available from July 1, 2015 through June 30, 2016. These funds are awarded competitively through Solicitations for Grant Applications. Eligible applicants will be states; localities; or partnerships, including regional partnerships.

FY 2015

This request for \$15,000,000 will fund competitive grants to support sector strategies. Local areas or regions can apply to implement sector-based strategies that meet the needs of large, medium, and small businesses in in-demand sectors by providing training and developing career advancement opportunities for targeted populations. States can apply to implement capacity-building efforts that support sector partnerships locally or regionally within the state, including building the capacity of local workforce investment boards (WIBs). State applicants must include a local or regional area that will pilot the capacity-building activities during the grant period.

The Department will award 4 - 5 competitive grants ranging in size from \$2 – 3 million to regions to implement sector-based strategies to meet the dual goals of providing customized

⁵ Public/Private Ventures: *Job Training that Works: Findings from the Sectoral Impact Study*, 2009 (<http://knowledgecenter.completionbydesign.org/sites/default/files/33%20Maguire%202009.pdf>)

⁶ Public/Private Ventures: *Targeting Industries, Training Workers and Improving Opportunities: The Final Report from the Sectoral Employment Initiative*, 2009 (<http://www.insightcced.org/uploads/nnsf/targeting-industries-training-workers.pdf>)

SECTOR STRATEGIES

solutions for business while providing training and career advancement opportunities for targeted populations. These grants would support the development of partnerships between the workforce system, business, community colleges, economic development, and others such as organized labor, the adult basic education system, and supportive service providers; modify existing training based on business demand; and train and provide career advancement opportunities for targeted populations such as acutely or chronically long term unemployed, low-wage workers, new labor market entrants, and veterans.

The Department will also award five \$250,000 capacity building grants to States to support or promote the development of sector partnerships within the states. State applicants must identify at least one local or regional area that will pilot the capacity-building activities during the grant period. Activities may include quantitative and qualitative analysis of existing local and regional partnerships to better align resources and improve efficiencies for business and workers; utilizing local and regional labor market information as a basis for defining the targeted sectors or industry-clusters that provide high proportions of better jobs for residents in the area; coordinating communication among workforce development, economic development, education, and other systems at the state level; development of the capacity of local WIBs to participate in local or regional sector strategies by building their skills for industry analysis, effective coordination of and collaboration with partners, and developing strategies that facilitate and sustain strategic business engagement.

Eligible grantees would include workforce investment boards, community colleges, workforce intermediaries, or state workforce agencies, with an emphasis on flexibility of eligibility to correspond to local or regional leadership strengths. Grantees would be encouraged to integrate activities into existing federal, state, local, and private employment and training funding streams and to leverage resources from the private sector, such as industry associations and philanthropic organizations. Additionally, grantees can leverage training materials developed through other ETA-funded efforts, such as TAACCCT and the Community College Job Driven Training Fund.

To maximize the impact of these grants, up to five percent of funds will be available for technical assistance. Technical assistance may include site visits for provision of customized technical assistance; facilitating peer-to-peer networking and organizing grantee meetings; and developing tools to support sector strategy implementation such as conducting industry analysis, engaging business, and ensuring appropriate services are available to support the employment and retention of hard-to-serve populations. Additionally, ETA will leverage the expertise of other Federal agencies including building partnerships in developing industry analysis and strategies (e.g., Department of Transportation for transit-related strategies and Department of Health and Human Services for healthcare strategies).

The Department also supports sector strategies as part of a mandatory \$4 billion proposal, Back to Work Partnerships, aimed at the long-term unemployed. This funding will be used for competitive grants to partnerships of workforce intermediaries, businesses, educational institutions, and training providers to serve approximately 1,000,000 long-term unemployed individuals.

SECTOR STRATEGIES

Workload and Performance Narrative

Performance measures will be established in the fourth quarter of 2014, and baseline data will be available in 2015.

SECTOR STRATEGIES

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
41.0	Grants, subsidies, and contributions	0	0	15,000	15,000
	Total	0	0	15,000	15,000

SECTOR STRATEGIES

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Grants, subsidies, and contributions

\$15,000

Built-Ins Subtotal

\$15,000

Net Program

\$0

Direct FTE

0

Estimate

FTE

Base

\$0

0

Program Increase

\$15,000

0

Program Decrease

\$0

0

INDIAN AND NATIVE AMERICANS PROGRAM

BUDGET AUTHORITY BEFORE THE COMMITTEE¹				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	45,082	46,082	46,082	0
FTE	0	0	0	0

¹ Amounts represent program year funding, not fiscal year availability.

Introduction

The Indian and Native American Program (INAP), established under Section 166 of the Workforce Investment Act (WIA), aims to increase employment opportunities and wages for American Indians, Alaskan Natives, and Native Hawaiians. The program helps to build an American economy with skills for Indian and Native American workers, improving their skills through effective training programs so they can achieve their academic and occupation goals, enabling them to be prepared for the workforce. The program increases the literacy skills of the participants to position them to be prepared for occupational training in growth occupations and promotes economic and social development of Indians and Native Americans, consistent with community goals and values.

American Indians, Alaskan Natives, and Native Hawaiians are the most impoverished single group in the United States, with acutely high unemployment rates in rural and isolated reservations and villages, and are often challenged by multiple barriers to employment. One in every four (25.3 percent) Native Americans lives in poverty and these individuals are three times as likely to receive public assistance compared to the total population.¹ American Indians and Alaska Native students have the highest dropout rate of any U.S. ethnic or racial group. About three out of every ten Native American students drop out of school before graduating from high school both on reservations and in cities.² Approximately 23 percent of American Indians and Alaska Natives ages 25 and over did not complete high school compared to 15.4 percent of the general population.³

Reducing the education and employment inequality between Indian and Native Americans requires a concentrated effort to enhance education and employment opportunities, create pathways to careers and skilled employment, and help Indian and Native Americans to enter and remain in the middle class. The WIA Section 166 program is not a substitute for State-funded employment and training programs. Instead, it provides intensive training and employment services specifically targeted to Indian and Native Americans which may not otherwise be provided to this population. The WIA Section 166 program is the only Federal employment and job training program that serves American Indians, Alaskan Native, and Native Hawaiians who reside both on and off reservations. For American Indians and Alaskan Natives living on

¹ Census 2000 Special Report, American Indian and Alaska Native in the United States, February 2006.

² Jen Bouchard, Native American Education and Employment, 1991.

³ U.S. Department of Commerce, Census Bureau, Current Population Survey (CPS), March 2003.

INDIAN AND NATIVE AMERICANS PROGRAM

reservations and Alaska Native villages, the WIA Section 166 program is often the only employment and training services available that are located within the community. This is important to those Indians, Alaska Natives, and Native Hawaiians that do not have transportation or financial resources to travel to the nearest town or city to seek services.

The WIA Section 166 Indian and Native American program provides services to adults through a network of 178 grantees. Activities that support these goals include providing intensive training and support services needed by workers in a knowledge-based economy and ensuring training is aligned with growing industries and the unique needs of tribal communities and local employers.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$52,758	0
2011	\$52,652	0
2012	\$47,562	0
2013	\$45,082	0
2014	\$46,082	0

Funding Mechanism

WIA programs operate on a Program Year (PY) calendar. Therefore, funds appropriated in FY 2014 are available from July 1, 2014 through June 30, 2015. WIA Section 166 authorizes grant funding to Indian tribes, Alaskan Natives, Native Hawaiians, and tribal non-profit organizations on a competitive basis; however, grantees selected from this process are funded through a statutory formula defined in WIA. A grant competition is conducted every two years to select Indian, Alaskan Native, and Native Hawaiian entities to administer and manage WIA Section 166 grants to provide employment and training services to unemployed and low income Indians, Alaskan Natives, and Native Hawaiians. The next competition is scheduled for 2014.

FY 2015

To meet the employment and training needs of the Indian, Alaskan Natives, and Native Hawaiian population in 2015, the Department requests \$46,082,000 to operate the WIA Section 166 program. At this funding level, the program will serve approximately 28,047 unemployed and under-skilled Indian, Alaskan Native, and Native Hawaiian adults. ETA will set an entered employment rate target of 65.5 percent, an employment retention rate of 78.2 percent, and six months average earnings target of \$10,377.

The Native American program will continue to focus upon the key priorities and initiatives that began in FY 2014 such as the implementation of credential attainment measure. Our goal is to increase credentials in careers where economic growth is expected. The program will also continue to develop policies and implement strategies that develop the economies in rural reservation areas. The Native American program will strive to improve administrative efficiencies in order to lower overhead costs so that more Native Americans can be served

INDIAN AND NATIVE AMERICANS PROGRAM

through the program. ETA will also continue its effort to place more individuals in post-secondary education using WIA funds.

In 2015, INAP will:

- Increase the number of American Indians, Alaskan Native, and Native Hawaiians participants who receive a credential such as, but not limited to a high school diploma, General Education Diploma, Associates or Bachelor's Degree, etc.;
- Create career pathways into middle-class jobs;
- Increase the number of American Indian, Alaskan Native, and Hawaiian Native veterans and/or eligible spouse participants;
- Increase program effectiveness, through the use of information technology; and
- Increase compliance and technical assistance.

Through the Opportunity, Growth, and Security Initiative, the 2015 Budget also proposes additional investments in services for populations with significant barriers to employment, including Native Americans.

FY 2014

In 2014, the Department received \$46,082,000 to operate the WIA Section 166 program. At this funding level, the program will serve approximately 28,047 unemployed and under-skilled Indian, Alaskan Native, and Native Hawaiian adults. Intensive training and support services are needed to enhance employment opportunities and help these indigenous communities succeed in a competitive job market. ETA continues to use entered employment, employment retention and average earnings as three measures to determine program performance. However, in PY 2014, the INA program will implement a credential attainment goal along with the existing three measures in an effort to increase the number of individuals placed in education and obtaining an industry-recognized credential. The entered employment rate target for FY 2014 is 64.9 percent, the employment retention rate target is 78.2 percent, and the six months average earnings target is \$10,183. FY 2014 will be the base line year to establish a target for the credential attainment goal.

To achieve these goals, the program will: 1) provide training and technical assistance on the newly implemented credential goal that will track educational attainment that prepares INAP participants with the skills necessary to compete in knowledge-based job markets; 2) increase services to American Indian, Alaskan Native, and Hawaiian Native veterans and/or eligible spouse participants; and 3) promote the economic and social development of participants in accordance with the goals and values of such communities.

To help grantees implement these strategies, the 2014 President's Budget includes a request for one percent set-aside of funding for training and technical assistance (TAT), which will support projects such as, but not limited to: 1) enhancement to the program reporting system; 2) partnership efforts with other Federal agencies to help Indian, Alaskan Native, and Native Hawaiian communities leverage the full range of resources available to support their employment and training needs; and 3) peer-to-peer and new directors training.

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In 2014, INAP will:

- Increase program efficiencies through better use of technology.
- Develop policies that will move the program toward training that leads to industry-recognized credentials. Increase the number of American Indian, Alaskan Native, and Hawaiian Native veterans and/or eligible spouse participants;
- Increase program monitoring.

FY 2013

After sequestration, a total of \$45,082,000 was appropriated for INAP in FY 2013. At this funding level, the program will serve approximately 27,439 unemployed and under-skilled Indian, Alaskan Native, and Native Hawaiian individuals. This is approximately 1,500 less individuals that will be served as a result of sequestration. Barriers to employment and career opportunities include lack of economic development and remoteness of Indian reservations and Alaskan villages. Illiteracy and low education attainment hinder this population's ability to succeed in a competitive labor market. Strategic program planning supported solutions to these barriers as did the input to the program provided by the Native American Employment and Training Council (NAETC).

The Department's overall priorities for INAP in FY 2013 include:

- Increasing program effectiveness and information technology;
- Increasing employment and training opportunities; and
- Increasing opportunities for disconnected Indian youth and veterans.

