

**FY 2009**

**CONGRESSIONAL BUDGET JUSTIFICATION**

**EMPLOYMENT AND TRAINING ADMINISTRATION**

**State Unemployment Insurance and  
Employment Service Operations**



# STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

## Table of Contents

Appropriation Language .....	1
Explanation of Language Change .....	4
Analysis of Appropriation Language .....	5
Amounts Available for Obligation .....	6
Summary of Changes .....	7
Summary Budget Authority and FTE by Activity .....	9
Budget Authority by Object Class .....	10
Significant Items in Appropriation Committees' Reports .....	11
Appropriation History .....	14
Budget Activities .....	20
Unemployment Insurance .....	20
Employment Service .....	32
Workforce Information-Electronic Tools-System Building .....	46
Work Incentive Grants .....	54



# STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

## APPROPRIATION LANGUAGE

For authorized administrative expenses, [~~\$90,517,000~~] *\$48,880,000* together with not to exceed [~~\$3,233,436,000~~] *\$2,616,064,000* which may be expended from the Employment Security Administration Account in the Unemployment Trust Fund ("the Trust Fund"), of which:

(1) [~~\$2,497,770,000~~] *\$2,583,145,000* from the Trust Fund is for grants to States for the administration of State unemployment insurance laws as authorized under title III of the Social Security Act (*including \$10,000,000 to conduct in-person reemployment and eligibility assessments in one-stop career centers of claimants of unemployment compensation*), the administration of unemployment insurance for Federal employees and for ex-service members as authorized under sections 8501-8523 of title 5, United States Code, and the administration of trade readjustment allowances and alternative trade adjustment assistance under the Trade Act of 1974, and shall be available for obligation by the States through December 31, [~~2008~~] *2009*, except that funds used for automation acquisitions shall be available for obligation by the States through September 30, [~~2010~~] *2011*, and funds used for unemployment insurance workloads experienced by the States through September 30, [~~2008~~] *2009* shall be available for Federal obligation through December 31, [~~2008~~] *2009*.

(2) [~~\$9,900,000~~] *\$12,893,000* from the Trust Fund is for national activities necessary to support the administration of the Federal-State unemployment insurance system;

[~~(3) \$693,000,000 from the Trust Fund, together with \$22,883,000 from the General Fund of the Treasury, is for grants to States in accordance with section 6 of the Wagner-Peyser Act, and shall be available for Federal obligation for the period July 1, 2008 through June 30 2009.~~]

## STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

[(4) \$32,766,000] (3) \$20,026,000 from the Trust Fund is for national activities of the Employment Service, including administration of the work opportunity tax credit under section 51 of the Internal Revenue Code of 1986 [the administration of activities, including foreign labor certifications, under the Immigration and Nationality Act,] and the provision of technical assistance and staff training under the Wagner-Peyser Act, including not to exceed \$1,228,000 that may be used for amortization payments to States which had independent retirement plans in their State employment service agencies prior to 1980;

[(5) \$52,985,000] (4) \$48,880,000 from the General Fund is to provide workforce information, national electronic tools, and one-stop system building under the Wagner-Peyser Act and shall be available for Federal obligation for the period July 1, [2008] 2009 through June 30, [2009]2010:

[(6) \$14,649,000 from the General Fund is to provide for work incentive grants to the States and shall be available for the period July 1, 2008 through June 30, 2009];

*Provided*, That to the extent that the Average Weekly Insured Unemployment (“AWIU”) for fiscal year [2008] 2009 is projected by the Department of Labor to exceed [2,786,000] 2,790,000, an additional \$28,600,000 from the Trust Fund shall be available for obligation for every 100,000 increase in the AWIU level (including a pro rata amount for any increment less than 100,000) to carry out title III of the Social Security Act: *Provided further*, That funds appropriated in this Act that are allotted to a State to carry out activities under title III of the Social Security Act may be used by such State to assist other States in carrying out activities under such title III if the other States include areas that have suffered a major disaster declared by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act: *Provided further*, That the Secretary of Labor may use funds appropriated for grants to States under title III of the Social Security Act to make payments on behalf of States for the use of the

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

National Directory of New Hires under section 453(j)(8) of such Act; *Provided further*, That funds appropriated in this Act which are used to establish a national one-stop career center system, or which are used to support the national activities of the Federal-State unemployment insurance or immigration programs, may be obligated in contracts, grants, or agreements with non-State entities: *Provided further*, That funds appropriated under this Act for activities authorized under title III of the Social Security Act and the Wagner-Peyser Act may be used by States to fund integrated Unemployment Insurance and Employment Service automation efforts, notwithstanding cost allocation principles prescribed under the Office of Management and Budget Circular A-87.

*In addition, \$40,000,000 from the Employment Security Administration Account of the Unemployment Trust Fund shall be available to conduct in-person reemployment and eligibility assessments in one-stop career centers of claimants of unemployment compensation: Provided, That not later than June 30, 2010, the Secretary of Labor shall submit an interim report to the Congress that includes available information on expenditures, number of individuals assessed, and outcomes from the assessments: Provided further, That not later than June 30, 2011, the Secretary of Labor shall submit to the Congress a final report containing comprehensive information on the estimated savings that result from the assessments of claimants and identification of best practices.*

(Department of Labor Appropriation Act, 2008)

# STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

## EXPLANATION OF LANGUAGE CHANGE

1/ Identification of additional amounts and subsequent reporting requirements for reemployment and eligibility assessments (REAs) of UI beneficiaries. The Administration is proposing to fund REAs as a contingent appropriation. To ensure full funding of the new investment, the Administration proposes to employ a budget enforcement mechanism that allows for an adjustment by the Budget Committees to the section 302(a) allocation to the Appropriation Committees found in the concurrent resolution on the budget. In addition, the Administration will also seek to establish statutory spending limits, as defined by section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985, and to adjust them for this purpose. To ensure full funding of the cost increase, these adjustments would only be permissible if the base level for DOL's one-stop eligibility reviews was funded at \$10,000,000 and if the use of the funds was clearly restricted to the specified purpose. The maximum allowable adjustment to the 302(a) allocation and/or statutory spending limit would be \$40,000,000 for 2009.



**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT  
SERVICE OPERATIONS**

**ANALYSIS OF APPROPRIATION LANGUAGE**

Not Applicable.

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT  
SERVICE OPERATIONS**

<b>AMOUNTS AVAILABLE for OBLIGATION</b>						
(Dollars in Thousands)						
<b>FY 2007</b>						
<b>Comparable</b>		<b>FY 2008 Estimate</b>		<b>FY 2009 Request</b>		
<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	
<b>A. Appropriation (Amount shown in Appropriation Language)</b>						
	<b>0</b>	<b>119,454</b>	<b>0</b>	<b>90,517</b>	<b>0</b>	<b>16,880</b>
Reduction pursuant to (P.L. 110-161)	0	0	0	-1,582	0	0
Other Supplementals and Rescissions	0	0	0	0	0	0
Appropriation, Revised	0	119,454	0	88,935	0	16,880
A.1) Subtotal Appropriation	0	119,454	0	88,935	0	16,880
(adjusted)	0	0	0	0	0	0
Offsetting Collections From:	0	0	0	0	0	0
Reimbursements	0	10,000	0	10,000	0	10,000
Trust Funds	0	3,220,896	0	3,176,948	0	2,688,064
Fees	0	0	0	0	0	0
Transfer from General Fund to TES (Proposed Legislation)	0	0	0	0	0	-49,677
A.2) Subtotal [positive entry]	0	3,230,896	0	3,186,948	0	2,648,387
<b>B. Gross Budget Authority [sum of A.1 and A.2]</b>						
	<b>0</b>	<b>3,350,350</b>	<b>0</b>	<b>3,275,883</b>	<b>0</b>	<b>2,665,267</b>
Offsetting Collections	0	0	0	0	0	0
Deduction: (all entries are negative)	0	0	0	0	0	0
Reimbursements	0	-10,000	0	-10,000	0	-10,000
Fees	0	0	0	0	0	0
B.1) Subtotal [negative entry]	0	-10,000	0	-10,000	0	-10,000
<b>C. Budget Authority [sum of B. and B.1] Before Committee</b>						
	<b>0</b>	<b>3,340,350</b>	<b>0</b>	<b>3,265,883</b>	<b>0</b>	<b>2,655,267</b>
Offsetting Collections From: [all entries are positive]	0	0	0	0	0	0
Reimbursements	0	10,000	0	10,000	0	10,000
C.1) Subtotal [postive entry]	0	10,000	0	10,000	0	10,000
<b>D. Total Budgetary Resources</b>						
	<b>0</b>	<b>3,350,350</b>	<b>0</b>	<b>3,275,883</b>	<b>0</b>	<b>2,665,267</b>
Other Unobligated Balances	0	0	0	0	0	0
Unobligated Balance Expiring	0	0	0	0	0	0
<b>E. Total, Estimated Obligations</b>						
	<b>0</b>	<b>3,350,350</b>	<b>0</b>	<b>3,275,883</b>	<b>0</b>	<b>2,665,267</b>

# STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

<b>SUMMARY OF CHANGES</b>			
(Dollars in Thousands)			
	FY 2008 Estimate	FY 2009 Request	Net Change
<b>Budget Authority</b>			
General Funds	88,936	16,880	-72,056
Trust Funds	3,176,948	2,638,387	-538,561
<b>Total</b>	3,265,884	2,655,267	-610,617
<b>Full Time Equivalents</b>			
General Funds	0	0	0
Trust Funds	0	0	0
<b>Total</b>	0	0	0

Explanation of Change	FY 2008 Base		Trust Funds		FY 2009 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Increases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Unemployment Insurance State								
Administration for employer growth								
and claims workload								
	0	2,454,134	0	72,422	0	0	0	72,422
<b>Built Ins Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>72,422</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>72,422</b>
<b>B. Programs:</b>								
Program Increase in National								
Activities for a new database software								
system for UI claims data and other								
critical information								
	0	9,727	0	0	0	2,393	0	2,393
Reflects impact of FY 2008 Omnibus								
on ES National Activities								
	0	32,194	0	0	0	350	0	350
Reflects impact of FY 2008 Omnibus								
on State Administration								
		2,454,134	0	0	0	96,589	0	96,589
Reflects impact of FY 2008 Omnibus								
on UI National Activities								
		9,727	0	0	0	773	0	773
<b>Programs Subtotal</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>+100,105</b>	<b>0</b>	<b>+100,105</b>
<b>C. Financing:</b>								
<b>Total Increase</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>+72,422</b>	<b>0</b>	<b>+100,105</b>	<b>0</b>	<b>+172,527</b>
<b>Decreases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
<b>B. Programs:</b>								
Decrease reflects the elimination of								
	0	14,393	0	0	0	-14,393	0	-14,393

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT  
SERVICE OPERATIONS**

Explanation of Change	FY 2008 Base		Trust Funds		FY 2009 Change		Total	
					General Funds			
the Work Incentive Grants program. To reflect a decrease in Workforce Information National Electronic Tools System Building that will result in improved program efficiencies	0	52,059	0	0	0	-3,179	0	-3,179
To reflect decrease in Employment Service Grants to States	0	703,377	0	0	0	-703,377	0	-703,377
<b>Programs Subtotal</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>-720,949</b>	<b>0</b>	<b>-720,949</b>
<b>C. Financing:</b>								
To reflect a transfer from WOTC to Career Advancement Accounts carried in TES (Propose Legislation)	0	17,677	0	0	0	-17,677	0	-17,677
To reflect a transfer from SUIESO to the new Foreign Labor Certification account.	0	12,518	0	-12,518	0	0	0	-12,518
To reflect a transfer from Workforce Information/National Electronic Tools/System Building to Career Advancement Accounts carried in TES (Proposed Legislation)	0	48,880	0	0	0	-32,000	0	-32,000
<b>Financing Subtotal</b>			<b>0</b>	<b>-12,518</b>	<b>0</b>	<b>-49,677</b>	<b>0</b>	<b>-62,195</b>
<b>Total Decrease</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-12,518</b>	<b>0</b>	<b>-770,626</b>	<b>0</b>	<b>-783,144</b>
<b>Total Change</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>+59,904</b>	<b>0</b>	<b>-670,521</b>	<b>0</b>	<b>-610,617</b>

# STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

## SUMMARY BUDGET AUTHORITY and FTE by ACTIVITY

(Dollars in Thousands)

FY 2009

	FY 2007 Comparable		FY 2008 Estimate		Current Law		Legislative Proposal	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Unemployment Insurance</b>	<b>0</b>	<b>2,507,670</b>	<b>0</b>	<b>2,463,861</b>	<b>0</b>	<b>2,636,038</b>	<b>0</b>	<b>2,636,038</b>
Unemployment Trust Funds	0	2,507,670	0	2,463,861	0	2,636,038	0	2,636,038
<b>State Administration</b>	<b>0</b>	<b>2,497,770</b>	<b>0</b>	<b>2,454,134</b>	<b>0</b>	<b>2,623,145</b>	<b>0</b>	<b>2,623,145</b>
Unemployment Trust Funds	0	2,497,770	0	2,454,134	0	2,623,145	0	2,623,145
<b>National Activities</b>	<b>0</b>	<b>9,900</b>	<b>0</b>	<b>9,727</b>	<b>0</b>	<b>12,893</b>	<b>0</b>	<b>12,893</b>
Unemployment Trust Funds	0	9,900	0	9,727	0	12,893	0	12,893
<b>Employment Service</b>	<b>0</b>	<b>749,311</b>	<b>0</b>	<b>735,571</b>	<b>0</b>	<b>20,026</b>	<b>0</b>	<b>2,349</b>
General Funds	0	22,883	0	22,484	0	0	0	0
Unemployment Trust Funds	0	726,428	0	713,087	0	20,026	0	2,349
<b>Grants to State</b>	<b>0</b>	<b>715,883</b>	<b>0</b>	<b>703,377</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
General Funds	0	22,883	0	22,484	0	0	0	0
Unemployment Trust Funds	0	693,000	0	680,893	0	0	0	0
<b>Employment Service</b>								
<b>National Activities</b>	<b>0</b>	<b>33,428</b>	<b>0</b>	<b>32,194</b>	<b>0</b>	<b>20,026</b>	<b>0</b>	<b>2,349</b>
Unemployment Trust Funds	0	33,428	0	32,194	0	20,026	0	2,349
<b>FLC</b>	<b>0</b>	<b>13,013</b>	<b>0</b>	<b>12,518</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Unemployment Trust Funds	0	13,013	0	12,518	0	0	0	0
<b>TAT/SWA Retirement</b>	<b>0</b>	<b>2,738</b>	<b>0</b>	<b>2,308</b>	<b>0</b>	<b>2,349</b>	<b>0</b>	<b>2,349</b>
Unemployment Trust Funds	0	2,738	0	2,308	0	2,349	0	2,349
<b>WOTC</b>	<b>0</b>	<b>17,677</b>	<b>0</b>	<b>17,368</b>	<b>0</b>	<b>17,677</b>	<b>0</b>	<b>0</b>
Unemployment Trust Funds	0	17,677	0	17,368	0	17,677	0	0
<b>Workforce Information- Electronic Tools-System Building</b>	<b>0</b>	<b>63,855</b>	<b>0</b>	<b>52,059</b>	<b>0</b>	<b>48,880</b>	<b>0</b>	<b>16,880</b>
General Funds	0	63,855	0	52,059	0	48,880	0	16,880
<b>Work Incentive Grants</b>	<b>0</b>	<b>19,514</b>	<b>0</b>	<b>14,393</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
General Funds	0	19,514	0	14,393	0	0	0	0
<b>Total</b>	<b>0</b>	<b>3,340,350</b>	<b>0</b>	<b>3,265,884</b>	<b>0</b>	<b>2,704,944</b>	<b>0</b>	<b>2,655,267</b>
General Funds	0	106,252	0	88,936	0	48,880	0	16,880
Unemployment Trust Funds	0	3,234,098	0	3,176,948	0	2,656,064	0	2,638,387

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT  
SERVICE OPERATIONS**

<b>BUDGET AUTHORITY by OBJECT CLASS</b>				
(Dollars in Thousands)				
	<b>FY 2007 Comparable</b>	<b>FY 2008 Estimate</b>	<b>FY 2009 Request</b>	<b>FY 09 Request/FY 08 Estimate</b>
Full-Time Equivalent				
41.0 Grants, subsidies, and contributions	3,340,350	3,265,884	2,655,267	-610,617
<b>Total</b>	<b>3,340,350</b>	<b>3,265,884</b>	<b>2,655,267</b>	<b>-610,617</b>

# STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

## EMPLOYMENT AND TRAINING ADMINISTRATION

### SIGNIFICANT ITEMS IN APPROPRIATION COMMITTEES' REPORTS

#### **Reemployment and Eligibility Assessment Report**

- House: The bill requires the Secretary to submit a report to the Congress no later than 180 days following the end of the fiscal year containing comprehensive information on the savings that result from the assessments of unemployment insurance claimants and identifying best practices in program integrity and reemployment reviews.
- Senate: The recommendation includes \$10,000,000 to conduct in-person reemployment and eligibility assessments in one-stop career centers of claimants of unemployment insurance. In addition, \$40,000,000 is available for this purpose through a discretionary cap adjustment, as provided for in the fiscal year 2008 budget resolution. These program integrity activities will save more than \$200,000,000 annually in overpayments from the unemployment insurance trust fund. The Committee bill includes language proposed in the budget request that requires the Secretary of Labor to submit interim and final reports on the outcomes achieved through these activities, their associated estimated savings, and identification of best practices that may be replicated.
- Response: ETA has a continuing interest in improving the integrity of the Unemployment Insurance (UI) program, reducing overpayments, and encouraging reemployment of UI recipients. However, the Department will not be able to comply with the Appropriation Committees' request because the funding requested by ETA necessary to support the Reemployment and Eligibility Assessment effort was not appropriated in FY 2008.

#### **Workforce Information-National Electronic Tools-System Building**

- House: The Committee believes that the emphasis for these funds should be on the workforce information grants to States and directs that these grants be funded at not less than \$32,430,000, which is the average of the prior two fiscal years. The Committee believes that funds above this amount should be dedicated to the investments needed to sustain the tools and activities that provide self-service career information and guidance to youth and adults and workforce information and analysis to policy-makers and counselors, through America's career information network, America's service locator, the career voyages system, and the occupational information network (O\*NET), and recommends that these activities be maintained at the fiscal year 2007 level.

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

**Response:** ETA's FY 2009 Budget proposes to combine funds formerly issued as workforce information grants to states into a consolidated grant to states, along with funding for WIA Adult, Dislocated Worker, and Youth programs and Employment Service programs. This approach gives states the resources and flexibility to determine the appropriate level and allocation of funds for workforce information to support their regional economic decision-making.

The remaining funds in the Workforce Information-National Electronic Tools-System Building budget activity are planned for support of the tools and activities that provide self-service career information and guidance to youth and adults, policy-makers and counselors. Less funding than the FY 2007 level is required to sustain these tools and activities due to technological advances to streamline routine data updating and other maintenance processes, as well as a move to updating 100 O\*NET occupations per year, rather than 200 per year, following completion of O\*NET incumbent data collection for all 800 plus occupations from the 2000 Standard Occupational Classification. ETA has consistently met the goals for these tools and activities.

**Omnibus:** Within the amount provided for workforce information, national electronic tools and one-stop system building, the Appropriations Committees direct that workforce information grants to the States be funded at no less than \$32,430,000.

**Response:** In the FY 2009 Budget, the President is proposing to consolidate the funding for workforce information grants into the Career Advancement Account (CAA) grants to states. Funds appropriated under CAAs will be available to support the development of standardized information across states for purposes of state and regional economic analysis to support talent development and investment decision making. They will support the workforce system's strategic planning and the system's customers, including individuals planning careers and pursuing skill training, businesses, educators, economic developers and others. These are similar activities funded currently in the separate formula grants to states for workforce information. Some funding will continue to remain at the Federal level to support national electronic tools, workforce information activities, and One-Stop system building. The FY 2009 request for workforce information grants under current law is \$32,000,000.

### **Work Incentive Grants**

**Omnibus:** Within the amount provided for Work Incentive Grants, the Appropriations Committees direct that all States that wish to participate in this program shall receive funding for new or continuation grants to support their disability navigator programs.

**Response:** Effective June 30, 2008, funding for the Disability Program Navigator (DPN) Initiative will end for the 30 states and the District of Columbia that received



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

funding in the first and second rounds of DPN grants. ETA will use the FY 2008 funding of \$14,393,000 to continue support these states and will make funds available to new states that request participation in the DPN Initiative. Although the appropriated funds will probably not be sufficient to continue current levels of funding for every state, ETA is already working with states to identify alternative fund sources, such as participation in the Ticket to Work program, to assure that their programs are maintained at current levels and sustainable regardless of Federal funding.

# STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

## APPROPRIATION HISTORY

(Dollars in Thousands)

	<u>Budget Estimates to Congress</u>	<u>House Allowance</u>	<u>Senate Allowance</u>	<u>Appropriation</u>	
1999.....	3,383,573	3,314,573	3,279,573	3,292,630	<u>2/</u>
2000.....	3,506,773	3,141,740	3,358,073	3,213,780	<u>3/</u>
2001.....	3,389,198	3,097,790	3,249,430	3,453,494	<u>4/</u>
2002.....	3,788,712	3,774,712	3,804,712	3,698,556	<u>5/</u>
2003.....	3,697,143	3,618,903	3,618,903	3,607,380	<u>6/</u>
2004.....	3,646,783	3,615,381	3,620,552	3,656,544	<u>7/</u>
2005.....	3,593,434	3,582,848	3,636,235	3,636,709	<u>8/</u>
2006.....	2,716,830	3,470,366	3,361,779	3,358,157	<u>9/</u>
2007.....	3,435,717	3,435,717	3,435,717	3,435,717	
2008.....	2,593,192	3,382,614	3,386,632	3,253,366	<u>10/</u>
2009.....	2,665,267				

1/ Excludes the comparative transfer from the Training and Employment Services account and reflects a \$1,000,000 transfer to Departmental Management.

2/ Reflects a \$9,143,000 transfer to the following appropriations: \$5,000,000 to Departmental Management and \$4,143,000 to ETA Program Administration and excludes a comparative transfer to the Bureau of Labor Statistics (\$20,700,000).

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

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

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

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

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

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

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

10/ Reflects 1.747% rescission.

# STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

## Performance History Summary

Performance indicators for the following programs under the SUIESO account vary to meet statutory and regulatory requirements:

- Employment Service–Grants to States uses the common measures (entered employment, employment retention and average earnings) and under the FY 2009 legislative proposal would be reported as part of the Career Advancement Accounts.
- Work Incentive Grants (WIG) evaluates its performance by measuring the percent of exiters from the local workforce system who have disabilities and also utilizes the common measures. Funding is not being requested for this initiative in PY 2009.
- Unemployment Insurance (UI) tracks four performance indicators.
  - Payment timeliness measures the percent of all intrastate first payments made within 21 days.
  - Overpayment detection measures the dollar amount established for recovery as a percentage of estimated overpayments that states can detect and recover under state law.
  - Claimant reemployment measures the percent of UI claimants reemployed by the end of the quarter after the quarter in which they received their first payment.
  - Percent of employer tax liability determinations made promptly measures the percent of determinations about UI tax liability of new employers made within 90 days of the end of the quarter they became liable.
- National Electronic Tools performance is measured by the number of page views on America’s Career Info Net and Career Voyages and the number of site visits on O\*Net.

Detailed performance analyses for each of the above programs and specific targets and results for FY 2004-09 stated in the Performance Goal Indicator tables are provided at the budget activity level for each SUIESO funded program.

A quick review of progress made over the last few years indicates that performance results may fluctuate as the program service strategies are restructured to meet the needs of state, local and regional economies. Employment Service – Grants to States reached its targets for common measures in PY 2004-05, but performance dropped for both entered employment and retention in PY 2006. The lower results in PY 2006 were driven, in part, by unemployment and hiring trends, and a universal service approach for jobseekers and workers with a diverse range of skills and employment needs. WIGs performance results from PY 2004 and PY 2005 show significant improvement in numbers of exiters with disabilities and increased earnings; however, the entered employment result remained unchanged, and the retention result declined. PY 2006 saw a drop in most performance outcomes likely due to incorporation of results from grantees in Round Two states, which were new to the Disability Program navigator process in PY 2006. The efficiency measure, however, benefited from the infusion of additional exiters with disabilities.

## STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

National Electronic Tools consistently outperformed its targets over the last two years, indicating more customers are utilizing the Web-based self-service options to assist them in finding employment. The program continues to set more ambitious targets for future years based on the previous years' results. However, to better gauge usability, the Career InfoNet Web site now includes a "Rate this Page" link in the header on all pages. This link provides users visiting the site an opportunity to give feedback on the usefulness of the information.

UI did not meet all of its performance targets any year between FY 2004 to FY 2007. While UI achieved its indicator targets concerning claimant reemployment and timely liability determinations, results for overpayment detection and payment timeliness have fallen below target. In FY 2007, the overpayment detection result dropped due, in part, to improvements made in the ability of the Benefit Accuracy Measurement System to detect overpayments, while overpayments established remained virtually unchanged from FY 2006. While the target for payment timeliness was not met in FY 2007, results did improve over FY 2006 results.

### **Program Assessment Rating Tool (PART)**

Three programs in SUIESO have been reviewed with the Program Assessment Rating Tool (PART), and ratings are provided in the table below, followed by a summary of each programs' major PART findings and improvement plans.

<b>Program</b>	<b>Year</b>	<b>Score</b>	<b>Rating</b>
<a href="#">Work Incentive Grants</a>	2005	57	Adequate
<a href="#">Employment Service State Grants</a>	2004	56	Adequate
<a href="#">Unemployment Insurance</a>	2003	74	Moderately Effective

### **Work Incentive Grants**

The WIG program was assessed in 2005 using the Program Assessment Rating Tool (PART) process and was rated as *Adequate*. The PART found that grantee accountability has improved over the last few years due to the use of renewable grants that allow corrective action to improve performance before a grant expires. In addition, the program is working on several initiatives to improve performance accountability.

Specific actions stated in the most recent PART Program Improvement Plan are:

- Adopting efficiency measures that are linked to performance outcomes, account for all costs, and facilitate comparisons across Department of Labor training and employment programs.
- Monitoring closely the number of individuals with disabilities served by the One Stop Career Centers to assess access by and service to participants with disabilities.
- Complete an independent evaluation of program results.

# STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

## Employment Service

The Wagner-Peyser Employment Service grants were assessed in 2004 using the Program Assessment Rating Tool (PART) process and rated as *Adequate*. It found that the grants fund the relatively inexpensive services many job seekers need but that its program design needs improvement because its services duplicate many of the core One-Stop services offered by the WIA's Adult and Dislocated Worker programs, creating costly and duplicative infrastructures that could serve both job seekers and employers far more efficiently. ETA has been taking the following actions to improve the performance of the program:

- Tracking the levels of self service participants versus staff-assisted participants to improve workforce system integration. Increased Wagner-Peyser participant counts, in addition to WIA participant counts for both self-service and staff-assisted participants, may indicate increased co-enrollment of program participants. Co-enrollment is one factor the Department is using to monitor program reach and integration.
- Improving reporting efficiency, program management and accountability through the collection of new information with WISPR, a common reporting system for WIA, TAA, and Wagner Peyser Programs.
- Adopting efficiency measures that are linked to performance outcomes, account for all costs, and facilitate comparisons across Department of Labor training and employment programs.

The workforce information system was included in the 2004 PART review of the Wagner-Peyser Act funded Employment Service Grants, which received a rating of *Adequate*, prompting a re-examination of the role of workforce information in the workforce investment system.

## Unemployment Insurance

OMB rated the Department's state UI Administrative grants as *Moderately Effective* with systems in place to provide workload based funding and oversee state management. The assessment concluded that "effective oversight is hampered" due to program design flaws in the areas of federal administrative funding and state operational control. In response to the PART findings, the Department has implemented the Reemployment and Eligibility Assessment program, promoted NDNH database crossmatching to prevent overpayment of benefit claims, and coordinated state adjudication training to improve the accuracy of benefit eligibility determinations.

## Efficiency Measures

Each of the state unemployment insurance and employment service programs uses different efficiency measures, including cost per participant for the Employment Service and specialized efficiency measures for Unemployment Insurance, Work Incentive Grants, and National Electronic Tools.

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

- Employment Services (ES) has demonstrated cost efficiency over time due to a service delivery strategy that uses minimal staff assistance. This allows the ES to provide basic labor exchange services and labor market information to some 14 million job seekers. ETA is working to improve efficiency by reducing redundancies in program design; sharing of resources between programs to maximize impacts; and lowering administrative costs so more funds go to direct services. Along with various WIA and other training and employment programs, the Employment Service is currently a partner in the One-Stop system for delivery of workforce development services. The FY 2009 proposal to consolidate the ES into the WIA Adult and Dislocated Worker programs, and terminate separate ES funding, is designed to expand State and local flexibility and further work to eliminate duplication of services in order to achieve seamless local service delivery with a single funding stream and improved efficiency.
- The Unemployment Insurance program's efficiency measure represents the number of proper and timely initial claims funded by annual base grants that are processed per \$1000 of inflation adjusted base grant funds. The Department cannot easily assess or control the underlying efficiency of state UI operations. However, DOL continuously strives to introduce efficiencies into the UI program through systems oversight and management. For example, information technology improvement projects are funded to produce tangible gains in efficiency and customer service. Incentives for efficiency are also created for states by taking processing times into account when available administrative funds are allocated.
- The cost per participant measure for the Work Incentive Grants (WIG)/ Disability Program Navigator (DPN) program is demonstrated through a comparison of the total WIG grant funds and the total number of exiters with disabilities in workforce investment areas that received the WIG grants. Funding for the WIGs is not requested for FY 2009.
- The National Electronic Tools activity will set a baseline this year to measure the cost of setting up and maintaining web-based resources (cost per page view) to assist workers to explore careers and find education, training and employment opportunities. Targets will be determined in PY 2008. Part of this appropriation is used for system building activities that are not directly related to service delivery and do not lend themselves to being included in an efficiency measure.

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT  
SERVICE OPERATIONS**

<b>Program</b>	<b>Efficiency Measure</b>	<b>PY/FY 2009 Target</b>	
		<b>Current Law</b>	<b>Legislative Proposal</b>
Employment Service	Cost per participant	No funding requested	No funding requested
Unemployment Insurance	The Unemployment Insurance program's efficiency measure is quality-weighted base initial claims per \$1,000 of inflation-adjusted base grant funds	8.8	8.8
Work Incentive Grants	Cost per registrant with disabilities in the workforce investment areas that have Navigators funded by DPN grants.	\$1,670	No funding requested
Workforce Information/National Electronic Tools/System Building	Cost per page view	To be established subsequent to the PY 2007 baseline year.	To be established subsequent to the PY 2007 baseline year.

## UNEMPLOYMENT INSURANCE

Budget Authority Before the Committee (Dollars in Thousands)							
					FY 2009		
	FY 2007 Comparable	FY 2008 Enacted	FY 2008 Estimate	Diff. FY 07 Comp/ FY 08 Est	Current Law	Legislative Proposal	Diff. FY 08 Est /FY 09 Req
<b>Activity Appropriation</b>	2,507,670	2,463,861	2,463,861	-	2,636,038	2,636,038	172,177
<b>FTE</b>	0	0	0	0	0	0	0

### Introduction

The Federal-state Unemployment Insurance (UI) program, authorized by Title III of the Social Security Act (SSA), provides temporary, partial wage replacement between jobs to unemployed workers and helps to stabilize the national and local economies in response to layoffs. Research shows that, without UI, the Gross Domestic Product would decline by an additional 15% on average during economic recessions.

To be eligible for benefits, unemployed workers must have worked recently, be unemployed due to no fault of their own, and be able to and available for work. Virtually all wage and salary workers are potentially eligible for benefits if they lose their jobs through no fault of their own. During FY 2007, \$32.8 billion in state and Federal UI benefits were paid nationally to 7.6 million unemployed workers. UI benefits and administration are funded by state payroll and Federal taxes, respectively.

An integral part of the public workforce investment system, the UI program is the entry point for many unemployed workers to One-Stop Career Center services that speed their return to work. Reemployment is key to maintaining workers' long-term economic security. activities supports the federal role in the UI relationship which includes setting broad policy for the program, establishing performance measures and standards, providing technical assistance to states, monitoring state performance, ensuring conformity and compliance of state laws and operations with Federal law, and funding the cost of administering state and Federal UI laws.

The UI program is divided into two components, State Administration and National Activities.



# UNEMPLOYMENT INSURANCE

## Five-Year Budget Activity History

Fiscal Year	Funding (Dollars in Thousands)	FTE
2004	2,618,529	0
2005	2,673,456	0
2006	2,507,670	0
2007	2,507,670	0
2008	2,463,861	0

## Efficiency Measure

The Unemployment Insurance program's efficiency measure is *quality-weighted base initial claims per \$1,000 of inflation-adjusted base grant funds*. Base grants provide funding to states for infrastructure and an estimated minimum workload, and are augmented quarterly when higher workloads are processed. The measures of quality used to weight the initial claims are the percent of timely first payments and the percent of proper benefit payments. The dollars are inflation adjusted to 1995 to account for inflation in actual costs that have not been reflected in grant formulas.

The measure can be written as the formula given below:

$$\text{Efficiency} = \frac{\text{Base initial claims} \times (\% \text{ of timely first payments} + \% \text{ of proper payments}) / 2}{\text{Base UI administrative grant in 1995 dollars}} \times 1000$$

The efficiency measure appropriately presents output divided by input. A new benchmark for this measure is being established in FY 2009 because ETA adjusted lower the number of base initial claims relative to other base workload items to reflect more recent experience; data prior to this adjustment will not be comparable to data after the adjustment. The table below shows the results since 1995 and targets since 2005.

<u>Year</u>	Efficiency Measure	
	<u>Actual</u>	<u>Target</u>
1995	7.1	
1996	7.4	
1997	7.3	
1998	7.4	
1999	7.4	
2000	7.5	
2001	8.2	
2002	8.3	
2003	8.4	
2004	8.5	
2005	8.8	8.6

## UNEMPLOYMENT INSURANCE

<u>Year</u>	Efficiency Measure	
	<u>Actual</u>	<u>Target</u>
2006	8.9	8.7
2007	9.1	8.8
2008		9.2
2009		8.8*

\* Target lowered because ETA adjusted the number of base initial claims it funds relative to other base workload items to reflect more recent experience

The Department continuously strives to introduce efficiencies into the UI program through systems oversight and management. During the past twelve years the use of new and evolving technologies has been promoted by the Department and utilized by the states. Most states have stopped processing new and additional claims in-person in a local office - they use call center technology. They have also ceased using the mail to process weekly claims certifications - they are using more efficient interactive voice system technology. Currently, states are rapidly moving to replace the use of the telephone with the Internet for both benefit and tax administration, and they are turning to direct deposit and debit cards to pay benefits in place of paper checks to realize greater efficiency.