INDIAN AND NATIVE AMERICANS PROGRAM

DETAILED WORKLOAD AND PERFORMANCE							
		PY 2012 Enacted		PY 2013 Enacted		PY 2014 Enacted	PY 2015 Request
		Target	Result	Target	Result	Target	Target
Indian and Native American Programs							
Strategic Goal 1 - Prepare workers for better jobs							
Strategic Objective 1.1 - Advance employment opportunities for US workers in 21st century demand sectors and occupations using proven training models and through increased employer engagement and partnerships							
ETA-CH1-INAP-GPRA-02	Employment Retention Rate (INAP)	73.10%	77.90%	78.00%	--	78.20%	78.20%
ETA-CH1-INAP-GPRA-01	Entered Employment Rate (INAP)	55.70%	62.10%	63.50%	--	64.90%	65.50%
	Education Attainment Rate	--	--	TBD	--	TBD	--
ETA-CH1-INAP-GPRA-03	Six Month Average Earnings (INAP)	\$10,660.00	\$9,671.00	\$9,959.00	--	\$10,183.00	\$10,377.00
	Participants Served	28,948	35,464	27,439	--	28,047	28,047
	Cost Per Participant Served	\$1,643.00	\$1,341.00	\$1,643.00	--	\$1,643.00	\$1,643.00

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

INDIAN AND NATIVE AMERICANS PROGRAM

Workload Summary

INAP issues grants to develop the academic, occupational, and literacy skills of Indians and Native Americans in order to make them more competitive in the workforce, and to promote economic and social development consistent with the goals and values of their communities.

In PY 2015, the Department will set an entered employment rate target of 65.5 percent, an employment retention rate of 78.2 percent, and six months average earnings target of \$10,377. To achieve these goals, the program will: 1) provide training and technical assistance on the newly implemented credential attainment goal that tracks the number of WIA Section 166 program participants that obtain an industry-recognized credential; 2) increase services to American Indian, Alaskan Native, and Hawaiian Native veterans and/or eligible spouse participants; and 3) promote the economic and social development of participants in accordance with the goals and values of such communities.

To help grantees implement these strategies, the FY 2015 Request includes a one percent set-aside for training and technical assistance (TAT), which will support projects such as, but not limited to: 1) capturing the stories of Native Americans who participated in WIA programs; 2) improving grantees' performance reporting and enhancement to the program reporting system; and 3) partnership efforts with other Federal agencies to help Indian, Alaskan Native, and Native Hawaiian communities leverage the full range of resources available to support their employment and training needs.

In FY 2015, INAP will help Native Americans achieve greater economic opportunities by:

- Increasing the number of American Indian, Alaskan Native, and Native Hawaiian participants who receive a credential such as, but not limited to a high school diploma, high school equivalency certificate, and associates or bachelor's degree;
- Creating career pathways into the middle-class;
- Increasing the number of American Indian, Alaskan Native, and Hawaiian Native veterans and/or eligible spouse participants;
- Increasing program effectiveness, through the use of information technology; and
- Increasing compliance and technical assistance.

INDIAN AND NATIVE AMERICANS PROGRAM

BUDGET ACTIVITY BY OBJECT CLASS¹					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
41.0	Grants, subsidies, and contributions	45,082	46,082	46,082	0
	Total	45,082	46,082	46,082	0

¹ Amounts represent program year funding, not fiscal year availability.

INDIAN AND NATIVE AMERICANS PROGRAM

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$0

Grants, subsidies, and contributions 0

Built-Ins Subtotal \$0

Net Program \$0

Direct FTE 0

	Estimate	FTE
Base	\$46,082	0
Program Increase	\$0	0
Program Decrease	\$0	0

MIGRANT AND SEASONAL FARMWORKERS

BUDGET AUTHORITY BEFORE THE COMMITTEE¹				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	79,897	81,896	81,896	0
FTE	0	0	0	0

¹ Amounts represent program year funding, not fiscal year availability.

Introduction

The National Farmworker Jobs Program (NFJP) is a nationally-directed, locally administered program providing employment and training services and housing assistance to migrant and seasonal farmworkers (MSFWs). Created by the Economic Opportunity Act of 1964, and currently authorized under section 167 the Workforce Investment Act of 1998 (WIA), the program seeks to counter the impact of the chronic unemployment and underemployment experienced by MSFWs who depend primarily on jobs in agricultural labor.

NFJP services are provided by community-based organizations and public agencies that assist MSFWs and their families to attain greater economic stability. The program responds to the unique needs of MSFWs through employment services, skills training, and supportive services, such as nutrition, transportation, and housing. By assisting farmworkers to acquire new job skills in occupations that offer higher wages and more opportunities, NFJP supports an American economy that is built on the skills of the nation's workers.

Program services are accessed through NFJP grantees, who are required partners in the American Job Center network. The NFJP is not a substitute for other WIA services that must be available to farmworker job seekers. In addition to directly providing employment and training services, the NFJP helps to facilitate coordination of services through the American Job Center network for MSFWs so they may access other services available through the workforce system.

In providing services to MSFWs, NFJP grantees must take into account factors that are unique to this population. One such factor is the mobility of the farmworker population. NFJP grantees use specific outreach and service delivery methods to serve participants who would otherwise not be able to take advantage of services offered through the network of American Job Centers. Because of the specific, targeted outreach that it provides, the program is able to reach a long-term disadvantaged population with extensive barriers to employment. The mobility of the farmworker population also creates challenges for their families. Minors who accompany families in search of work have an inherent educational disadvantage. NFJP also serves dependents of MSFWs, offering services to equalize their educational opportunities.

The cyclical nature of agricultural work leads MSFWs to seek off-season work in industries that require similar skill sets. According to the National Agricultural Worker Survey (NAWS), 28 percent of agricultural workers reported holding at least one non-farm job in the 12 months prior

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to the interview. Because MSFWs often work in labor-intensive positions in industry sectors such as construction, they are prime candidates for dislocation in periods of economic stagnation. This phenomenon presents a challenge to farmworkers, who do not qualify under most unemployment benefit programs, primarily because most agricultural employers do not meet requirements for coverage related to the number of employees or amount of wages paid.

The agricultural industry is characterized by a large workforce with numerous job openings, chronic unemployment and underemployment due to the cyclical nature of the work, and below average pay. MSFWs, whose livelihoods are primarily derived from agricultural employment experience these difficulties and also are faced with additional barriers to employment. According to information from NAWS, these barriers include low levels of education. MSFWs have an average of eighth grade attainment, with 30 percent having no spoken English skills and 40 percent having no written English skills. To address these barriers, NFJP grantees utilize a comprehensive service model that combines an array of employment services, skills training, basic education and English language training, and supportive services.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$84,620	0
2011	\$84,451	0
2012	\$84,291	0
2013	\$79,897	0
2014	\$81,896	0

Funding Mechanism

WIA programs operate on a Program Year (PY) calendar. Therefore, funds appropriated for NFJP in FY 2015 are available from July 1, 2015 through June 30, 2016. WIA requires the Department to conduct a grants competition to select the entities that will operate the NFJP. The grants competition is performed through a solicitation for grant applications. The competition is open to state and local agencies, state and local workforce investment boards, faith-based and community organizations, institutions of higher education, and other entities that have the capacity to operate a diversified program of workforce services to MSFWs. In non-competition program years, each grantee is required to submit an annual grant plan for the coming year. Criteria for the content of these plans are contained in the Training and Employment Guidance Letter issued to all grantees.

NFJP funds are allocated annually to state service areas via formula. The formula estimates the numbers of eligible farmworkers in each state by drawing data from the Census, the Agricultural Census, the NAWS, and the Farm Labor Survey. There is at least one grantee in every state and Puerto Rico with the following exceptions: Alaska and Washington, DC, do not have a grantee due to the very small relative share of agricultural employment; Connecticut and Rhode Island are a combined state service area; and Maryland and Delaware are a combined state service area.

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Because of the large number of agricultural workers, California is represented by a total of five grantees.

FY 2015

For FY 2015, the Department requests \$81,896,000 for NFJP. Of this amount, \$75,885,000 will be allocated for formula grants for employment and training services; \$5,517,000 for migrant and seasonal housing; and \$494,000 for other purposes, including technical assistance to grantees.

With these funds, the program will improve the lives of thousands and farmworkers and their families by:

- Helping farmworkers in low-wage jobs or out of the labor market by providing training to increase their skill level and offering supportive services to diminish the impact of employment barriers;
- Increasing workers' incomes and narrow wage and income inequality by providing a unique array of employment and training services to a vulnerable population;
- Helping farmworkers enter into and/or remain in the middle class by offering them and their dependents services that help them attain stable, good-paying, year-round jobs in and out of the agricultural industry; and
- Providing permanent and temporary housing assistance that enables farmworkers to complete skills training, retain employment, and improve their economic outcomes.

These funds will serve over 19,000 MSFWs with employment services, skills training, and supportive services. NFJP consistently achieves high performance outcomes and the performance goals for the program for 2015 are as follows:

- Entered Employment Rate: 87.0 percent;
- Employment Retention Rate: 83.3 percent; and
- Six Months Average Earnings: \$10,871.

In FY 2015, the Department will hold a grant competition for NFJP. The competition will be conducted by issuing a Solicitation for Grant Applications and new NFJP grants will be awarded for each state service area. The Department will provide orientation for grantees new to the program in this fiscal year.

The Department will also focus on the following in FY 2015:

- Better aligning the program with other strategies developed for the public workforce system to achieve integration of services for farmworkers;
- Supporting the NFJP grantee organizations through enhanced technical assistance and training efforts that enable the program to operate efficiently and effectively;
- Developing partnerships with other federal agencies serving farmworkers to better align and leverage federal resources available to support this population; and
- Working in cooperation with the regional offices to enhance program management, accountability, and reporting.

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FY 2014

For FY 2014, the Department received \$81,896,000 for operating NFJP. Of this amount, \$75,885,000 will be allocated for formula grants for employment and training services; \$5,517,000 for migrant and seasonal housing; and \$494,000 for other purposes, including technical assistance to grantees.

These funds will serve over 19,000 migrant and seasonal farmworkers with employment services, skills training, and supportive services. NFJP consistently achieves high performance outcomes and the performance goals for the program for 2014 are as follows:

- Entered Employment Rate: 86.7 percent;
- Employment Retention Rate: 83.2 percent; and
- Six Months Average Earnings: \$10,686.

To support grantees in achieving these outcomes, and ensure strong and consistent program management, the Department is focusing on the following in FY 2014:

- Training grantee organizations on the fiscal responsibilities and requirements in the use of grant funds;
- Implementing a new approach for establishing grantee performance targets that adjusts for the economic conditions and participant characteristics of the service area;
- Identifying strategies for helping farmworkers with specific barriers to employment, such as those with criminal backgrounds;
- Training grantee organizations on industry competency models and how these models can be used in program design and service delivery;
- Launching new technical assistance approaches that promote information-sharing, while conserving resources, including peer-to-peer technical assistance activities and a virtual community of practice; and
- Sharing information on effective strategies for employer engagement and job development.

FY 2013

For FY 2013 including sequestration, the Department received \$79,897,000 for NFJP. Of this amount, \$74,033,000 was allocated for formula grants for employment and training services, \$5,382,000 for migrant and seasonal housing; and 482,000 for other purposes, including technical assistance to grantees.

These funds are expected to serve approximately 18,690 participants with core, intensive, training and supportive services by the end of the program year. NFJP consistently achieves high performance outcomes and the program is on track to exceed the following performance goals for 2013:

- Entered Employment Rate: 86.1 percent;
- Employment Retention Rate: 83.2 percent; and
- Six Months Average Earnings: \$10,501.

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In FY 2013, the Department conducted a limited grant competition. WIA generally requires DOL to conduct a grants competition every two years to select entities to operate the NFJP. However, WIA section 167(c)(4)(B) provides authority for the Secretary to waive the grant competition once during a four year period if a recipient of such a grant has performed satisfactorily under the terms of the grant agreement. Pursuant to this authority, the Department exercised the option to waive competition in all but seven state service areas that were identified to have not performed satisfactorily. A competition was held to select grantees in these state service areas. All other grantees submitted grant plans that were reviewed and approved by the Department.