<b>WORKLOAD SUMMARY</b> (in Thousands)				
	<b>FY 2007 Actual</b>	<b>FY 2008 Target</b>	<b>FY 2009*</b>	
			<b>Current Law</b>	<b>Legislative Proposal</b>
<b>Unemployment Insurance</b>				
Employer Tax Accounts	7,603	7,607	7,674	7,674
Initial Claims Taken	16,890	17,264	17,975	17,975
Weeks Claimed	133,808	138,218	143,051	143,051
<b>Budget Activity Total</b>	\$2,507,670	\$2,463,861	\$2,636,038	\$2,636,038

\* UI workload volumes are unaffected by funding levels.

# UNEMPLOYMENT INSURANCE

## PERFORMANCE GOALS AND INDICATORS

<b>Make timely and accurate benefit payments to unemployed workers, facilitate the reemployment of unemployment insurance beneficiaries, and set up unemployment tax accounts promptly for new employees.</b>										
	FY 2004		FY 2005		FY 2006		FY 2007		FY 2008	FY 2009
	Goal Not Achieved		Goal Substantially Achieved		Goal Not Achieved		Goal Not Achieved			
<b>Performance Indicator</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
1. Payment Timeliness: Percent of all intrastate first payments that will be made within 21 days.	89.2%	88.7%	89.9%	89.3%	89.9%	87.5%	90.0%	88.2%	88.4%	88.5%
2. Detect Overpayments: Percent of the amount of estimated overpayments that states detect established for recovery.	59%	57.4%	59.5%	58.7%	59.5%	62.0%	60.0%	54.6%	56.0%	56.2%
3. Facilitate Claimant Reemployment: Percent of UI claimants reemployed by the end of the first quarter after the quarter in which they received their first payment. *	--	--	--	--	Base-line	65.1%	65%	65.1%**	65.2%	65.3%
4. Percent of Employer Tax Liability Determinations Made Promptly: Percentage of determinations about UI tax liability of new employers made within 90 days of the end of the first quarter they became liable.	80.2%	83.6%	82.4%	82.4%	82.5%	83.6%	82.8%	84.7%	84.9%	85.1%
<b>Baseline(s):</b> *Facilitate Claimant Reemployment: In July 2005, the Employment and Training Administration (ETA) received approval under the Paperwork Reduction Act to collect data for this measure. State Workforce Agencies (SWAs) submitted data during FY 2006 from which a baseline was set.										
<b>Data Source(s):</b> ETA 9050 and 9050p Reports; Benefits Accuracy Measurement (BAM) data, and ETA 227 Report; ETA 5159 Report and ETA 581 Report.										
<b>Comments:</b> ** FY 2007 results are not final and are based on preliminary data for a cumulative reporting period ending June 30, 2007										

# UNEMPLOYMENT INSURANCE

## CHANGES IN FY 2009

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Unemployment Insurance State Administration for employer growth  
and claims workload

72,422

#### Built Ins Subtotal

72,422

#### Net Program

99,755

#### Direct FTE

0

#### Estimate

#### FTE

#### Base

2,536,283

0

#### Program Increase

99,755

0

## STATE ADMINISTRATION

<b>Budget Authority Before the Committee</b> (Dollars in Thousands)							
					<b>FY 2009</b>		
	<b>FY 2007 Comparable</b>	<b>FY 2008 Enacted</b>	<b>FY 2008 Estimate</b>	<b>Diff. FY 07 Comp/ FY 08 Est</b>	<b>Current Law</b>	<b>Legislative Proposal</b>	<b>Diff. FY 08 Est/FY 09 Req</b>
<b>Activity Appropriation</b>	2,497,770	2,454,134	2,454,134	-43,636	2,623,145	2,623,145	169,011
<b>FTE</b>	0	0	0	0	0	0	0

### **Introduction**

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

The states also administer Federal programs for payments to former military and Federal civilian personnel; to claimants who qualify for extended or special Federal unemployment benefits and to workers certified under the Trade Adjustment Assistance and Alternative Trade Adjustment Assistance programs. Funding for these activities is provided in the “State Administration” line in the budget.

### **Funding Mechanism**

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

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

## STATE ADMINISTRATION

### Five-Year Budget Activity Component History

<b>Fiscal Year</b>	<b>Funding (Dollars in Thousands)</b>	<b>FTE</b>
2004	2,608,653	0
2005	2,663,040	0
2006	2,497,770	0
2007	2,497,770	0
2008	2,454,134	0

### FY 2009

The FY 2009 Budget request for UI State Administration is \$2,623,145,000, an increase of \$169,011,000 from the FY 2008 appropriation of \$2,454,134,000.

The funds requested are sufficient to process 2.79 million Average Weekly Insured Unemployment (AWIU) including processing benefit payments for the Trade Act of 1974, as amended. During the year, states are expected to collect \$37.2 billion in state unemployment taxes and to pay an estimated \$37.6 billion in Federal and state UI benefits to 8.3 million beneficiaries, including former military and Federal civilian personnel, recipients of federal-state extended benefits, and workers adversely affected by imports.

The request continues the contingency reserve language which provides for additional funds to meet unanticipated workload. The formula for FY 2009 proposes \$28,600,000 per 100,000 increase in the total AWIU, with prorated amounts allowed for increases of less than 100,000. In addition, the appropriation language for FY 2009 continues to allow states up to three years to obligate their UI funds, if those funds are used for automation acquisitions. Hence, states will have until September 30, 2011, to obligate funds used for automation.

The request includes \$40,000,000 for reemployment eligibility assessments which were included in the FY 2008 request as a cap adjustment item. Reemployment eligibility assessments are in-person interviews with selected UI claimants to review their adherence to state UI eligibility criteria, develop an individual service plan that the claimant will follow to secure future employment, refer the individual to reemployment services, as appropriate, and provide labor market information which addresses the claimant's specific needs. States may utilize staff from UI, the Employment Service Programs, or a combination of both to conduct reemployment eligibility assessments. Research has shown that interviewing claimants for the above purposes reduces UI duration and saves UI trust fund resources by helping claimants find jobs faster and eliminating payments to ineligible individuals.

The request also includes a legislative proposal (identical to that included in the President's 2008 Budget) addressing UI Integrity and UI Innovation which would give states new tools and additional resources to reduce improper payments and collect both delinquent benefit overpayments and employer taxes. There is no cost associated with this proposal and it would reduce overpayments by \$5.0 billion and employer tax evasion by over \$400 million over 10

## STATE ADMINISTRATION

years. (These estimates reflect the direct and indirect effects of the legislative proposal.) More specifically, this initiative would:

- Permit states to use a small percentage of unemployment compensation (UC) overpayments or delinquent UC taxes collected to augment funding for activities related to deterring, detecting, and collecting overpayments or employer fraud/tax evasion.
- Authorize the U.S. Treasury Department to recover UC overpayments, uncollected state UC taxes, and associated penalties/interest through offset from Federal income tax refunds.
- Require employers to report the first day of earnings for new hires to the National Directory of New Hires to more easily identify individuals who collect UC after returning to work.
- Require states to assess a penalty of not less than 15% on any UC overpayment due to the claimant's fraud and use it to deter, detect, and recover overpayments.
- Give employers an incentive to respond timely and adequately to requests for information about why former employees are unemployed.
- Enable states to follow standard industry practice to pay a debt collection agency that collects UC overpayments due to claimant fraud or delinquent UC taxes.

In addition, ETA proposes authorizing the Secretary of Labor to grant state requested waivers of certain Federal UC requirements that would allow the states to implement demonstration projects intended to accelerate the reemployment of UC claimants or improve the effectiveness of the state in administering its UC program.

### **Performance Summary**

The UI program has established four Performance Indicators for FY 2009:

1) Payment Timeliness: 88.5% of all intrastate first payments will be made within 14/21 days.

Making timely payments to unemployed workers is critical to fulfilling the UI system's key statutory objective of making full payment of unemployment compensation "when due". Intrastate payments account for over 95% of all payments, and they represent a good indicator of overall payment timeliness.

2) Detection of Overpayments (previously known as "Payment Accuracy"): Establish for recovery at least 56.2% of the amount of estimated overpayments that states can detect and recover.

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

## STATE ADMINISTRATION

3) **Facilitate Reemployment:** This performance indicator is the percentage of UI claimants who were reemployed during the first quarter after the quarter in which they received their first UC payment.

Reemployment (in suitable jobs) is one of the underlying purposes of the UI program. Although the UI program does not provide reemployment services directly, many of its payment eligibility provisions are designed to promote reemployment. Using the result for FY 2007, the reemployment rate target for UI beneficiaries for FY 2008 and FY 2009 are set at 65.2% and 65.3%, respectively. The estimated number of claimants who will be reemployed each year is 5.248 million in FY 2008 and 5.419 million in FY 2009.

4) **Establish Tax Accounts Promptly:** 85.1% of the UI tax liability determinations for new employers will be made within 90 days of the end of the first quarter in which employers become liable.

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

### **Past Performance Results and Future Projections**

1) **Payment Timeliness:** The FY 2007 target of 90% was not attained; 88.2% of first payments were made within 14/21 days, an improvement from the FY 2006 level of 87.5%. This improvement was largely due to the recovery in performance of four of the states affected by the 2005 hurricanes -- Alabama, Florida, Louisiana, and Mississippi. Although the majority of states met the FY 2007 target of 90%, the national aggregate was adversely affected by the performances of California, Indiana, and Louisiana. However, Louisiana's timeliness has improved from the previous year when it was negatively affected by the high workloads resulting from Hurricanes Katrina and Rita. DOL will work closely with these states to implement corrective actions. Until corrective actions are implemented in these states and begin to affect performance, targets for FY 2008 and future years are revised to reflect the more realistic expectations of performance for this measure. The performance targets for FY 2008 and FY 2009 have been set to 88.4% and 88.5% respectively.

2) **Detection of Overpayments:** After exceeding the FY 2006 target of 59.5% for Detection of Overpayments (overpayments established divided by estimated recoverable overpayments), the rate fell more than five points below the 60% target in FY 2007. The FY 2007 performance is attributable to: 1) the use of State and National Directory of New Hires (NDNH) matching of UI claimants as part of the Benefit Accuracy Measurement (BAM) audit; and 2) the residual adverse affects on UI payment accuracy in the states impacted by the previous year's hurricanes, particularly Louisiana, which reported an overpayment rate of 14.4%.

Between FY 2006 and FY 2007, the amount of overpayments detected and established for recovery by the state Benefit Payment Control (BPC) operations did not keep pace with the increase in overpayments estimated by BAM. Although overpayments detected through NDNH matching by the state BPC operations have increased over the past few years, and accounted for



## STATE ADMINISTRATION

just over 11 percent of all overpayment detections in FY 2007, the overall amount of overpayments established decreased slightly between FY 2006 and 2007. This may reflect the fact that NDNH matching detects overpayments sooner than other payment integrity methods, such as wage record matching and appeals reversals. As state BPC operations become more efficient in utilizing NDNH data to identify overpayments, an increase in the overall level of overpayment detection by state BPC units is expected. The revised target for this measure has been set at 56.0% for FY 2008 and 56.2% for FY 2009.

3) **Facilitate Reemployment**: During FY 2005 through FY 2007, DOL awarded grants to 21 states for Reemployment and Eligibility Assessments (REAs) designed to facilitate reemployment and to prevent and detect UI improper benefit payments to claimants who fail to meet continuing eligibility requirements. In March 2006, states began reporting reemployment data, and a baseline of 62.4 percent was established. For FY 2007, the actual performance rate of 65.1% exceeded the target of 65%. However, our analysis of the state reemployment data indicates that performance is influenced by factors outside the control of the state agencies administering the UI program, most notably economic conditions, measured by the Total Unemployment Rate (TUR). The Administration's economic assumptions project a small increase in the TUR from 2008 to 2009 which would be expected to lower the reemployment rate. Considering these external factors, the targets have been set with small increases at 65.2% for FY 2008 and 65.3% for FY 2009 respectively.

4) **Establish Tax Accounts Promptly**: The target for establishing new employer accounts was met in FY 2005 and exceeded in FY 2006 and FY 2007. In FY 2005, 82.4% of determinations were made within the specified 90-day period, 83.6% in FY 2006 and 84.7% in FY 2007. The actual performance for FY 2007 exceeded the target of 82.8% by 1.9 percentage points. The out-year targets have been adjusted to reflect the higher expected performance with 84.9% for FY 2008 and 85.1% for FY 2009 respectively.

### **Efficiency Measures**

A full description of efficiency measures is provided in the overview of Unemployment Insurance.

## NATIONAL ACTIVITIES

Budget Authority Before the Committee (Dollars in Thousands)							
					FY 2009		
	FY 2007 Comparable	FY 2008 Enacted	FY 2008 Estimate	Diff. FY 07 Comp/ FY 08 Est	Current Law	Legislative Proposal	Diff. FY 08 Est/FY 09 Req
<b>Activity Appropriation</b>	9,900	9,727	9,727	-173	12,893	12,893	3,166
<b>FTE</b>	0	0	0	0	0	0	0

### Introduction

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

### Funding Mechanism

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

### Five-Year Budget Activity Component History

Fiscal Year	Funding (Dollars in Thousands)	FTE
2004	9,876	0
2005	10,416	0
2006	9,900	0
2007	9,900	0
2008	9,727	0

## NATIONAL ACTIVITIES

### **FY 2009**

The FY 2009 Budget request for UI National Activities is \$12,893,000, an increase of \$3,166,000 from the FY 2008 level, the bulk of which includes \$2,393,000 for an IT infrastructure conversion. The IT infrastructure that supports the collection and storage of critical data on claims, payments, taxes and other UI activities needs to be converted to a database system which conforms to DOL's database standards. The initial claims data collected through the IT infrastructure and reported weekly are a leading economic indicator closely monitored by economists and a key component of the Composite Index of Leading Economic Indicators. In addition, analysis of these data is an integral component in ETA's responsibility to ensure proper and efficient administration of Federal grants, to measure state performance, and to provide information for monitoring and fiscal management. The conversion will ensure a standardized IT environment across ETA, provide a long-term cost effective solution in terms of procurement and support costs, as well as integrate UI data within ETA's existing reporting infrastructure.

### **Efficiency Measures**

A full description of efficiency measures is provided in the overview of Unemployment Insurance.

## EMPLOYMENT SERVICE

Budget Authority Before the Committee (Dollars in Thousands)							
					FY 2009		
	FY 2007 Comparable	FY 2008 Enacted	FY 2008 Estimate	Diff. FY 07 Comp/ FY 08 Est	Current Law	Legislative Proposal	Diff. FY 08 Est /FY 09 Req
<b>Activity Appropriation</b>	749,311	735,571	735,571	-	20,026	2,349	-733,222
<b>FTE</b>	0	0	0	0	0	0	0

### Five-Year Budget Activity History

Fiscal Year	Funding (Dollars in Thousands)	FTE
2004	849,394	0
2005	848,544	0
2006	752,049	0
2007	752,049	0
2008	735,571	0

### FY 2009

ETA proposes to terminate funding for Employment Service state grants. These grants duplicate services available under the Workforce Investment grants to States and often use a separate, costly service delivery system. In addition, ETA proposes legislation that would consolidate the Employment Service Program with the WIA Adult, Dislocated Worker and Youth Programs. Funds that were previously appropriated to the individual programs would be allocated to states as a single funding stream. States would use these funds primarily to provide Career Advancement Accounts to individuals in need of employment assistance. A portion of this funding would also be used by states to provide basic employment services such as career assessments, workforce information, and job placement assistance. See the Budget Narrative on Career Advancement Accounts for additional information.

# EMPLOYMENT SERVICE

## CHANGES IN FY 2009

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

One day less of Pay

Insurance claims and indemnities

#### Built Ins Subtotal

0

0

0

	Estimate	FTE
Base	735,571	0
Program Increase	350	0
Program Decrease	-703,377	0

## GRANTS TO STATE

Budget Authority Before the Committee (Dollars in Thousands)							
					FY 2009		
	FY 2007 Comparable	FY 2008 Enacted	FY 2008 Estimate	Diff. FY 07 Comp/ FY 08 Est	Current Law	Legislative Proposal	Diff. FY 08 Est/FY 09 Req
<b>Activity Appropriation</b>	715,883	703,377	703,377	-12,506	0	0	703,377
<b>FTE</b>	0	0	0	0	0	0	0

### **Introduction**

The Wagner-Peyser Act of 1933 established a nationwide system of public employment offices, known as the Employment Service. The act was amended by the Workforce Investment Act (WIA) of 1998 to make the Employment Service part of the One-Stop Career Center system. Under WIA, the public Employment Service has evolved from a nationwide system of state-administered local employment offices to a partner program in the integrated One-Stop delivery system.

States must provide core One-Stop employment and workforce information services, which are accessible with staff assistance in One-Stop Career Centers as well as on-line, to all job seekers, including Unemployment Insurance claimants. Funds may also be used to provide intensive services as defined in WIA. Through One-Stop Career Centers, individuals may access job search assistance, workforce and economic information, assessment and career guidance, and job matching and referrals, as well as the broader range of WIA training services. Employers are also a primary customer, as One-Stop Career Centers provide them with access to regional workforce and economic information, job listing services, referral of qualified applicants, support in applicant screening, support for job fairs and mass recruitments, tax credits for hiring targeted populations, and other customized services. These funds also support the One-Stop system's capacity to offer universal access to all customers.

States must have the capacity to deliver services to employers and job seekers on a statewide basis through self-service, facilitated self-help service, and staff-assisted service.

### **Funding Mechanism**

After determining the funding for outlying areas, allotments to states are calculated using the formula set forth at Section 6 of the Wagner-Peyser Act (29 U.S.C. 49e).

## GRANTS TO STATE

### Five-Year Budget Activity Component History

<b>Fiscal Year</b>	<b>Funding (Dollars in Thousands)</b>	<b>FTE</b>
2004	786,887	0
2005	780,592	0
2006	715,883	0
2007	715,883	0
2008	703,377	0

### FY 2009

One of the key principles underlying the Workforce Investment Act (WIA) when it was enacted in 1998 was to streamline services through a One-Stop delivery system, by integrating a variety of programs at the “street level” to make their services more accessible for individuals and businesses alike. The Employment Service, authorized by the Wagner-Peyser Act, was one of the One-Stop required partner programs included in WIA, which were supposed to make its services available at One-Stop Career Centers. WIA regulations further provided that Employment Service offices were not permitted to exist outside the One-Stop delivery system, although states were provided with flexibility to permit Employment Service offices to operate as affiliate sites provided that certain conditions are met.

After WIA’s enactment, it became apparent that in a number of states the “labor exchange services” (also known as employment services) authorized under the Wagner-Peyser Act were remaining separate and apart from the “core services” available under WIA. These services are exactly the same – services designed to help someone find a job quickly and can be either self-help or staff-assisted. Most recipients of labor exchange services receive only a job referral and a few get simple job search assistance.

With the passage of time, the majority of states (35 in total, or about 70 percent) have consolidated their Employment Services and WIA-funded services within their One-Stop Career Centers. However, many states still maintain the same services provided by separate systems, which contributes to excessive overhead costs due to operating duplicative programs, each with its own bureaucracy. Furthermore, as noted by a recent GAO report on One-Stops, “Without further integration, these separate stand-alone offices may continue to create confusion for clients, result in duplication of effort, and undermine the key goal of WIA - to consolidate the Nation’s workforce development system.”

Since 2003, the Administration has proposed consolidating Employment Service funding with that of WIA programs because the two programs provide the same services to the same population. Under the legislative request, the FY 2009 Budget again proposes that the Employment Service and WIA Adult, Dislocated Worker, and Youth funding streams be consolidated and that funds be provided to states to provide training through Career Advancement Accounts (CAAs) and to provide employment services through a strengthened One-Stop delivery system.

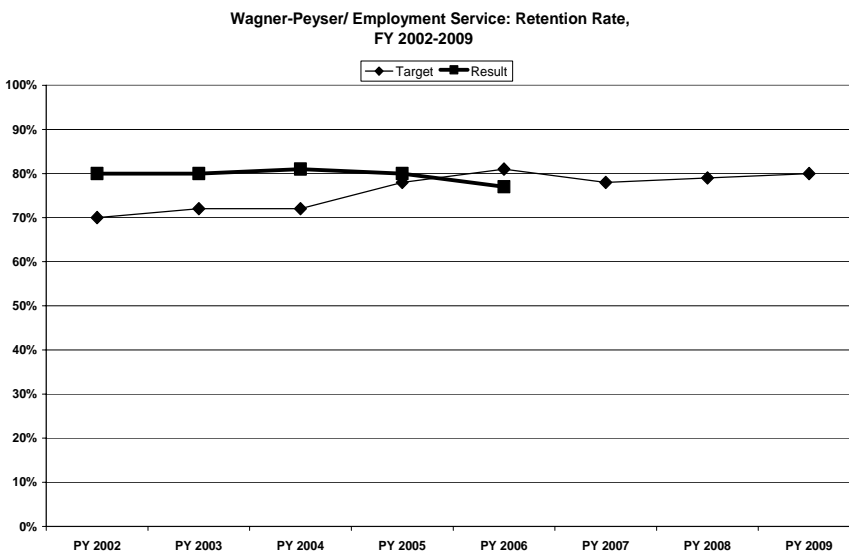
## GRANTS TO STATE

Under the current law request, the FY 2009 Budget includes no funds for Employment Service Grants to States. The Administration believes these labor exchange/employment services should be provided exclusively through the One-Stop Career Center system. This should be the case whether or not the Congress accepts the Administration's consolidation proposal. Given the severe constraints on funding for employment and training programs, we cannot afford to continue funding these duplicative services and programs.

### Program Performance

The Department evaluates this program's success using the federal job training program common measures: entered employment, employment retention, and average earnings. PY 2002-06 results for the first two indicators are provided in the charts below. For the average earnings measure, a baseline of \$11,749 was established in PY 2006.