The Department focused its technical assistance and training activities during the year on: labor market information resources and tools and how to use this information in service delivery; effective training approaches, such as Registered Apprenticeship and opportunities for skills increases in the agricultural industry; and strategies for case management and conducting assessments of participants. The Department also implemented revised reporting requirements for NFJP grantees. These requirements included enhanced information reported by grantee organizations on their grant activities and more consistent data collection on housing assistance services, which will better inform the Department's program management and oversight responsibilities.

MIGRANT AND SEASONAL FARMWORKERS

DETAILED WORKLOAD AND PERFORMANCE							
		PY 2012 Enacted		PY 2013 Enacted		PY 2014 Enacted	PY 2015 Request
		Target	Result	Target	Result	Target	Target
Migrant and Seasonal Farmworkers							
Strategic Goal 1 - Prepare workers for better jobs							
Strategic Objective 1.1 - Advance employment opportunities for US workers in 21st century demand sectors and occupations using proven training models and through increased employer engagement and partnerships							
ETA-CH1-NFJP-GPRA-03	Six Month Average Earnings	\$10,049.00	\$10,248.00	\$10,501.00	--	\$10,686.00	\$10,871.00
	Participants	18,304	20,330	18,690	--	19,157	19,157
	Cost Per Participant	\$4,267.00	\$3,842.00	\$3,961.00	--	\$3,961.00	\$3,961.00
ETA-CH1-NFJP-GPRA-01	Entered Employment Rate	80.50%	85.50%	86.10%	--	86.70%	87.00%
	Employment Retention Rate	76.5%	83.1%	83.2%	--	83.2%	83.3%

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

MIGRANT AND SEASONAL FARMWORKERS

Workload and Performance Narrative

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

The targets for the entered employment rate, the employment retention rate, and six-month average earnings are based on a methodology developed by DOL for setting national performance targets using regression analysis. The methodology utilizes a regression model to estimate the magnitudes of the responses of employment and training program outcomes to the effects of the business cycle and labor market conditions. The adjusted targets are produced using program results from the prior year, the responses of the various program outcomes with respect to the condition of the labor market, and the Office of Management and Budget's (OMB) projections of the unemployment rate matched to the timeframe pertinent to the particular program outcome being considered. The methodology results in performance targets that reflect the expected impact of the economic environment on program performance. The data used to create the targets come from NFJP program data collected through the Workforce Investment Act Standardized Participant Record (WIASPR), OMB and the Bureau of Labor Statistics and are updated on an annual basis.

In addition to outcomes, the Department also measures workload in terms of the number participants served by the program. In FY 2015, the program projects serving 19,157 participants at an average cost of \$3,961 per participant. The projected number of participants for FY 2015 is derived by dividing the FY 2015 funding level for NFJP formula grants by the average cost per participant for the last three program years. The Department also monitors grantee performance regularly through Federal Project Officers in regional offices to ensure grantees are on target to meet performance goals. Such monitoring also informs the design and delivery of technical assistance efforts to help grantees improve performance.

MIGRANT AND SEASONAL FARMWORKERS

BUDGET ACTIVITY BY OBJECT CLASS¹					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
41.0	Grants, subsidies, and contributions	79,897	81,896	81,896	0
	Total	79,897	81,896	81,896	0

¹ Amounts represent program year funding, not fiscal year availability.

MIGRANT AND SEASONAL FARMWORKERS

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Grants, subsidies, and contributions \$0

Built-Ins Subtotal \$0

Net Program \$0

Direct FTE 0

	Estimate	FTE
Base	\$81,896	0
Program Increase	\$0	0
Program Decrease	\$0	0

WOMEN in APPRENTICESHIP

BUDGET AUTHORITY BEFORE THE COMMITTEE¹				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	944	994	0	-994
FTE	0	0	0	0

¹ Amounts represent program year funding, not fiscal year availability.

Introduction

Over the past few years, Congress has appropriated approximately \$1,000,000 annually for the Women in Apprenticeship and Non-Traditional Occupations Act (WANTO) of 1992 (Public Law 102-530). The WANTO Act's purpose is to provide technical assistance to employers and labor unions to assist them in placing women into apprenticeable and nontraditional occupations. The Department's Women's Bureau and ETA jointly administer the program. The Administration has proposed eliminating the WANTO program beginning in the FY 2013 Budget.

WANTO projects have developed strategies to address women's participation in Registered Apprenticeship programs for nontraditional occupations in a broad range of industries, including advanced manufacturing, transportation, and construction. Given the new Fiscal Year 2015 Apprenticeship Training Fund proposal and other Administration efforts aimed at expanding Registered Apprenticeship into new occupations and industries, the agency has focused on broader systemic change within the national Registered Apprenticeship system, which will include increasing opportunities for women and minorities. The goals and objectives of WANTO will continue to be addressed through technical assistance efforts from the Office of Apprenticeship, in conjunction with the Women's Bureau, and through guidance to the Workforce Investment Act (WIA) system.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$1,000	0
2011	\$998	0
2012	\$996	0
2013	\$944	0
2014	\$994	0

Funding Mechanism

WANTO programs operate on a PY calendar. Therefore funds appropriated in FY 2014 are available from July 1, 2014 through June 30, 2015. WANTO grants are awarded to community-based organizations, which form partnerships with labor organizations, Registered

WOMEN in APPRENTICESHIP

Apprenticeship program sponsors, community colleges, and employer-related non-profit organizations.

FY 2015

The Department is not requesting funding in 2015 for WANTO grants. Although this program is intended to address a critical need, we believe that these needs can be addressed through the new Apprenticeship Training Fund and other Department and Administration efforts aimed at expanding Registered Apprenticeship. The fund will support innovative strategies that will allow companies a more comprehensive approach to recruit, train, and retain world-class talent, including women. The Opportunity, Growth, and Security Initiative includes \$500,000,000 per year for a four-year initiative that would help double the number of apprenticeships in America. These funds would create more opportunities for women by expanding the number of apprenticeships and creating new avenues for apprenticeships outside of traditional sectors.

Additionally, the Department is developing proposed changes to regulations for Equal Employment Opportunity (EEO) in Registered Apprenticeship (29 CFR part 30); it is now listed on the Fall Regulatory Agenda with a September 2014 publication date. These proposed revisions seek to improve the effectiveness of Registered Apprenticeship program sponsors' affirmative action efforts. These revisions to Registered Apprenticeship's regulatory framework should lead to expanded promotion of Registered Apprenticeship and non-traditional job opportunities for women and under-represented populations in FY 2015.

The Office of Apprenticeship (OA), funded out of the Program Administration account, will offer training on new regulations as they are implemented and disseminate best practices. OA will also continue to provide outreach and technical assistance to employers and other apprenticeship sponsors to ensure equal opportunity guidelines are adhered to for registered apprenticeship programs. Based on lessons learned from previous WANTO grants, OA has developed a national framework to establish consistency and quality across pre-apprenticeship programs that help minorities and women gain greater access to apprenticeship opportunities. ETA/OA will ensure that proposed grant initiatives imbed promising strategies. In addition, the Department is requesting additional funds for OA to increase national apprenticeship marketing efforts, in coordination with the Department of Commerce, to expand Registered Apprenticeship to new occupations and reach traditionally underrepresented groups.

FY 2013 and 2014

While WANTO has been proposed for elimination in FY 2015, Congress funded the WANTO grants in FY 2013 and 2014. The FY 2013 and 2014 WANTO funds will be combined in a single Solicitation for Grant Application (SGA) and seek to set up a national network of technical assistance centers to support women's access to Registered Apprenticeship and Non-Traditional occupations by June 30, 2014. To assist the TA centers, OA will develop a resource guide, tools, and other on-line resources to support Registered Apprenticeship sponsors, new H-1B Technical Skills Training grantees, community based organizations, and other entities interested in developing more effective strategies to serve women or other under-represented populations.

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Based on the experience of recent WANTO grantees, the resource guide and related tools will help organizations reach important goals related to outreach, recruitment, selection, performance, and completion rates for minorities, specifically women, in apprenticeship. Tools will include “how to” examples for organizations, identification of best practices, and steps to replicate these practices. Additionally, OA will seek to expand its list of organizations and pre-apprenticeship programs that advocate, serve, and train women and other underrepresented populations.

Lastly, OA intends to provide updated guidance and training to Federal and State Apprenticeship Agency (SAA) staff in FY 2014 on flexibility and options under the existing regulatory framework. The guidance and training will focus on key issues related to the current EEO regulations and procedures including the identification of proven recruitment, selection, and retention methodologies.

WOMEN in APPRENTICESHIP

DETAILED WORKLOAD AND PERFORMANCE						
	PY 2012 Enacted		PY 2013 Enacted		PY 2014 Enacted	PY 2015 Request
	Target	Result	Target	Result	Target	Target
Women in Apprenticeship						
Strategic Goal 1 - Prepare workers for better jobs						
Strategic Objective 1.1 - Advance employment opportunities for US workers in 21st century demand sectors and occupations using proven training models and through increased employer engagement and partnerships						
Participants	300	595	300	--	300	--
Number Entered Employment (as measured by placed in Registered Apprenticeship or related employment)	150	192	150	--	150	--
Cost per participant	\$3,333.00	--	\$3,333.00	--	\$3,333.00	--

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

WOMEN in APPRENTICESHIP

Workload and Performance Narrative

In 2015, the Department continues the proposal to eliminate funding for Women in Apprenticeship. ETA has generally competitively awarded three WANTO grants per annual appropriation to cover a two-year period of performance for the selected grantees. Beginning with the FY 2011 appropriation, ETA used a new measure of performance, the Number of Participants Entering Employment as measured by placement into registered apprenticeship or related employment, to track the number of women being trained and placed by the WANTO grantees during the two-year performance cycle.

WOMEN in APPRENTICESHIP

BUDGET ACTIVITY BY OBJECT CLASS¹					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
25.1	Advisory and assistance services	0	0	0	0
41.0	Grants, subsidies, and contributions	944	994	0	-994
	Total	944	994	0	-994

¹ Amounts represent program year funding, not fiscal year availability.

WOMEN in APPRENTICESHIP

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Advisory and assistance services	\$0
----------------------------------	-----

Grants, subsidies, and contributions	0
--------------------------------------	---

Built-Ins Subtotal	\$0
---------------------------	------------

Net Program	-\$994
--------------------	---------------

Direct FTE	0
------------	---

	Estimate	FTE
Base	\$994	0
Program Increase	\$0	0
Program Decrease	-\$994	0

YOUTHBUILD

BUDGET AUTHORITY BEFORE THE COMMITTEE¹				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	75,535	77,534	77,534	0
FTE	0	0	0	0

¹ Amounts represent program year funding, not fiscal year availability.

Introduction

The YouthBuild program aligns with the Department’s goals of ensuring that youth have an opportunity to develop the skills and knowledge that prepare them to succeed in a knowledge-based economy. YouthBuild specifically targets at-risk, high school dropouts who are particularly vulnerable in the current economy. YouthBuild addresses the challenges faced by unemployed, high school dropouts by providing them with an opportunity to gain both the education and occupational skills that will prepare them for employment with a living wage.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$102,500	0
2011	\$79,840	0
2012	\$79,689	0
2013	\$75,535	0
2014	\$77,534	0

Funding Mechanism

WIA programs operate on a PY calendar. FY 2015 YouthBuild funds will be available from April 1, 2015 through June 30, 2016. The funds appropriated for YouthBuild are authorized by the YouthBuild Transfer Act of 2006 and are awarded through grant competition. The Department has ended the incremental funding approach that it used for the YouthBuild program in the first two award cycles. The new approach results in fewer grants being awarded each year but also provides for yearly competitions and more certainty for grantees. The Department will continue to fund programs for two years of program operation and one year of follow-up support.

YOUTHBUILD

FY 2015

In FY 2015, the Department requests \$77,534,000 for the YouthBuild program. Of this, five percent will go toward the statutory set-aside for technical assistance. The remainder will support approximately 75 grants to serve approximately 4,800 youth with an average cost per participant of \$15,300.