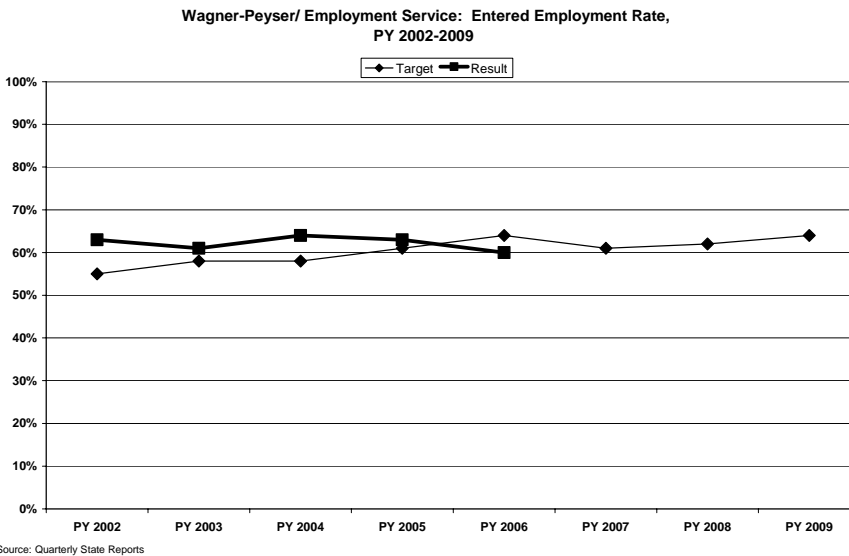
Results for the entered employment and retention measures trended slightly downward over the last three program years. Because the One-Stop system provides employment services to over 13 million participants a year, a high number compared to other employment and training programs, results are driven, in part, by national employment, hiring trends, and a universal service approach to service jobseekers and workers with diverse skills and employment needs.



Source: Quarterly State Reports



# GRANTS TO STATE



## Efficiency Measures

The efficiency measure currently in use for Employment Services is a cost per participant measure, defined as the program appropriation level, in dollars, divided by the number of participants served by the program for that Program Year (PY).

The baseline year for Employment Services was PY 2004; the result for that year was \$59.71. The target for PY 2005 was \$60; the result \$63.20 and the target for PY 2006 was \$55, and the result was \$56. Since the PY 2006 result was higher than the PY 2006 target, the PY 2007 target remains \$55. For PY 2008 the target is set at \$54. Funding for this program is not requested for PY 2009. For PY 2009, the efficiency measure and targets are described in the budget request for the Career Advancement Accounts.

By statute most of the ETA programs are intended to provide flexibility to hundreds of local workforce investment boards to determine the appropriate mix of service strategies and population needs they serve. Unit costs change from year to year, primarily because of changes in service mix and population, in addition to increases in unemployment claims and few jobs created during recessions. A higher unit cost in one year compared to the previous year does not necessarily denote a less efficient program, nor does a lower unit cost necessarily suggest a more efficient use of funds. ETA is working to improve its measure of efficiency so efforts aimed at improving cost-effectiveness can be assessed. Baseline data for the new (yet unidentified) efficiency measure will be collected in PY 2009.

## GRANTS TO STATE

<b>WORKLOAD SUMMARY</b>				
<b>(Dollars in Thousands)</b>				
	<b>FY 2007 Actual*</b>	<b>FY 2008 Target</b>	<b>FY 2009</b>	
			<b>Current Law</b>	<b>Legislative Proposal</b>
Employment Service				
Participants	13,016,054	13,025,500	0	0
Cost per Participants	\$.055	\$.054	0	0
Budget Activity Total	\$715,883	\$703,377	0	0

**\*Based on cost per participant target for program year 07 which ends 6/30/08.**

**No funding is requested for Fiscal Year 2009.**

## GRANTS TO STATE

### PERFORMANCE GOALS AND INDICATORS

<b>Improve outcomes for jobseekers and employers who receive One-stop employment and workforce information services</b>										
	<b>PY 2004</b>		<b>PY 2005</b>		<b>PY 2006</b>		<b>PY 2007</b>		<b>PY 2008</b>	<b>PY 2009</b>
	<b>Goal Not Achieved</b>		<b>Goal Achieved</b>		<b>Goal Not Achieved</b>					
<b>Performance Indicator</b>	Target	Result	Target	Result	Target	Result	Target	Result	Target	Target
1. Percent of participants employed in the first quarter after exit	58%	64%	61%	63%	64%	60%	61%	RNA	62%	64%
2. Percent of participants employed in the first quarter after exit still employed in the second and third quarters after exit. (2003-05 data are for a similar measure)	72%	81%	78%	80%	81%	77%	78%	RNA	79%	80%
3. Average earnings in the second and third quarters after exit.  (2003-05 data are for earnings change from pre-program services to post-program services.)	N/A	N/A	Baseline	\$1,580	\$10,500	\$11,749	\$11,870	RNA	\$11,990	\$12,110
<b>Baseline(s):</b> The baseline for the earnings measure in PY 2005 was derived using the prior definition for Earnings Increase. The methodology for calculating average earnings became effective PY 2006										
<b>Data Source(s):</b> Quarterly state reports submitted to DOL and UI wage records										
<b>Comments:</b> RNA = Results not available										

## EMPLOYMENT SERVICE NATIONAL ACTIVITIES - FLC

Budget Authority Before the Committee (Dollars in Thousands)							
					FY 2009		
	FY 2007 Comparable	FY 2008 Enacted	FY 2008 Estimate	Diff. FY 07 Comp/ FY 08 Est	Current Law	Legislative Proposal	Diff. FY 08 Est/FY 09 Req
<b>Activity Appropriation</b>	13,013	12,518	12,518	-495	0	0	-12,518
<b>FTE</b>	0	0	0	0	0	0	0

### Introduction

The Wagner-Peyser Act of 1933 established a nationwide system of public employment offices, known as the Employment Service. The act was amended by the Workforce Investment Act (WIA) of 1998 to make the Employment Service part of the One-Stop Career Center system. Under WIA, the public Employment Service has evolved from a nationwide system of state-administered local employment offices to a partner program in the integrated One-Stop delivery system.

### Funding Mechanism

Funding for ETA's Office of Foreign Labor Certification derives from three sources: (1) dollars appropriated to the Foreign Labor Certification Account; (2) 5 percent of revenue from the H-1B fees collected by the Department of Homeland Security (this 5 percent supports labor certification processing activities and is separate from the DOL portion of H-1B funding allocated to U.S. worker training); and, in the initial year of the account, (3) a transfer of appropriations from the State Unemployment Insurance Employment Service Operations (SUIESO) Account, which ETA has historically distributed to states as fiscal year formula grants to support foreign labor certification activities.

### Five-Year Program Category History

Fiscal Year	Funding (Dollars in Thousands)	FTE
2004	35,553	0
2005	44,144	0
2006	13,013	0
2007	13,013	0
2008	12,518	0

### FY 2009

In FY 2009, FLC will no longer be included within SUIESO and will be administered through an independent account.

## **EMPLOYMENT SERVICE NATIONAL ACTIVITIES - FLC**

The FY 2008 request maintained state personnel and their capacity to process applications in accordance with statutorily set processing times and duties. In FY 2008, as done in FY 2007, the Department will conduct a national SWA staff training session to provide specific training on conducting inspections, reviewing employer wage surveys, providing prevailing wage determinations, and conducting housing inspections.

The FY 2007 budget continued the effort to improve foreign labor certification application processing efficiency. For example, ETA worked in partnership with SWAs to improve and enrich processing quality and speed through one-on-one technical assistance and broader, more organized training.

### **Workload Summary**

Workload summary information for FLC in FY 2007 and FY 2008 is provided at the account level overview of the Foreign Labor Certification section.

## EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

Budget Authority Before the Committee (Dollars in Thousands)							
					FY 2009		
	FY 2007 Comparable	FY 2008 Enacted	FY 2008 Estimate	Diff. FY 07 Comp/ FY 08 Est	Current Law	Legislative Proposal	Diff. FY 08 Est/FY 09 Req
<b>Activity Appropriation</b>	17,677	17,368	17,368	-309	17,677	0	-17,368
<b>FTE</b>	0	0	0	0	0	0	0

### **Introduction**

A tax credit incentive for private sector businesses to hire members of certain targeted groups has been a Departmental program involving reimbursable funding allocations since 1978. The current tax credit program, enacted in 1996, is the Work Opportunity Tax Credit (WOTC). The Welfare-to-Work Tax Credit (WtWTC) was enacted in 1997 and has now been merged into WOTC. Department of Labor funds are used to support state administration of the tax credit, including certifying eligibility of individuals from target groups.

WOTC was designed with two main objectives: 1) to address the employment and training needs of a large group of individuals who face significant barriers and challenges to employment; and 2) to provide tax credits to businesses that hire individuals from nine targeted groups to help offset the cost of customized entry-level training expenses.

The Small Business and Work Opportunity Tax Act of 2007 (P.L. 110-28), authorized the WOTC through August 31, 2011, and amended certain statutory definitions. For example, the “High-Risk Youth” group was renamed “Designated Community Resident” (ages 18-39 whose principal place of residence is within an Empowerment Zone, Renewal Community, or Rural Renewal County). The Act also clarified that “ticket holders” are included in the vocational rehabilitation referral target group. Finally, the definition of the “Qualified Veteran” target group was expanded to include certain disabled veterans who are entitled to compensation for a service-connected disability. The Tax Relief and Health Care Act of 2006 (P.L. 109-432) amended the WOTC Program by repealing Section 51A of the Internal Revenue Code, merging the Welfare-to-Work Tax Credit provisions into the WOTC, and making its target group, “Long-Term Family Assistance Recipient”, another WOTC target group.

### **Funding Mechanism**

ETA issues WOTC funds to State Workforce Agencies (SWAs) as reimbursable grants for program administration and elimination of existing backlogs. Funds are allocated to SWAs using the following three-part formula:

- (1) Fifty percent is based on each state’s relative share of total fiscal year certifications

## EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

issued for the WOTC program (and the WtWTC until phase out);

- (2) Thirty percent is based on each state's relative share of the Civilian Labor Force (CLF) average for the 12-month period from October 2007 through September 2008; and
- (3) Twenty percent is based on each state's relative share of adult recipients of Temporary Assistance for Needy Families (TANF) averages for the 12-month period from October 2006 through September 2007.

### Five-Year Program Category History

Fiscal Year	Funding (Dollars in Thousands)	FTE
2004	19,882	0
2005	17,856	0
2006	17,677	0
2007	17,677	0
2008	17,368	0

### FY 2009

The proposed legislation in the FY 2009 Budget does not request separate funding for WOTC. Under the President's legislative proposal for job training reform, the funding previously requested for WOTC administration would be consolidated with WIA Adult, WIA Dislocated Worker, WIA Youth, and Employment Service funding and allocated to states as a single funding stream for Career Advancement Accounts and employment services. Governors would draw from this single funding stream as necessary for the administration of the WOTC program. Funding of \$17,677,000 is requested under current law.

### WORKLOAD SUMMARY (Dollars in Thousands)

	FY 2007 Target	FY 2008 Target	FY 2009	
			Current Law	Legislative Proposal***
<b>Work Opportunities Tax Credit</b>				
Certifications/Participants	639,663*	675,000	715,000	0
Cost per certifications issued**	\$0.028	\$0.026	\$0.025	\$0
<b>Budget Activity Total</b>	\$17,677	\$17,368	\$17,677	\$0

\* The FY 2007 Certifications/Participants figure is based on preliminary annual data and may increase slightly when all reports are reconciled.

\*\* Note: The table describes the "average" cost per certification. Across state grantees, the median cost per certification is approximately \$24. The cost per certification has been rounded to the nearest dollar.

\*\*\* Under the proposed legislation, WOTC will no longer be funded separately.

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

<b>Budget Authority Before the Committee</b> (Dollars in Thousands)							
					<b>FY 2009</b>		
	<b>FY 2007 Comparable</b>	<b>FY 2008 Enacted</b>	<b>FY 2008 Estimate</b>	<b>Diff. FY 07 Comp/ FY 08 Est</b>	<b>Current Law</b>	<b>Legislative Proposal</b>	<b>Diff. FY 08 Est/FY 09 Req</b>
<b>Activity Appropriation</b>	2,738	2,308	2,308	-430	2,349	2,349	41
<b>FTE</b>	0	0	0	0	0	0	0

**Introduction**

This budget activity under the Employment Service National Activities appropriation provides funding to support Technical Assistance and Training (TAT) activities that build the capacity of the workforce investment system to provide critical core services such as workforce and economic information and career guidance and connecting businesses to skilled workers. This budget activity also finances unfunded liabilities in states where independent retirement plans for State Workforce Agency (SWA) employees were established prior to the introduction of state employee retirement systems. At this time, only the state of Utah is receiving funding for this purpose.