In 2015, the Department's YouthBuild program will provide education and occupational skills training to program participants by providing them with academic training and occupational skills training that provides a clear path into a chosen career field. Participants obtain industry-recognized credentials which support placements in post-secondary education, apprenticeships, and employment. YouthBuild will continue its expansion of training in in-demand occupations outside of construction, including STEM fields, which began with the 2012 grant competition. The Department will also continue to focus its efforts on increasing credential attainment (GEDs, high school equivalency exams, high school diplomas, and industry-recognized credentials) for YouthBuild participants and place emphasis on enhancing post-program placement in employment, post-secondary education including community colleges, and registered apprenticeships.

While ETA administers the program, other agencies also support the program. The Department's Office of Federal Contract Compliance Programs (OFCCP) will continue to engage on both a national and regional level to create employment opportunities for YouthBuild participants. Other partnership efforts will include a continued focus on developing and maintaining solid connections to community colleges and apprenticeship programs. These connections will assist YouthBuild participants in receiving additional education and training after they have exited the program and increasing their ability to enter high-wage careers. The Occupational Safety and Health Administration (OSHA) will continue to provide technical assistance and resources to grantees to ensure the safety of the YouthBuild participants on the work site. Finally, the Office of Apprenticeship will continue to work on creating strong connections to Registered Apprenticeships for YouthBuild participants.

Five percent of YouthBuild funding is allocated to technical assistance through the YouthBuild Transfer Act of 2006. Comprehensive technical assistance (TA) is provided through a contractor that coordinates and supports the Department's efforts to ensure grantees are achieving robust performance outcomes in job placement, academic achievement, and the attainment of industry-recognized credentials. In FY 2015, a new procurement competition will be held to secure a TA provider when the current contract expires. The new contract will include resources to improve the overall implementation and infrastructure of the YouthBuild program through an: 1) online performance management system, 2) in-person and online training to help grantees understand the grant requirements, and 3) hands-on coaching to support individual grantee implementation.

The YouthBuild Web-based Case Management System provides real-time data to grantees which allows access to data necessary to monitor program outcomes and develop strategies to better serve youth in the program. This system allows ETA the ability to monitor data and trends in performance outcomes which lead to the development or enhancement of technical assistance

YOUTHBUILD

activities for grantees such as training, policy guidance or development of tools and resources to support program performance. Outcome data is collected on individual participants and may be reported on a grantee level or on an aggregate basis for all grantees and participants in a funding cycle. The availability and use of the case management system has proven to be a valuable tool in managing performance at both the grantee level and within the program office as well. The MIS also allows for national office data mining and analysis of trends in order to provide best practices and determine the strength of various program models to inform the field.

The Department will continue to support YouthBuild coaching strategies for grantees. Coaches provide individualized support and technical assistance to grantees in key areas which include performance improvement, strategic planning, construction certification and academic supports.

Technical assistance also is provided through national learning exchanges, regional peer-to-peer exchanges, webinars, virtual training, and the use of electronic resources available through the YouthBuild Community of Practice. The Community of Practice provides ongoing access to tools and resources to support program implementation and performance outcomes.

In FY 2016, the initial impact evaluation report is anticipated. The results of this report will inform and support technical assistance delivery and further indicate promising practices in the field. Additionally, by FY 2015, there will be sufficient information on the first Construction Plus grantees who implemented additional career pathways beyond construction. Outcomes for these grants will be compared to the overall grant outcomes and further data analysis and trends will be identified in order to better support these additional career pathways and strengthen the Construction Plus model.

FY 2014

The funding level of \$77,534,000 in FY 2014 is supporting the Department in assisting youth who have dropped out of high school to build the skills necessary to acquire long-term career employment. After the statutory five percent set-aside for technical assistance, \$73,657,300 will be used to fund grant awards to approximately 73 programs that will serve approximately 4,800 youth over a two-year period with an average cost per participant of \$15,300.

A portion of the funds in FY 2014 are being used to increase cross-cutting learning opportunities and collaboration with other Federal agencies which will build upon previous studies that both the Department and other agencies have undertaken, with the goal of facilitating rigorous employment and training-related research and evaluation. The Department is also continuing to support the random assignment evaluation which began in the fall of 2011. The YouthBuild random assignment evaluation will continue through 2019. The study will include: a process analysis that will examine how the YouthBuild programs operate; an impact analysis that will use a random assignment research design to measure what difference YouthBuild makes for the young people it serves, focusing on areas like education, employment, and health; and a cost-effectiveness analysis that will compare the financial costs of the YouthBuild program overall to the benefits its services provide.

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Each of the 60 sites selected are using random assignment to control and experimental groups to provide baseline data which speaks to the effectiveness of YouthBuild programs. Data will be aggregated to show trends in outcomes among youth in the program. MDRC was selected to conduct the random evaluation study. MDRC will continue to provide support and technical assistance to grantees participating in the study. By participating in the YouthBuild evaluation, programs are helping to build further knowledge on effective strategies for helping disadvantaged youth. A process evaluation report is expected in 2014, with impact reports planned for 2016 and 2019.

FY 2013

In FY 2013, the YouthBuild program began implementing its Construction Plus program model, which allows previously-funded applicants to expand into in-demand industries beyond occupation, chosen offering additional career pathways to youth participants. Additionally, the Department is working closely with the Environmental Protection Agency to develop a pilot project to train YouthBuild participants in radon testing and mitigation in new construction and existing eradication efforts. The pilot is still in the planning phase with plans for implementation in FY 2014.

Technical assistance activities in FY 2013 continued to support increasing placement into post-secondary education and employment, partnering with registered apprenticeships, and transitioning from the GED to the high school equivalency diploma. Technical assistance modalities included the annual New Grantees Orientation, regional peer-to-peer events, a national learning exchange event, and regional construction and Web-based Management Information System trainings for grant staff.

Due the sequestration of funds, the Department awarded 68 grants, which is seven fewer grants than anticipated at the FY 13 request level of \$79,689,000. With the reduction in grant awards the Department also saw a reduction in the number of estimated participants served by 272. Technical assistance available to grantees was also impacted as a result of the sequestration. Due to a reduction in technical assistance funds available, the Department scaled back its offering of technical assistance training to grantees, but was able to focus on core training and deliverables to support the implementation of newly-awarded grant programs.

YOUTHBUILD

DETAILED WORKLOAD AND PERFORMANCE						
	PY 2012 Enacted		PY 2013 Enacted		PY 2014 Enacted	PY 2015 Request
	Target	Result	Target	Result	Target	Target
YouthBuild						
Strategic Goal 1 - Prepare workers for better jobs						
Strategic Objective 1.1 - Advance employment opportunities for US workers in 21st century demand sectors and occupations using proven training models and through increased employer engagement and partnerships						
Percent of participants deficient in basic skills who achieve literacy or numeracy gains of one Adult Basic Education (ABE) level	58.80%	59.11%	58.50%	--	57.80%	57.60%
Strategic Objective 1.2 - Provide marketable skills and knowledge to increase workers' incomes and help them overcome barriers to the middle class through partnerships among business, education, labor, community organizations, and the workforce system						
Youth Placement into Employment or Education	50.20%	49.61%	50.00%	--	50.40%	50.50%
Percent of participants who earn a GED or certificate by the end of the third quarter after exit (YouthBuild)	62.90%	67.22%	67.20%	--	67.10%	67.10%
Participants	5,208	6,928	4,690	--	4,814	4,814
Cost Per Participant	\$15,300.00	\$10,927.33	\$15,300.00	--	\$15,300.00	\$15,300.00

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

YOUTHBUILD

Workload and Performance Narrative

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

During the transfer of the administration of the YouthBuild program from the U.S. Department of Housing and Urban Development, the Government Accountability Office (GAO) issued a report in 2007 that recommended that the Secretary of Labor "...develop and monitor post-program performance outcome measures for the YouthBuild program, such as the types of employment graduates attained and retained, wage rates, and degrees or certifications received, and share the data with the grantees."⁵⁹

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

The outcome goals for PY 2015 are to meet the proposed targets indicated above for placement into education or employment, credential attainment, and literacy/numeracy. To accomplish this, the Department will continue to utilize the coaching model of technical assistance delivery first introduced in PY 2010, as this has proven to be a successful way to not only deliver technical assistance but to identify promising practices that can be shared throughout the YouthBuild community. Coaching augments the Department's use of electronic tools such as the YouthBuild Community of Practice, e-learning modules, and webinars, as well as hosting national learning exchanges and regional peer-to-peer events that allow for the sharing of promising practices and peer exchange.

The targets are based on a methodology developed by the Department for setting national performance targets using regression analysis. The targets were set using coefficient estimates derived from the WIA Youth program. Based on the average cost per participant of \$15,300, the Department projects enrollment of 5,067 participants during PY 2015. The \$15,300 cost per participant is based on an average program length of nine months, the payment of stipends to participants, the equipment required for construction, and the number of staff required to create a

⁵⁹GAO Report to Congressional Committees: YOUTHBUILD PROGRAM: Analysis of Outcome Data Needed to Determine Long-Term Benefits <http://www.gao.gov/new.items/d0782.pdf>

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supportive environment for the youth. The target for participants served differs from the actual number of participants served in PY 2012 as listed in the workload table due to the average time of completion for youth in the program being shorter than anticipated. Participants are anticipated to be served in a YouthBuild program for nine months; however, some youth may complete the program in less time, creating an opportunity to serve additional youth.

The Department monitors the performance of YouthBuild grantees through the submission of Quarterly Performance Reports (QPRs) that capture the data entered into a Case Management and Performance system. In addition to reporting on the long-term common measures, the QPR also provides interim measures, including initial job placements, certificates awarded, and placements into post-secondary education or apprenticeship. YouthBuild grantees are also required to submit a quarterly narrative report which provides a detailed description of activities, promising practices, and challenges occurring during the quarter. The Department uses these reports to target technical assistance in response to challenges the grantees may be experiencing.

The Department regularly monitors grantee performance through Federal Project Officers in regional offices to ensure that grantees are on target to meet performance goals. Such monitoring informs the design and delivery of technical assistance to address grantee needs. As part of program monitoring, the Department looks at the grant performance in comparison to the performance targets and also reviews expenditures on a quarterly basis.

The placement measure is currently just above the GPRA target of 50.0%; this is due to the fact that there are many new grants that have just gotten to the point of exiting participants but have not yet placed them. Fluctuations in this measure are normal depending on where individual grant classes are in the grant cycle. The YouthBuild program has shown continuous improvement in each performance measure within each grant class. In looking at the 2009 grant class, which is the most complete set of data available, having ended their period of performance in late 2012, the placement rate at program completion was 51.1 percent, above the GPRA goal of 50.2 percent. Evaluating performance of individual grant classes after the period of performance is completed provides a more accurate indicator of the performance measures, due to the length of time participants may be served by the program and the intensity of program services that are offered.

YOUTHBUILD

BUDGET ACTIVITY BY OBJECT CLASS¹					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
41.0	Grants, subsidies, and contributions	75,535	77,534	77,534	0
	Total	75,535	77,534	77,534	0

¹ Amounts represent program year funding, not fiscal year availability.

YOUTHBUILD

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Grants, subsidies, and contributions

\$0

Built-Ins Subtotal

\$0

Net Program

\$0

Direct FTE

0

	Estimate	FTE
Base	\$77,534	0
Program Increase	\$0	0
Program Decrease	\$0	0

PILOTS, DEMONSTRATIONS AND RESEARCH

BUDGET AUTHORITY BEFORE THE COMMITTEE¹				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	6,259	0	0	0
FTE	0	0	0	0

¹ Amounts represent program year funding, not fiscal year availability.

Introduction

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

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

Comprehensive, rigorous, and robust research and evaluations are identified and developed through the five broad areas or themes identified in ETA's Five-Year Research and Evaluation Strategic Plan for Program Years 2012-2017 (ETA's Five-Year Research and Evaluation Plan) and *Five-Year Learning Agenda* (ETA Learning Agenda), developed in collaboration with the Department's Chief Evaluation Office (CEO). The Research and Evaluation Plan, available in ETA's Research and Evaluations Portal, is used to identify, prioritize, and carry out research and evaluations over a period of five years. It demonstrates efforts to work collaboratively with the CEO, focuses efforts on priority areas of need and on cross-cutting learning opportunities, and identifies opportunities for collaboration with other Federal agencies, such as the Departments of Education and Health and Human Services. Building on previous studies that both the Department of Labor and others have conducted, the plan also identifies crucial areas where improvements could be made to facilitate rigorous research and evaluation efforts.

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

PILOTS, DEMONSTRATIONS AND RESEARCH

- Understanding Changing Labor Markets;
- Identifying Effective Strategies;
- Improving Workforce System Infrastructure;
- Addressing the Needs of Special Populations; and
- Building Research Infrastructure and Support.

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

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

In FY 2015, the Department is not requesting funding for PD&R. DOL will continue to use the set-aside funding mechanism to finance research and evaluations for employment and training programs, which went into effect in FY 2014. In 2015, the Department is requesting that the set aside be increased from 0.5 percent to 1 percent of program funds. The set-aside ensures sufficient funding is available to carry out comprehensive and rigorous research and evaluations and promote greater stability of funding of these efforts across all training and employment programs. The Department believes this is a more effective method of approaching research, pilot, and evaluation activities.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$93,450	0
2011	\$9,980	0
2012	\$6,603	0
2013	\$6,259	0
2014	\$0	0

Funding Mechanism

Through FY 2013, ETA funds pilot, demonstration, and research projects through grants or contracts as authorized under section 171 of the WIA. WIA programs operate on a PY calendar. Therefore, funds appropriated in FY 2013 are available from July 1, 2013 through June 30, 2014.

PILOTS, DEMONSTRATIONS AND RESEARCH

FY 2015

In FY 2015, the Department is not requesting funding for PD&R.

Initiated in FY 2014, the new set-aside approach for evaluations is intended to ensure that sufficient funding is available to carry out comprehensive, rigorous, and robust research and evaluations and promote greater stability of funding of these efforts across all training and employment programs, including the WIA, Job Corps, and the Employment Service. In FY 2015, the Department is proposing to utilize a set-aside of up to 1 percent of the amounts appropriated for these programs to be made available to support this effort. Evaluation and applied research activities using these funds will be conducted by ETA in consultation with the Department's Chief Evaluation Office (CEO).

Areas of investment for research will be informed by the current ETA Learning Agenda, submitted annually to the CEO. As funding allows, these projects, developed and coordinated with ETA's program offices and the CEO will 1) support research on understanding the changing dynamics of labor markets, the severity of ongoing labor market difficulties, such as long-term unemployment, and strategies to understand and anticipate employer workforce needs; 2) identify effective strategies linking research across the various titles of the Workforce Investment Act (WIA) to identify variations in programs and strategies and understand reasons for the variations and their effectiveness; 3) improve and create effective management approaches and tools to enhance the workforce system infrastructure; 4) support state-level administrative data research on the long-term unemployed, dislocated and incumbent workers, youth older workers; immigrants and farm workers, and low-wage workers generally; English-language learners; working families, persons with disabilities, formerly incarcerated individuals, Temporary Assistance for Needy Families (TANF) recipients and veterans, low-skilled, disconnected men, Indian and Native Americans, and Hispanic populations; and 5) support postsecondary education and training efforts to improve access, use, and confidentiality of administrative records for research and evaluation; create more public-use and restricted-use datasets for analysis; and support research, evaluation, and site participation efforts at all levels of government (Federal, state and local) so that we can support, implement, and build knowledge of, evidence-based practices.

FY 2014

In FY 2014, there were no funds appropriated for PD&R. Some projects initiated with prior year PD&R funding are still underway and managed by ETA. Funding for any new ETA pilot, demonstration, and research projects is coordinated by the Chief Evaluation Office. New projects are identified, prioritized and conducted in collaboration with the CEO through the Annual Learning Agenda process.

1. **Continuing Research Projects.** ETA will continue management and oversight of projects currently underway such as the Non-Traditional Employment Demonstration, Analysis of ETA Grants Serving Young Offenders, Veterans' Licensing and Certification in Demand Occupations, Employers' Use of Short-Time Compensation, and the Feasibility Study of Using State WDQI and ETPL for Scorecards.

PILOTS, DEMONSTRATIONS AND RESEARCH

- ETA Research Papers Program.** ETA will initiate new rounds of research grants in FY 2014 for doctoral students in economics, public policy, public administration, or similar areas of study. The purpose of the research papers program is to promote scholarly, policy-relevant research papers on topics related to the public workforce system. The research gathered from the program will provide actionable intelligence to ETA on a wide variety of topics and stimulate interest in employment and training research in academia. Students from Historically Black Colleges and Universities, Hispanic-Serving Colleges and Universities, and Tribal Colleges and Universities will be encouraged to apply for the grants.
- Dissemination of Research and Evaluation Publications.** Dissemination is an important component of PD&R and evaluation activities, and ETA will continue to explore new ways of highlighting workforce practices that are backed by evidence-based research, evaluations and performance data and disseminated in ways that are useful to our varied stakeholders. Activities include: 1) employing the latest technology in remote communication for briefings and forums; 2) securing exhibit booth space and peripherals at conferences and forums to disseminate information about ETA research and evaluation projects; 3) procuring material handling services at conferences and forums; 4) procuring Government Printing Office (GPO) printing services; 5) procuring exhibit booth panels, as needed; 6) procuring other dissemination materials as needed and; 6) securing task order contract support for the dissemination of materials and other dissemination related activities.

FY 2013

In FY 2013, \$6,259,222, which reflects sequestration, was available to support PD&R activities.

ETA developed an annual Spending Plan to ensure PD&R funds were obligated in accordance to the Five-Year Research and Evaluation Plan and the Learning Agenda. The PY 2013 Spending Plan included both continuing and proposed projects as follows:

- WIA Sec. 171 Five Year Research Plan Development.** Under Section 171 of the Workforce Investment Act of 1998, a five-year Strategic Research and Evaluation Plan is to be prepared every two years. This plan is intended to communicate ETA's strategic vision for research and evaluation efforts based upon extensive input from stakeholders, a review of recent efforts, an identification of areas where future research may be needed, and a review of possible methodologies. The last update, Five-Year Research and Evaluation Strategic Plan Program Years 2012-2017, was completed in calendar year 2013. Pursuing this effort now under improving economic circumstances with the experiences of the last recession fresh in mind will afford ETA an opportunity to again solicit valuable input, assemble a new panel of experts, and release a new five year plan by 2014/15.

PILOTS, DEMONSTRATIONS AND RESEARCH

2. **Implementing the Pilot Test of Using State Workforce Data Quality Initiative (WDQI) and State Eligible Training Provider Lists (ETPL) for Scorecards.** The Department's CEO and ETA collaborated in PY 2012 to assess the feasibility of establishing scorecards for post-secondary training programs that will provide consumers with information that can be used to make informed choices about education and training options, and evaluate scorecards once they are adopted. The plan is to conduct appropriate research and evaluation, using an iterative evidence-based process over the next two years, consisting of a feasibility study and pilot tests. In the first phase of this plan, CEO and ETA shared funding a study of the feasibility of using WDQI systems and data to enhance information in ETPL authorized under WIA. Under the second phase, CEO and ETA plan to mutually fund pilot tests under a separate procurement informed by the results of this first phase.
3. **Feasibility Studies/Preliminary Research.** In support of the collaboration with the CEO through the Annual Learning agenda process, and in an effort to strengthen research and large-scale evaluation studies, ETA will be funding a number of feasibility studies of Learning Agenda proposals before scaling up. This foundational or preliminary research, results in building blocks of actionable information. This strategy allows ETA to improve efficiency by allowing mid-course adjustments in research and evaluation plans and also allows ETA to increase the number of interventions that can be rigorously tested and yield more definitive results.
4. **Continuing Research Projects.** ETA continued management and oversight of projects currently underway such as the Non-Traditional Employment Demonstration, Analysis of ETA Grants Serving Young Offenders, Veterans' Licensing and Certification in Demand Occupations, Employers' use of short-time compensation, and the Feasibility Study of Using State WDQI and ETPL for Scorecards.
5. **ETA Research Papers Program.** ETA initiated new rounds of research grants in FY 2013 for doctoral students in economics, public policy, public administration, or similar areas of study. The purpose of the research papers program is to promote scholarly, policy-relevant research papers on topics related to the public workforce system. The research gathered from the program will provide actionable intelligence to ETA on a wide variety of topics and stimulate interest in employment and training research in academia. Students from Historically Black Colleges and Universities, Hispanic-Serving Colleges and Universities, and Tribal Colleges and Universities are encouraged to apply for the grants.
6. **Dissemination of Research and Evaluation Publications.** Dissemination is an important component of PD&R and evaluation activities and ETA will continue to explore new ways of highlighting workforce practices that are backed by evidence-based research, evaluations and performance data and disseminated in ways that are useful to our varied stakeholders. Activities include: 1) employing the latest technology in remote communication for briefings and forums; 2) securing exhibit booth space and peripherals at conferences and forums to disseminate information about ETA research and evaluation

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

PILOTS, DEMONSTRATIONS AND RESEARCH

BUDGET ACTIVITY BY OBJECT CLASS¹					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
25.1	Advisory and assistance services	5,737	0	0	0
41.0	Grants, subsidies, and contributions	522	0	0	0
	Total	6,259	0	0	0

¹ Amounts represent program year funding, not fiscal year availability.

PILOTS, DEMONSTRATIONS AND RESEARCH

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$0

Advisory and assistance services 0

Grants, subsidies, and contributions 0

Built-Ins Subtotal \$0

Net Program \$0

Direct FTE 0

	Estimate	FTE
Base	\$0	0
Program Increase	\$0	0
Program Decrease	\$0	0

REINTEGRATION OF EX-OFFENDERS

BUDGET AUTHORITY BEFORE THE COMMITTEE¹				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	76,055	80,078	80,078	0
FTE	0	0	0	0

¹ Amounts represent program year funding, not fiscal year availability.

Introduction

The Reintegration of Ex-Offenders (RExO) program promotes and protects opportunity by preparing adult and youth ex-offenders for the job market. The program helps adult and juvenile ex-offenders obtain employment and/or training in industries and occupations that offer good wages and opportunities for advancement. The program helps participants gain skills and knowledge that will prepare them to succeed in a knowledge-based economy, especially in in-demand industry sectors. These training opportunities are focused on providing industry-recognized credentials in in-demand industries, so that participants have increased opportunities for employment and the necessary skills for job growth. The program supports the economy by helping participants who are in low-wage jobs or out of the labor market find a path into middle class jobs by creating pathways to employment through partnerships with the workforce system, the use of the Federal bonding program, and an increased focus on degree and credential attainment.

As of December 31, 2012, there were approximately 1.5 million persons in adult state and federal prisons in the United States, an incidence of 480 persons out of 100,000 adults.¹ Adult and juvenile ex-offenders face extraordinary challenges in reintegrating into society and obtaining and retaining employment. While these populations are at a disadvantage in the most prosperous of times, there are labor market challenges directly affecting the offender population that, if unaddressed, will have long-term consequences for the nation.

Complicating the issue further, youth in the juvenile justice system and adults in the criminal justice system face severe educational and labor market barriers. A 2003 survey of juveniles in custody found that “30 percent of youth in custody report that they have been diagnosed with a learning disability, compared with 5 percent of youth between the ages of 10 and 20 in the general population.”² A study of Philadelphia public schools found that only 10 percent of students in the Class of 2000 who had been placed in a juvenile correctional facility eventually graduated from the Philadelphia School District.³ Adults in the criminal justice system also have low levels of educational attainment. Based on the 2008-2009 National Inmate Survey

¹ Glaze, Lauren and Parks, Erika. 2012. “Correctional Populations in the United States, 2012.” U.S. Bureau of Justice Statistics

² “Youth’s Characteristics and Backgrounds: Findings from the Survey of Youth in Residential Placement,” U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention, Washington, D.C., December 2010.