**Funding Mechanism**

Funding for Technical Assistance and Training activities are given to states through grants or contracts. The funding for unfunded liabilities related to independent retirement plans for SWA employees currently goes to the state of Utah.

**Five-Year Program Category History**

<b>Fiscal Year</b>	<b>Funding (Dollars in Thousands)</b>	<b>FTE</b>
2004	3,536	0
2005	2,976	0
2006	2,738	0
2007	2,738	0
2008	2,308	0

**FY 2009**

ETA requests \$2,349,000 for FY 2009 to support TAT activities, and to make contributions toward financing unfunded liabilities of independent SWA retirement systems. In previous years, TAT funds have been used to support activities that build the capacity of the workforce investment system to provide critical core services such as career guidance and connecting



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

businesses to the workers they need. As an example, a grant was provided to the state of Maine to support the transformation of its economic and workforce information services.

<b>WORKLOAD SUMMARY</b> (Dollars in Thousands)				
	<b>FY 2007</b> <b>Target</b>	<b>FY 2008</b> <b>Target</b>	<b>FY 2009</b>	
			<b>Current Law</b>	<b>Legislative Proposal</b>
<b>TAT/SWA Retirement</b>				
N/A	N/A	N/A	N/A	N/A
<b>Budget Activity Total</b>	\$2,738	\$2308	\$2,349	\$2,349

## WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

Budget Authority Before the Committee (Dollars in Thousands)							
					FY 2009		
	FY 2007 Comparable	FY 2008 Enacted	FY 2008 Estimate	Diff. FY 07 Comp/ FY 08 Est	Current Law	Legislative Proposal	Diff. FY 08 Est /FY 09 Req
<b>Activity Appropriation</b>	63,855	52,059	52,059	11,796	48,880	16,880	-35,179
<b>FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Introduction

To ensure that America's workers are able to successfully and independently navigate their careers, the Department of Labor has created and maintains National Electronic Tools (E-tools) to promote ready access to information focused on the high-growth, high-demand jobs of today and the future. E-tools present industry-defined skills, competencies, and credentials needed to be successful in the jobs of the 21<sup>st</sup> century by integrating and broadly disseminating current, local workforce information with an emphasis on high-growth industries and occupations. E-tools also provide the workforce investment and education systems with the capacity to work collaboratively with business and industry to develop workforce solutions that grow local, state, regional, and national economies. Further, E-tools are critical to youth and transitioning adults as they make decisions regarding their workforce preparation and careers and to the workforce and human resource professionals who provide career guidance.

E-tools must change over time to be responsive to the workforce system, its partners, and its customers. Generally, the E-tools consists of:

- **Tools and activities to provide career information on in-demand occupations and high-growth industries coupled with career guidance to youth and adults** (Examples today include CareerOneStop Portal, America's Career Information Network, Career Voyages, and the Occupational Information Network [O\*NET]);
- **Tools and activities to provide economic, workforce, and labor market information and data to strategically drive the investments in talent development to promote regional economic growth** (Examples today include CareerOneStop Portal, America's Career Information Network, O\*NET, and national strategies and tools for aggregating and integrating workforce and labor market information);
- **Tools that support self-service options for customers to drive talent development by providing information on high-growth occupations, post-secondary educational opportunities for lifelong learning, and the workforce investment system** (Examples today include CareerOneStop Portal, America's Career Information Network, Career Voyages, America's Service Locator, and the Toll-Free Help Line);

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

- **Infrastructure underpinning workforce information, skill assessment, and performance management to support talent development** (Examples today include the O\*NET data collection and analysis); and
- **Workforce system building activities to help workers successfully compete in a global economy and obtain employment in high-skill and high-wage opportunities** (Examples today include Workforce<sup>3</sup>One, investments to strengthen the role of community and faith-based organizations in workforce development, and other system building activities).

Authorized by Section 15 of the Wagner-Peyser Act of 1933, as amended by Section 309 of the Workforce Investment Act (WIA), investments in information, tools, and infrastructure development for the workforce investment system historically supported technology and electronic tools that broke new ground in workforce information. E-tools such as the CareerOneStop Portal, America's Career Information Network, and America's Service Locator play a key role as essential resources in supporting individual human capital investment decisions and support the goal of increased efficiency in the workforce system by assisting as many individuals as possible through Web-based self-service. E-tools such as Career Voyages and O\*NET will play a critical role as states implement the proposed Career Advancement Accounts (CAAs) and help drive training investments throughout the workforce system, providing individuals with the information necessary for their career decisions, such as economic trends, jobs in demand, and the education and training needed to successfully enter and advance in 21<sup>st</sup> century jobs.

### **Funding Mechanism**

O\*NET, the CareerOneStop Portal, America's Career Information Network, Career Voyages, and America's Service Locator are funded via state grants. Other tools and services, including Workforce<sup>3</sup>One and the Department's Toll-Free Help Line, are supported by career Federal staff and contractors.

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

<b>Fiscal Year</b>	<b>Funding (Dollars in Thousands)</b>	<b>FTE</b>
2004	98,764	0
2005	97,974	0
2006	81,662	0
2007	63,855	0
2008	52,059	0

### **FY 2009**

The Department requests \$16,880,000 in FY 2009. This request reflects the legislative proposal to appropriate as a single funding stream to states the amounts previously separately appropriated in this line item for state core data products and services as part of the CAA appropriation, in

## WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

combination with WIA Adult, Dislocated Worker, and Youth Programs, as well as other Employment Service Programs. Funds appropriated under CAAs will be available to support the development of standardized information across states for purposes of state, local area, and regional economic analysis, talent development, and investment decision-making. They will also support the workforce system's strategic planning and the system's customers, including business, economic developers, educators, and individuals who are planning careers and pursuing skill training. Under current law, \$48,880,000 is requested for this activity, which includes \$32,000,000 for labor market information grants to the states.

The workforce information system was included in the 2004 PART review of the Wagner-Peyser Act funded Employment Service Grants, which received a rating of *Adequate*, prompting a re-examination of the role of workforce information in the workforce investment system. In order for workforce information to drive career, education, and training decisions of job-seekers, youth, and transitioning workers, the Department proposes to include a portion of workforce information funding in the single appropriation to states proposed as CAAs.

The FY 2009 request also reflects increased efficiencies due to the use of new technology and collaborative strategies in the development of E-tools and a shift toward greater emphasis on refreshing the data and maintaining the sites over expanded functionality. These efficiencies include expanding the use of Web services as a standardized means to exchange information between Web sites and the implementation of a content management system. The increased use of Web services will allow for a low cost and low maintenance means to widely disseminate E-tools' content to partner organizations and other Federal and state-sponsored Web sites. The content management system will diminish the need to employ information technology staff to make routine content changes and will significantly reduce the development time to make content updates.

Key areas of emphasis for PY 2009 are as follows:

*Provide Career Information and Guidance on High-Demand Occupations and High Growth Industries* – The Department intends to provide strategies for the provision of career information and guidance, which becomes even more critical with the movement towards a customer-driven approach to workforce and talent development. Existing tools, such as Career Voyages and America's Career InfoNet, will be maintained to ensure users' access to information that will enable them to pursue high-skill and high-wage opportunities through informed career choices using self-service tools. The O\*NET project will conduct basic research and work with partners to document the impact of technological change on occupational skill requirements. To the extent feasible with available resources, the O\*NET project also will update competency profiles for a limited number of high-demand occupations and obtain information on selected new and emerging occupations in high-growth industries. Technical assistance will continue to be provided to the system on effective use of assessment instruments and related tools to guide informed career decisions and investments in talent development.

*Collaborate with Business and Industry* – Through collaboration with industry partners, the Department will keep industry-driven competency models for high-growth, high-demand

# WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

industries up-to-date in an environment of rapidly emerging jobs and changing technology. Dissemination of information on changing industry skill needs will provide the workforce investment system and our business, education, and economic development partners with the foundation needed to make strategic investment decisions to transform their regional economies.

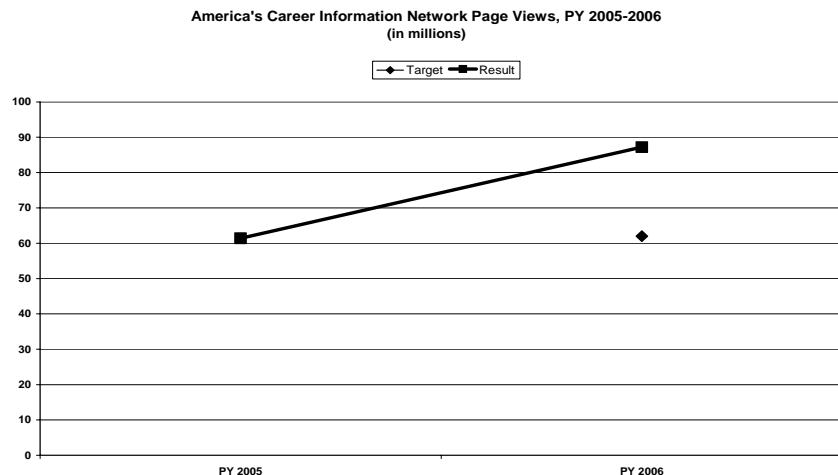
Connect Customers to the Workforce Investment System – The Department will maintain basic operation of the CareerOneStop Portal, America’s Career Information Network, America’s Service Locator, and the Toll-Free Help Line to allow businesses, the educational and economic development systems, and individuals to better connect to the workforce investment system.

Support Important Workforce System-Building Strategies – The Department will continue to support activities that enhance the capacity of the workforce investment system, such as the sharing of innovative practices around demand-driven talent development strategies in support of regional economic competitiveness through the Workforce<sup>3</sup>One Web site, and continue to develop an expanded set of strategic partnerships with community colleges, the economic development community, faith and community-based organizations, foundations, and other Federal agencies.

All investments and strategies ultimately contribute to the workforce investment system’s efforts to improve the employment, retention, and earnings of individuals served by the system.

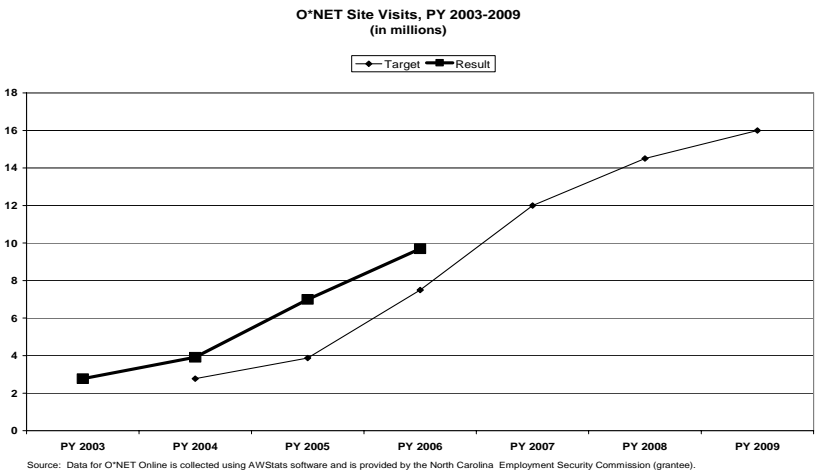
## Program Performance

E-tools and associated systems for tracking performance and outcomes, as described above, will continue to be funded under this line item in FY 2009. Performance indicators for E-tools include the number of page views and number of site visits, which together indicate the extent of user demand for the information and tools provided. Year after year, performance goals have consistently been attained and even exceeded, leading to upward adjustments of the targets.