³] Neild, R. C., & Balfanz, R. 2006. “Unfulfilled Promise: The Dimensions and Characteristics of Philadelphia’s Dropout Crisis, 2000-2005.” Baltimore: Center for Social Organization of Schools, Johns Hopkins University

REINTEGRATION OF EX-OFFENDERS

conducted by the Department of Justice, 60 percent of state prisoners have dropped out of high school, 20 percent have a high school diploma without going on to college, 15 percent have some college experience, and 6 percent have a four-year college degree or higher.⁴

These low levels of educational achievement and attainment are steep barriers to employment when released prisoners return home. Jobs paying family-sustaining wages increasingly require a post-secondary degree. In its 2012 Employment Projections, BLS reported that occupations that require a post-secondary degree are expected to grow the fastest from 2010 to 2020. In the case of ex-offenders, research has shown that employment and wage levels are related to rates of re-incarceration. A 2008 study by the Urban Institute of persons released from state prisons in Illinois, Ohio, and Texas found that only 45 percent of ex-offenders returning to Chicago, Houston, and the largest cities in Ohio were employed eight months after release.⁵ The study also found that “Predicted probabilities of re-incarceration were 8 percent for those earning more than \$10 per hour; 12 percent for those earning \$7 to \$10 per hour; and 16 percent for those earning less than \$7 per hour—compared with 23 percent for those who were unemployed.”

Given the challenges described above, employment and training programs for youth and adult ex-offenders are critical to the current and future well-being of the nation and the reduction of recidivism. To address these issues and support the Department’s strategic goals, youthful ex-offender programs serve participants that are at risk of involvement with, or have been involved in, the juvenile justice system and have never been involved in the adult justice system. These youth-serving projects support a set of demonstrations that provide services to juvenile ex-offenders and youth who have been involved in the juvenile justice system but have not yet been adjudicated. These youth programs focus on increasing the attainment of high school diplomas and credentials, as well as prevention and reduction of crime among those youth populations most at-risk of offending.

Adult ex-offender programming focuses on ex-offenders age eighteen and older that were incarcerated in the adult justice system. These employment and training programs are designed to enhance the skill level and increase the opportunity for employment through training in in-demand industries that offer industry-recognized credentials. These programs provide comprehensive post-release services targeted in urban communities characterized by large numbers of returning offenders. In an effort to meet offenders where they are, the adult-serving grants are working to increase training opportunities in in-demand occupations for offenders prior to release from incarceration, such as while on work release or in halfway houses. In addition, mentoring is an important component for these programs, and one that leverages existing Department of Justice resources in the field. Both the adult and youth programs focus on developing the skills and knowledge necessary to succeed in a knowledge-based economy.

⁴ Educational attainment data are available in Table 6 in Beck, Alan, et. al., 2010. ., 2010. in Beck, Alan, he United States, 2011.Determine L

⁵ Visher, Christy A., Sara Debus, and Jennifer Yahner. 2008. “Employment after Prison: A Longitudinal Study of Releasees in Three States.” Washington, DC: The Urban Institute

REINTEGRATION OF EX-OFFENDERS

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$108,493	0
2011	\$85,390	0
2012	\$80,238	0
2013	\$76,055	0
2014	\$80,078	0

Funding Mechanism

WIA programs operate on a program year (PY) calendar. Therefore funds appropriated in FY 2015 are available from July 1, 2015 through June 30, 2016. The Department funds Reintegration of Ex-Offenders projects through a competitive solicitation process. Grants for serving adult ex-offenders will be awarded to non-profit faith-based and community organizations with 501(c)(3) status. Grants for serving youth offenders may be awarded to various types of organizations, including non-profit national and regional intermediaries, community-based organizations with 501(c)(3) status, state and local government agencies, and Indian and Native American entities eligible for grants under WIA Section 166.

FY 2015

The Department will use the requested \$80,078,000 funding level for RExO programs aimed at adult offenders and projects aimed at juvenile offenders. This funding level will support approximately 10,000 participants. Of this amount, \$30,000,000 will be used to fund adult program designs that reflect findings of the current random assignment evaluation of ETA's adult ex-offender grants. The programs being studied used community and faith-based organizations to provide a combination of job placement, mentoring, and case management services to adult offenders returning home from prison. The evaluation is determining the impacts of these programs on subsequent employment, earnings, and recidivism of released prisoners. The results of the random assignment evaluation are expected to be available in 2014, and these results will be used to inform the design of the adult-serving program models to be funded in FY 2015.

In designing services for adult offenders, we will also use a white paper on integrating reentry and employment strategies recently released by the Council of State Government's Justice Center, in collaboration with the Center for Employment Opportunities, the Departments of Labor and Justice, and the Annie E. Casey Foundation. The white paper introduces the Resource Allocation and Service-Matching Tool, which is based on two key dimensions—an individual's risk of reoffending (criminogenic risk) and job readiness. There are four groupings that result from assessing individuals under correctional control along these dimensions. Each group can be assigned a combination of employment program components and service delivery strategies that are tailored to individuals' risk for criminal activity and complemented by corrections interventions. The white paper can be found at: http://csgjusticecenter.org/wp-content/uploads/2013/09/Final.Reentry-and-Employment.pp_.pdf

REINTEGRATION OF EX-OFFENDERS

Approximately \$50,000,000 will be used to test various evidence-based models for youth offenders, including a collaboration with the Department of Defense to test the efficacy of the Youth ChalleNGe model for this population, and to support program and evaluation costs for rigorous random assignment evaluations based on the findings from the current feasibility assessment and evaluation design. Of this amount, \$20,000,000 will continue to support competitive grants to national and regional intermediaries for activities that prepare young ex-offenders and school dropouts for employment, with a priority for projects serving high-crime, high-poverty areas. ETA will continue to collaborate with the Department of Defense in the demonstration begun with FY 2014 funds to determine whether non-violent adjudicated youth will reap the same benefits from the National Guard's Youth ChalleNGe program that other at-risk youth do. The National Guard has successfully run an intensive youth residential program on military installations since 1980, which serves at-risk youth who have not been involved in the juvenile justice system. A rigorous evaluation of the model has demonstrated significant positive outcomes, including a higher likelihood for those in the program to have obtained a GED, a higher likelihood of being employed after the program, and earnings of about 20 percent more than their counterparts.¹

Technical assistance is a key component of the Reintegration of Ex-Offender portfolio and grantees have access to a wide array of resources, including in-person and electronic training opportunities, peer-to-peer networking conferences, and webinars that share best practices for serving adult and youth offenders successfully. Adult-serving grantees are required to submit quarterly performance, narrative and financial reports through a web-based Management Information System (MIS) that allows for daily review of real-time performance data. Thus, technical assistance can be deployed at the first sign that a grantee is struggling in a certain area. This access to real-time data has been invaluable in supporting grantees' success and the ongoing improvement of performance outcomes.

The Department provides technical assistance to youth ex-offender grantees to help them improve their performance and has provided technical assistance in specific subject areas, such as improving connections to the partnerships that grantees have already developed with private sector employers, implementing mentoring programs, and developing opportunities for community service. The Department also anticipates providing a web-based MIS for the youth-serving grantees as well, by FY 2015, which will greatly improve the accuracy of real-time data sharing and better support TA efforts. The Department will continue to monitor performance outcomes to ensure that grantees are accountable for program success and innovation.

FY 2014

The FY 2014 enacted level for RExO is \$80,078,000. The Department is planning to use these funds to support a variety of program models for juvenile and adult offenders. This funding level will support up to approximately 9,150 participants.

¹ Millenky, M., Bloom, D., Muller-Ravett, S. and Broadus, J. June 2011. "Staying On Course: Three Year Results of the National Guard Youth ChalleNGe Evaluation," New York, NY: MDRC

REINTEGRATION OF EX-OFFENDERS

By 2014, the initial impacts of the RExO-Adult random assignment evaluation will be known and the Enhanced Transitional Jobs Demonstration, of which ex-offenders are a target population, will be well underway. Lessons learned from these evaluations will be used to support efforts to better serve returning ex-offenders through Adult Ex-Offender grants that focus on extending vocational skills training that results in industry-recognized certifications to incarcerated offenders on work release or in halfway houses, further strengthening the connection between pre- and post-release services. ETA is also continuing to collaborate with the Department of Justice to support pre- and post-release training and employment-focused programming and services for returning ex-offenders through the Federal Interagency Reentry Council and to share the evaluation findings for consideration and incorporation into possible future Second Chance Act funding opportunities.

In 2014, DOL is devoting \$50,000,000 to test and replicate innovative and evidence-based strategies to serve youth offenders of which \$20,000,000 is being used for competitive grants to national and regional intermediaries to prepare young ex-offenders and school dropouts for employment in high-crime, high-poverty areas. These strategies will continue to focus on increasing the attainment of high school diplomas and industry-recognized credentials, reducing recidivism, and improving long-term employment prospects of participants, with the potential for program evaluation to further assess the impacts of these models. In particular, ETA is collaborating with the Department of Defense on a pilot to demonstrate whether non-violent adjudicated youth will reap the same benefits from the National Guard's Youth Challenge program that other at-risk youth do.

FY 2013

In 2013, ETA is using the \$76,055,000 appropriation, which includes sequestration reductions, to support a variety of program models for juvenile and adult offenders. This funding level will support approximately 8,735 participants, 500 participants fewer than originally estimated, due to sequestration. The \$30,000,000 in funding for adult programs provided Training to Work grants to community- and faith-based organizations located in high-poverty, high-crime areas to provide training to offenders in work release programs in occupations in demand locally. An emphasis will be placed on the training resulting in offenders obtaining industry-recognized credentials. Employers and industry associations will be involved to identify the skills and credentials offenders will need for the occupations in demand locally.

The \$43,900,000 allocated for youth programs provided Face Forward grants to community- and faith-based organizations and intermediary organizations to provide training to juvenile offenders leading to industry-recognized credentials, support diversion programs sentencing youth to community service rather than confinement, and assist efforts to expunge juvenile records of participants so as to remove possible barriers to future employment. \$20,000,000 in funding went to grants to intermediary organizations to select sub-grantees to operate the program in high-poverty, high-crime areas. The remaining \$23,900,000 provided direct grants to community- and faith-based organizations located in high-poverty, high-crime areas.

REINTEGRATION OF EX-OFFENDERS

The remaining funds supported administrative and technical assistance provided by contractor staff and federal staff, as well as to support MIS systems for these grants, and \$120,000 supports the Federal Bonding Program.

REINTEGRATION OF EX-OFFENDERS

DETAILED WORKLOAD AND PERFORMANCE							
		PY 2012 Enacted		PY 2013 Enacted		PY 2014 Enacted	PY 2015 Request
		Target	Result	Target	Result	Target	Target
Reintegration of Ex-Offenders							
Strategic Goal 1 - Prepare workers for better jobs							
Strategic Objective 1.2 - Provide marketable skills and knowledge to increase workers' incomes and help them overcome barriers to the middle class through partnerships among business, education, labor, community organizations, and the workforce system							
ETA-CH1-ReXO-GPRA-01	Entered Employment Rate (non-youth)	58.50%	58.60%	59.30%	--	60.60%	61.20%
	Participants	18,450	22,893	8,735	--	9,150	10,010
	Cost Per Participant	\$4,349.00	\$3,504.91	\$8,707.00	--	\$8,752.00	\$8,000.00
ETA-CH1-ReXO-GPRA-02	Employment Retention Rate (non-youth)	68.10%	68.20%	68.10%	--	68.20%	68.20%
ETA-CH1-ReXO-GPRA-04	Recidivism Rate (non-youth)	22.00%	13.20%	22.00%	--	22.00%	22.00%
	Recidivism Rate (youth ages 14-17)	16.00%	34.90%	16.00%	--	16.00%	16.00%
	Recidivism Rate (youth ages 18 and above)	17.00%	33.50%	17.00%	--	17.00%	17.00%
ETA-CH1-ReXO-GPRA-03	Six Month Average Earnings	\$10,339.00	\$9,797.00	\$10,072.00	--	\$10,282.00	\$10,473.00
	Placement in Jobs, Post-Secondary Education, or Occupational Training (Out-of-School Youth Ages 18+)	36.60%	34.80%	35.20%	--	35.60%	35.70%

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

Note: As discussed in the narrative, ETA has been shifting to more complicated, demand-driven, resource-intensive models. With that shift, performance targets are expected to increase. These performance targets will be adjusted after the first quarter results are obtained.

REINTEGRATION OF EX-OFFENDERS

Workload and Performance Narrative

The RExO-Adult program has demonstrated strong performance since its inception in 2005. Meeting the performance targets for RExO-Adult can be attributed to several key factors. First, the program model is employment-focused, which meets the needs of the majority of participants, who are often required as a mandate of probation or parole to have employment. Employment is also considered one of the factors to reduce recidivism, as described above.

Grantees, therefore, must have strong employer partners in place that will hire ex-offenders. Through the grant application process, applicants are required to show clear established partnerships with ex-offender friendly employers. These employer partners are also strongly encouraged to take advantage of the Work Opportunity Tax Credit and Federal Bonding program to ensure placement opportunities for ex-offenders. Second, the program model focuses on intensive supportive services, allowing participants to access resources that are necessary to reintegrate into society, such as housing assistance, substance abuse and mental health treatment, legal assistance, access to professional clothing, and even transportation assistance. The grant programs provide vocational and soft skills training and focus on in-demand occupations, which increase opportunities for career progression and higher wages. Mentoring is also a required program component and the use of mentors has been shown to improve employment performance, assist in on-the-job conflict resolution, and provide stability to ex-offenders, leading to employment retention.

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

The Department utilizes the adult common measures for RExO-Adult programs, which include entered employment, employment retention, and six-month average earnings. As well, RExO-Adult programs are held to a recidivism performance goal. The Department has also begun tracking credential attainment rates for this target population with the fourth generation of grants, awarded in PY 2011, in order to ensure that this vulnerable population is being provided with the necessary tools to gain employment in career pathways.

The Department has three primary performance measures for youthful ex-offender projects—the recidivism rate of youth ages 17 and below, the recidivism rate of older youth and young adults ages 18 and above; and the rate at which out-of-school youth and young adults ages 18 and above are placed into jobs, post-secondary education, or occupational training. In addition, depending on the project, the Department sets additional performance measures, such as improving literacy and numeracy skills of participants, and increasing the rate at which ninth graders are promoted to the tenth grade, and decreasing the rate at which participants drop out of high school. These are all relevant performance measures for youth offender projects given the

REINTEGRATION OF EX-OFFENDERS

very low academic achievement of this population. Variations among grantees in the recidivism rates of participants mainly reflect the extent to which a project is serving high-risk participants. Grantees serving juveniles who have been in correctional facilities have higher recidivism rates than grantees serving primarily juveniles who have been on probation or are in diversion programming.

In grant announcements, the Department includes the performance measures that will be used to monitor and report progress toward the grantees' goals. After grant award, each grantee is assigned a Federal Project Officer from its regional office that is responsible for monitoring the progress of the project, with an emphasis on the project's performance measures. Federal Project Officers also conduct site visits to grantees, travel funds permitting, to monitor the grants and provide technical assistance in meeting performance goals. The Department receives quarterly reports from grantees and uses these reports in monitoring their progress. The Department typically conducts periodic conference calls with grantees involving both national and regional office staff, and conducts annual meetings that focus largely on performance.

In FY 2015, the Department will consider several steps to improve the performance of grantees in meeting their performance goals. The Department may increase the focus on successfully meeting outcomes by adapting recommendations from the final report of the RExO-Adult random assignment evaluation.

For FY 2015, the estimated cost per participant is \$8,000 for both the adult and youth programs. At this cost per participant, the Department expects to serve 10,010 participants in FY 2015.

REINTEGRATION OF EX-OFFENDERS

BUDGET ACTIVITY BY OBJECT CLASS¹					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
41.0	Grants, subsidies, and contributions	76,055	80,078	80,078	0
	Total	76,055	80,078	80,078	0

¹ Amounts represent program year funding, not fiscal year availability.

REINTEGRATION OF EX-OFFENDERS

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Grants, subsidies, and contributions

\$0

Built-Ins Subtotal

\$0

Net Program

\$0

Direct FTE

0

	Estimate	FTE
Base	\$80,078	0
Program Increase	\$0	0
Program Decrease	\$0	0

EVALUATION

BUDGET AUTHORITY BEFORE THE COMMITTEE¹				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	9,064	0	0	0
FTE	0	0	0	0

¹ Amounts represent program year funding, not fiscal year availability.

Introduction

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

Evaluation activities are developed as part of ETA’s Five-Year Research and Evaluation Strategic Plan and the ETA Learning Agenda, as summarized in the preceding Pilots, Demonstrations, and Research section. The five themes identified in that section are also applicable to ETA’s Evaluation activities.

In FY 2015, the Department is not requesting funding for Evaluation. The Department will continue to use the set-aside funding mechanism to finance research and evaluations for employment and training programs. The set-aside ensures that sufficient funding is available to carry out comprehensive and rigorous research and evaluations and promote greater stability of funding of these efforts across all training and employment programs. The Department believes that set-asides are a more effective method to support research, pilot, and evaluation activities.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$9,600	0
2011	\$9,581	0
2012	\$9,563	0
2013	\$9,064	0
2014	\$0	0

EVALUATION

Funding Mechanism

Evaluation funds are distributed through contracts and grants to independent research and evaluation firms as authorized under section 172 of the WIA. WIA programs operate on a PY calendar. Therefore funds appropriated in FY 2013 are available from July 1, 2013 through June 30, 2014. This is the last fiscal year for which funds were appropriated or requested.

FY 2015

Initiated in FY 2014, the set-aside approach for evaluations is intended to ensure that sufficient funding is available to carry out comprehensive, rigorous, and robust research and evaluations and promote greater stability of funding of these efforts across all training and employment programs, including the WIA formula programs, Job Corps, and the Employment Service (Wagner-Peyser). Specifically, the Department is requesting that up to one percent of the amounts appropriated for these programs be made available to support this effort. Evaluation and applied research activities using these funds will be developed and conducted by ETA in consultation with the Department's Chief Evaluation Office (CEO).

Areas of investment for evaluation will be informed by the current ETA Learning Agenda, developed annually with the CEO. As funding allows, these projects will support efforts to: 1) identify effective strategies linking research across the various Workforce Investment Act (WIA) programs to identify variations in program strategies and understand reasons for the variations and their effectiveness; 2) create effective management approaches and tools to enhance the workforce system infrastructure; 3) identify effective service approaches for low-wage workers generally and, specifically, populations with higher-than-average unemployment rates or with barriers to employment, such as the long-term unemployed, veterans, dislocated workers, disconnected youth, older workers, immigrants, farm workers, English-language learners, working families, persons with disabilities, formerly incarcerated individuals, Temporary Assistance for Needy Families (TANF) recipients, and Native Americans; and 4) support efforts to improve access, use, and confidentiality of administrative records from postsecondary education and training for research and evaluation and to create more public-use and restricted-use datasets for analysis; and 5) support research, evaluation, and site participation efforts at all levels of government (Federal, state and local) in order to promote, implement, and build knowledge of evidence-based practices.

FY 2014

In Fiscal Year 2014, there were no funds appropriated for Evaluation. Some projects initiated with prior year Evaluation funding are still underway and managed by ETA. Funding for any new ETA Evaluation projects is coordinated by the Chief Evaluation Office. New projects are identified, prioritized and conducted in collaboration with the CEO through the Annual Learning Agenda process. Ongoing funded projects that will be continued in 2014 include:

1. **YouthBuild:** In 2014 the random-assignment evaluation of the YouthBuild program will be in its fifth year of implementation. Initiated in 2010, this evaluation studies individuals who applied to YouthBuild, were found eligible, and were then selected

EVALUATION

through random assignment (similar to a lottery) to either enroll or not enroll in YouthBuild. The evaluation is measuring and comparing, at twelve, thirty, and forty-eight months after random assignment, the employment and earnings of the YouthBuild enrollees versus the non-enrollees. This is the first rigorous, random-assignment impact evaluation of YouthBuild ever conducted. The evaluation's final report is anticipated in late 2017.

2. **WIA Adult and Dislocated Worker Programs Gold Standard Evaluation (WGSE):** Initiated in 2008, the WGSE is a random-assignment evaluation of the adult and dislocated worker programs under Title I of WIA. The evaluation measures the post-random assignment impacts on employment and earnings of being offered intensive services and training funded through WIA, as compared to being offered core services only. The evaluation represents a major improvement in the specificity and quality of previous WIA evaluations. The Department anticipates the final report will be available in late 2017.
3. **Random Assignment Evaluation of the Enhanced Transitional Jobs (ETJD) Demonstration.** The ETJD is a comprehensive program providing transitional jobs to non-custodial parents and ex-offenders, all of whom face barriers to long-term, self-sustaining employment. The goal of the demonstration program is to improve these individuals' engagement with the workforce and also to improve their relationships with family members, in the case of non-custodial parents. Through this evaluation, ETA hopes to determine the impact of comprehensive transitional jobs programs on these individuals with respect to employment and earnings, criminal behavior, and family engagement. In addition, the evaluation will inform ETA, policy makers and service providers of ways that agencies and organizations working with the public workforce system can better connect employers with populations facing numerous barriers to long-term employment.
4. **Technical Assistance (TA):** Understanding the effectiveness of TA and the costs associated with it can inform ETA decision-making and management. In 2013, ETA developed an evaluation approach with several phases, building toward the design and conduct of an impact evaluation of TA. Phase 1 identified options and recommendations for subsequent phases of the evaluation. Implementation of these recommendations will commence in 2014 and continue into 2015.
5. **Workforce Innovation Fund:** Workforce Innovation Fund (WIF) grantees are conducting third-party evaluations. ETA provides support for these multiple evaluation efforts at the national level through the employment of a National Evaluation Coordinator (NEC). The NEC provides guidance to all third-party evaluation, and collectively synthesizes and analyzes the results from the individual evaluations. A total of \$3,000,000 of 2012 WIF funds were set aside for NEC efforts taking place over a five-year period. A final report is expected at the end of the initial five-year period, set at the first half of 2017.

EVALUATION

FY 2013

In 2013, \$9,064,330, which includes sequestration reductions, was available to support Evaluation activities.

ETA developed an annual Spending Plan to ensure that Evaluation funds were obligated in accordance to the Five-Year Research and Evaluation Plan and the Learning Agenda. The PY 2013 Spending Plan included continued funding of: YouthBuild, WIA Adult and Dislocated Worker Programs Gold Standard Evaluation (WGSE), Random Assignment Evaluation of the Enhanced Transition Jobs (ETJD) Demonstration, Re-integration of Ex-Offenders (RExO) Evaluation, Evaluation on Technical Assistance (TA), and the Workforce Innovation Fund.

EVALUATION

BUDGET ACTIVITY BY OBJECT CLASS¹					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
25.1	Advisory and assistance services	8,834	0	0	0
41.0	Grants, subsidies, and contributions	230	0	0	0
	Total	9,064	0	0	0

¹ Amounts represent program year funding, not fiscal year availability.

EVALUATION

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Advisory and assistance services \$0

Grants, subsidies, and contributions 0

Built-Ins Subtotal \$0

Net Program \$0

Direct FTE 0

	Estimate	FTE
Base	\$0	0
Program Increase	\$0	0
Program Decrease	\$0	0

WORKFORCE DATA QUALITY INITIATIVE

BUDGET AUTHORITY BEFORE THE COMMITTEE¹				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	6,126	6,000	6,000	0
FTE	0	0	0	0

¹ Amounts represent program year funding, not fiscal year availability.

Introduction

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

Data linkages can help State and local leaders identify effective pathways through education and training services that lead to success in the workforce, and can provide individuals with information that helps them make smart choices about their education and careers. Longitudinal data systems have information on individuals as they progress through the education system and into the workforce. Some states have developed comprehensive systems that link individuals' demographic information, high school transcripts, college transcripts, and quarterly wage data. These data systems can provide valuable information to consumers, practitioners, policymakers, and researchers about the performance of education and workforce development programs.

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

This project addresses ETA's goal of using advanced technology to provide high quality, multi-layered analysis of the services participants are receiving with a longitudinal perspective.

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

WORKFORCE DATA QUALITY INITIATIVE

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$12,500	0
2011	\$12,475	0
2012	\$6,463	0
2013	\$6,126	0
2014	\$6,000	0

Funding Mechanism

WIA programs operate on a Program Year (PY) basis. Therefore funds appropriated in FY 2015 are available from July 1, 2015 through June 30, 2016. In 2015 the Department of Labor requests that the period of availability for Workforce Data Quality Initiative (WDQI) funds be extended to September 30, 2016. This change in the period of availability will align WDQI with the WIF period of availability, which will allow better alignment of the initiatives. The funds will be awarded to states through a competitive Solicitation for Grant Applications (SGA). States will be selected based on the quality of their applications and how well they meet the criteria set forth in the SGA.

FY 2015

In FY 2015, \$6,000,000 is requested for WDQI. This funding will be used to expand the initiative to up to six states, including four new states and two current grantees who have not received a second round of funding.

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

- Utilize longitudinal data to provide useful information about program operations and to analyze the performance of education and training programs and support policy decisions;
- Provide user-friendly information to consumers, in the form of scorecards or integrated data platforms, to help them make informed employment, education and training choices;
- Develop or improve longitudinal data systems for workforce data gathered by various agencies within the state linked at the individual-level;
- Improve state performance data through participation in the Wage Record Interchange System Two;
- Match individual-level, longitudinal workforce data to available education data;
- Improve the quality and breadth of the data in workforce longitudinal data systems; and
- Minimize or eliminate the need for training provider reporting waivers.

WORKFORCE DATA QUALITY INITIATIVE

FY 2014

In FY 2014, \$6,000,000 was appropriated for the WDQI. Funds will be awarded under the Solicitation for Grant Applications (SGA) SGA-DFA-PY-13-05, which closes March 25, 2014. This funding will be used to expand the initiative in up to six states, including four new states and two current grantees who have not received a second round of funding.

States will use the grants to accomplish the following activities, based on the level of development of each state's longitudinal data system:

- Utilize longitudinal data to provide useful information about program operations and to analyze the performance of education and training programs and support policy decisions;
- Provide user-friendly information to consumers, in the form of scorecards or integrated data platforms, to help them make informed employment, education and training choices;
- Develop or improve longitudinal data systems for workforce data gathered by various agencies within the state linked at the individual-level;
- Improve state performance data through participation in the Wage Record Interchange System Two;
- Match individual-level, longitudinal workforce data to available education data;
- Improve the quality and breadth of the data in workforce longitudinal data systems; and
- Minimize or eliminate the need for training provider reporting waivers.

FY 2013

In FY 2013, \$6,126,000 was appropriated for the WDQI. Under Solicitation for Grant Award SGA-DFA-PY-12-07, six states (Kansas, North Carolina, Ohio, Oregon, Virginia, and Wyoming) received funds to build or expand longitudinal databases that link workforce and education data, enabling them to improve the performance of workforce programs.

To date, a total of 29 states have received individual awards of up to \$1,200,000 to achieve multiple goals during a three-year grant period. These include developing or improving state workforce longitudinal data systems with individual-level information, enabling workforce data to be matched with education data to create longitudinal data systems, improving the quality and breadth of data in the workforce data systems, using longitudinal data to provide useful information about program operations, analyzing the performance of education and employment training programs, and providing user-friendly information to help consumers select the training and education programs that best suit their needs.

WORKFORCE DATA QUALITY INITIATIVE

BUDGET ACTIVITY BY OBJECT CLASS¹					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
25.1	Advisory and assistance services	0	0	0	0
41.0	Grants, subsidies, and contributions	6,126	6,000	6,000	0
	Total	6,126	6,000	6,000	0

¹ Amounts represent program year funding, not fiscal year availability.

WORKFORCE DATA QUALITY INITIATIVE

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Advisory and assistance services \$0

Grants, subsidies, and contributions 0

Built-Ins Subtotal \$0

Net Program \$0

Direct FTE 0

	Estimate	FTE
Base	\$6,000	0
Program Increase	\$0	0
Program Decrease	\$0	0

JOB TRAINING FOR EMPLOYMENT IN HIGH GROWTH INDUSTRIES

BUDGET AUTHORITY				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	143,466	124,488	125,000	0
FTE	0	0	0	0

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

FY 2013 funds reflect actual collections, less the temporary sequestration reduction of \$8,487,691.

FY 2014 funds reflect estimated collections of \$125,000, 000, \$8,487,691 in the FY 2013 sequestered funds that became available in FY 2014, plus an estimated temporary sequestration reduction of \$9,000,000.

Introduction

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

Data collected by the Department about employers’ applications for visas shows that employers continue to struggle to find workers in the U.S. that have the specialized skills needed for critical occupations in growing sectors including information technology, engineering, education, and health care. Such domestic worker shortages threaten employer competitiveness, as employers lack the critical human capital needed to produce their goods and services. When employers use H-1B visas to fill high skill job openings, American workers lose access to employment opportunities that can help them enter and remain in the middle-class.

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

JOB TRAINING FOR EMPLOYMENT IN HIGH GROWTH INDUSTRIES

Funding Mechanism

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

FY 2015

Grants in FY 2015 will be awarded to partnerships of private and public sector entities. These partnerships include entities involved in administering the workforce investment system established under Title I of the Workforce Investment Act of 1998; business-related nonprofit organizations such as trade associations; education and training providers, including community colleges and community-based organizations; and economic development agencies; as well as other partners that reflect the character and resources of the local or regional economy.

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

The Department will continue to require that employers are directly involved in the implementation of grant activities to ensure that all of the training leads directly to industry-recognized credentials and opportunities for participants to enter high-skill, high-wage jobs. For future grant opportunities, DOL will consult with employers across other major H-1B sectors to better understand the pressing workforce needs that these investments could target.

FY 2014

In FY 2014, the Department will use up to \$100,000,000 in H-1B revenues to fund 25 to 40 Youth Career Connect grants under a one-time solicitation. This program is designed to encourage America's school districts, institutions of higher education, the workforce investment system, and their partners to scale up evidence-based high school models that will transform the high school experience for America's youth. Grants will provide students with education and training that combines rigorous academic and career-focused curriculum to increase students' employability in in-demand industries and prepare them for employment, post-secondary education, long-term occupational skills training, or registered apprenticeships. Participants will be provided work-based learning opportunities, individualized career and academic counseling experiences, and credit toward a post-secondary degree or certificate and an industry-recognized credential, where appropriate. Grants will be awarded to local education agencies, public or non-profit local workforce entities, or non-profits with education reform experience. All grantees

JOB TRAINING FOR EMPLOYMENT IN HIGH GROWTH INDUSTRIES

will have to demonstrate a strong public/private partnership, and must include, at a minimum, a local education agency, a local workforce investment system entity, an employer, and an institution of higher education.

The H-1B Ready To Work Partnerships grant program (Ready to Work) will utilize approximately \$150,000,000 in revenues from the H-1B visa program to support high-performing partnerships between employers, non-profit organizations and America's public workforce system that will help provide long-term unemployed individuals with the range of services, training, and access they need to fill middle- and high-skill jobs. Programs will have to recruit long-term unemployed workers and employ strategies that are effective in getting them back to work in middle to high-skill occupations. These strategies could include assessments, job placement assistance, training, mentoring and supportive services such as financial counseling and behavioral health counseling. Additionally, grantees will incorporate work-based training into these projects to afford employers the opportunity to train workers in the specific skill sets required for open jobs. The Department may also offer grants to support the expansion of high-quality Registered Apprenticeship models across the country.

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

FY 2013

Building on the previous Jobs Accelerator awards, the Department awarded 10 grants as part of the Make it in America Challenge, an initiative to accelerate job creation and encourage business investment in the United States. The Department awarded \$12,848,000, and the grantees received a total of approximately \$24,000,000 from all funding agencies -- the U.S. Department of Commerce's Economic Development Administration, the Delta Regional Authority, and Commerce's National Institute of Standards and Technology Manufacturing Extension Partnership.

The projects support regional economic development, advanced skills training, greater supply chain access and other enhancements. The programs are designed to encourage U.S. companies to keep, expand or reshore their manufacturing operations — and jobs — in America, and to entice foreign companies to build facilities and make their products here.

A new round of 10 Jobs Accelerator grants was awarded in FY 2013 and focused on advanced manufacturing regional industry clusters. This effort included Federal support from five funding agencies – the Department with a \$5,000,000 investment, the Economic Development Administration (EDA) with \$10,000,000, the National Institute of Standard and Technology (NIST) with \$3,000,000, the Department of Energy (DOE) with \$5,000,000, and the Small Business Administration (SBA) with \$2,000,000. The lessons learned from the implementation of these grants will continue to inform future grant-making with a regional cluster approach.

JOB TRAINING FOR EMPLOYMENT IN HIGH GROWTH INDUSTRIES

DETAILED WORKLOAD AND PERFORMANCE						
	PY 2012 Enacted		PY 2013 Enacted		PY 2014 Enacted	PY 2015 Request
	Target	Result	Target	Result	Target	Target
Job Training for Employment in High Growth Industries						
Strategic Goal 1 - Prepare workers for better jobs						
Strategic Objective 1.1 - Advance employment opportunities for US workers in 21st century demand sectors and occupations using proven training models and through increased employer engagement and partnerships						
Six-Months Average Earnings	--	--	--	--	TBD	TBD
Total Enrolled in Training	--	--	--	35,232	TBD	TBD
Total Completed Training	--	--	--	7,528	TBD	TBD
Total Participants Who Complete Education/Training Activities that Receive a Degree or Other Credential	--	--	--	5,237	TBD	TBD
Total Number of Participants Who Complete Education and Training Activities Who Enter Unsubsidized Employment	--	--	--	1,466	TBD	TBD
-- Total Number of Participants Who Retain Unsubsidized Employment	--	--	--	605	TBD	TBD

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

NOTE: In February 2013, the Department received Paperwork Reduction Act (PRA) approval to begin collecting data on H-1B funded grants, and data collection began in late FY 2013.

JOB TRAINING FOR EMPLOYMENT IN HIGH GROWTH INDUSTRIES

Workload and Performance Narrative

These grants focus on DOL's key system outcomes: 1) improved earnings; 2) keeping unemployed workers in the middle class; 3) increasing employment in emerging industries; and, 4) increasing rates of credential and education attainment. In order to address employers' current workforce needs, DOL will continue to require that grantees work closely with employers to target growth occupations with good wages based on current labor market information. In addition, grantees will be required to be specific about the skills and credentials the training programs will provide to participants.

Beginning in late FY 2013, participant characteristics, progress measures, and performance outcomes are collected quarterly. This data is used by the Department and grantees to continuously monitor and improve program performance, and FY 2013 results are reflected above. ETA expects to use a similar approach in subsequent solicitations.

In the long term, the Department assesses grantee performance by requiring grantees to establish performance targets in key outcome categories, and then assessing grantee performance in achieving these targets. In addition, DOL measures performance for these grants based on three interrelated outcomes: entered employment rate, six months average earnings, and employment retention rate. These common performance measures become available towards the end of the life of the grants, and enable DOL to describe in a similar manner the core purposes and results across grantees and the workforce investment system – how many people obtained a job, how many stayed employed, and their average six months' earnings. H-1B funded grants have a focus on providing training and related activities in high growth industry sectors, but are used in different initiatives that may target varying strategies, types of training, and populations, making it difficult to translate potential performance across initiatives. Therefore, other grant specific metrics and outcomes may be identified based on the nature of the grant.

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

**JOB TRAINING FOR EMPLOYMENT IN HIGH GROWTH
INDUSTRIES**

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
41.0	Grants, subsidies, and contributions	143,466	124,488	125,000	512
	Total	143,466	124,488	125,000	512

JOB TRAINING FOR EMPLOYMENT IN HIGH GROWTH INDUSTRIES

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes		
Built-In		
To Provide For:		
Grants, subsidies, and contributions		\$0
Built-Ins Subtotal		\$0
Net Program		\$0
Direct FTE		0
	Estimate	FTE
Base	\$124,488	0
Program Increase	\$0	0
Program Decrease	\$0	0