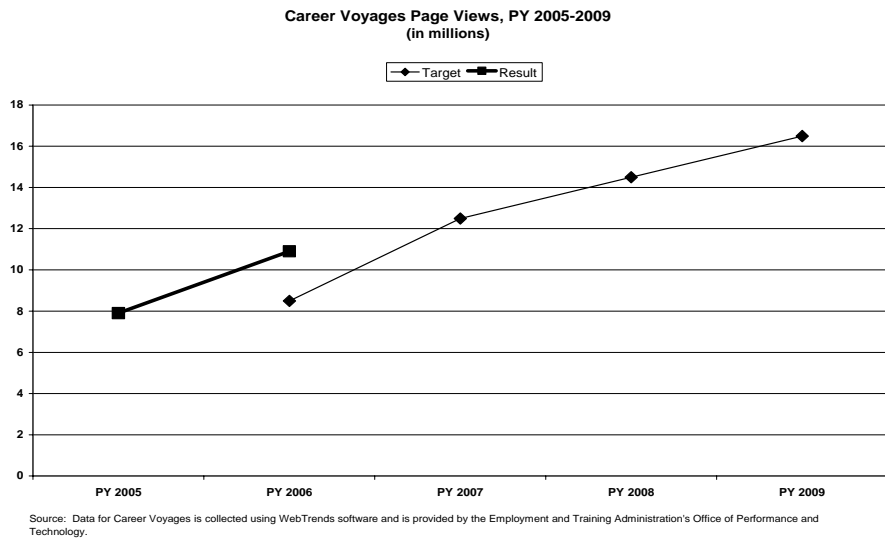
Source: Data for America's Career Information Network is collected using WebTrends software and is provided by the Minnesota Department of Employment and Economic Development (grantee).

# WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING



The CareerOneStop electronic tools, Career Voyages, and the O\*NET Web sites are designed to improve self-service options for customers of the public workforce investment system. Resources supporting these systems are used for technical assistance and emerging occupation research, to operate the Web sites, and to keep the databases current. The result for increased dissemination of O\*NET data as measured by site visits was 9.7 million in PY 2006. This result was over two million visits above the PY 2006 target of 7.5 million site visits; out-year targets have been adjusted upward accordingly to 16 million for PY 2009. The number of page views for Career Voyages (10.9 million) and America’s Career Information Network (87.2 million) also exceeded their targets in PY 2006 (8.5 million and 62 million, respectively). As a result, the PY 2009 target for Career Voyages was adjusted to 16.5 million page views. A significant component of E-tools, America’s Job Bank, was discontinued on June 30, 2007, because it duplicated services now provided by private sector firms. Due to the uncertainty inherent in attempting to predict the impact of this closure on usage, a new baseline for America’s Career Information Network will be developed using PY 2007 data.

These results indicate that workforce system partners, employers, career counselors, and the public continue to recognize the usefulness and accessibility of E-tools. The tools also are becoming more popular due to customers’ increasing familiarity and comfort with and use of Web-based resources.



# WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

## Efficiency Measures

The efficiency measure numerator is the number of site visits or number of page views; these gauge usefulness of the occupational information to the wide-ranging user community – business, educators, students, parents, and job seekers. Thus, efficiency is measured using cost per page view.

Due to the uncertainty inherent in attempting to predict the impact of the closure of America’s Job Bank on usage, a new baseline for the efficiency measure (cost per page view) will be developed using PY 2007 data. New targets will be determined in PY 2008.

Note that a part of this appropriation is used for system building activities that are not directly related to service delivery and do not lend themselves to being included in an efficiency measure.

<b>WORKLOAD SUMMARY</b>				
<b>(Dollars in Thousands)</b>				
	<b>FY 2007 Actual</b>	<b>FY 2008 Target</b>	<b>FY2009</b>	
			<b>Current Law</b>	<b>Legislative Proposal</b>
<b>Workforce Information/National Electronic Tools/System Building</b>				
Page views*	TBD	TBD	TBD	TBD
Cost per page view	TBD	TBD	TBD	TBD
<b>Budget Activity Total</b>	\$63,855	\$52,059	\$48,880	\$16,880

\*A baseline will be used for measuring the Number of Page Views in FY 2007, due to the closure America’s Job Bank on June 30, 2007

## WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

### PERFORMANCE GOALS AND INDICATORS

<b>Build a demand-driven workforce system by increasing the accessibility of workforce information through the National Electronic Tools.</b>										
	PY 2004		PY 2005		PY 2006		PY 2007		PY 2008	PY 2009
	Goal Not Achieved		Goal Achieved		Goal Achieved					
<b>Performance Indicator</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
1. Number of page views on America's Career InfoNet.	N/A	N/A	Baseline	61.4 million	62 million	87.2 million	Baseline	RNA	TBD	TBD
2. Number of O*Net site visits.	2,770,433	3,910,000	3,874,717	7 million	7.5 million	9.7 million	12 million	RNA	14.5 million	16 million
3. Number of page views on Career Voyages.	N/A	N/A	Baseline	7.9 million	8.5 million	10.9 million	12.5 million	RNA	14.5 million	16.5 million
<b>Baseline(s):</b> Beginning in PY 2005, baseline data for America's Career InfoNet will be provided by Minnesota (grantee).										
<b>Data Source(s):</b> Web statistics provided by state grantees for O*NET and CareerOneStop using AWSTATS and WebTrends software. Career Voyages statistics are provided by ETA.										
<b>Comments:</b> RNA = Results not available.										



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

**CHANGES IN FY 2009**  
(Dollars in Thousands)

<b>Activity Changes</b>			
<b>Built-In</b>			
To Provide For:			
<b>Built Ins Subtotal</b>			<b>0</b>
	<b>Estimate</b>	<b>FTE</b>	
<b>Base</b>	<b>52,059</b>		<b>0</b>

## WORK INCENTIVE GRANTS

Budget Authority Before the Committee (Dollars in Thousands)							
					FY 2009		
	FY 2007 Comparable	FY 2008 Enacted	FY 2008 Estimate	Diff. FY 07 Comp/ FY 08 Est	Current Law	Legislative Proposal	Diff. FY 08 Est /FY 09 Req
<b>Activity Appropriation</b>	19,514	14,393	14,393	-5,121	0	0	-14,393
<b>FTE</b>	0	0	0	0	0	0	0

### Introduction

ETA administers the Work Incentive Grants (WIG), a pilot program designed to increase the labor force participation, life-long learning opportunities, and career ladder advancement of persons with disabilities. People with disabilities continue to be disproportionately underemployed, unemployed, and living in poverty. According to the 2000 U.S. Census, 33 million people ages 16-64, or 19.4 percent of the working-age population, have a disability. In 2005, only 38.1 percent of people with disabilities were employed, yet more than 70 percent of people with disabilities reported that they wanted to work.

ETA has worked to improve the One-Stop Career Center system services for job seekers with disabilities by: 1) promoting meaningful and effective physical, programmatic, and communication access to the One-Stop Career Center system; 2) conducting outreach to the disability community; 3) establishing linkages to employers to increase job and career opportunities; 4) developing new, and maintaining ongoing, partnerships that achieve a seamless, integrated workforce system; and 5) establishing Integrated Resource Teams across workforce and disability systems that address multiple employment needs of job seekers with disabilities.

WIG funds also support ETA's Disability Program Navigator (DPN) Cooperative Agreements, which support staff who are responsible for bringing greater awareness of disability-related workforce issues to One-Stop staff.

Forty-five states, the District of Columbia, and Puerto Rico are operating a DPN initiative in PY 2007. Approximately 500 Navigators have been established in local workforce investment areas. The period of grant performance for the 17 Round I DPN states and the 14 Round II DPN states will end June 30, 2008. The period of performance for the 16 Round III DPN states will end on June 30, 2009

The WIG/DPN Initiative is consistent with the objectives of the President's New Freedom Initiative, signed February 1, 2001, to increase employment opportunities and promote the full participation of people with disabilities in all areas of society. The DPN initiative evolved, in part, through ETA's experience with WIG grantees where funds were used to hire disability program specialists to improve and enhance their One-Stop Career Center services. It became evident that establishing such positions was the most effective means of achieving the overall WIG goals to increase employment, employability, and career advancement for individuals with

## WORK INCENTIVE GRANTS

disabilities. The DPN initiative grew out of a joint initiative with the Social Security Administration (SSA) to fund, implement, pilot, and evaluate DPN positions within the One-Stop Career Center system to assure that people with disabilities have ready access to work incentive information, the work support programs now available at the One-Stop Career Centers, and access to the employer community.

### **Funding Mechanism**

The annual WIG appropriation has ranged from \$20,000,000 in PY 2002 to \$14,393,082 in PY 2008. Key provisions relating to services under the DPN cooperative agreement award are Sections 121, 134(c), and 189(c) of the Workforce Investment Act (WIA) (29 U.S.C. 2841, 2864(c), 2939(c)) and the Wagner-Peyser Act (29 U.S.C. 49f). Key regulations governing the WIA and Wagner-Peyser Act programs are at 20 CFR parts 651-652 and 660-671, and at 29 CFR part 37.

Under the DPN initiative, ETA has issued Solicitation for Statewide Cooperative Agreements to identified states through three grant award cycles since PY 2002. Invitations to initial states were conducted in coordination with SSA and their projected initiatives or demonstrations. Since the beginning of the DPN Initiative, ETA has invested \$102,000,000 and SSA has invested \$12,000,000 into the initiative.

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

<b>Fiscal Year</b>	<b>Funding (Dollars in Thousands)</b>	<b>FTE</b>
2004	19,753	0
2005	19,711	0
2006	19,514	0
2007	19,514	0
2008	14,393	0

### **FY 2009**

The partnerships and collaborative initiatives facilitated by the DPNs are reducing duplication of services, coordinating seamless services, leveraging additional resources, and resulting in the blending and braiding of resources for customers with disabilities. The results are that more individuals with disabilities are gaining access to training and employment services in the One-Stop Career Center system.

The FY 2009 Budget proposes to terminate funding for Work Incentive Grants, a pilot program that has accomplished its mission of demonstrating new approaches to improving the accessibility of One-Stop services for job seekers with disabilities. Separate grants are no longer needed to promote accessibility. States and localities can now implement these approaches as part of their regular support for the One-Stop Career centers.

Ending this program will not have a detrimental effect on One-Stop accessibility for job-seekers with disabilities. The Department of Education's Vocational Rehabilitation State Grants

## WORK INCENTIVE GRANTS

program will continue to provide technical assistance to One-Stop Centers on program accessibility. More importantly, Section 504 of the Rehabilitation Act mandates that organizations that receive Federal funds be accessible to people with disabilities.

A shift in emphasis toward DPNs has led to the training of One-Stop Career Center staff to more effectively serve people with disabilities. Initial indications from WIA performance data suggest a significant increase in workforce service levels to job seekers with disabilities. ETA fully expects this increase to continue even with the elimination of this program.

### **Program Performance**

ETA is in the process of conducting qualitative and quantitative evaluation of the DPN initiative. ETA will examine technical issues related to efficiency measures and present viable alternatives in FY2009.

### **Efficiency Measures**

The WIG/DPN Initiative's efficiency measure is the cost per registrant with disabilities who exited from workforce investment areas that have Navigators funded by the Disability Program Navigator (DPN) Grants. The numerator description is the total amount of annual funds appropriated for Work Incentive Grants. The denominator is the total number of registrants who exited with disabilities during each program year for applicable DPN grants.

The PY 2005 cost per participant target ratio was \$1,332. The appropriation for PY 2005 was \$19,711,000, and total exiters in local areas with DPNs was 11,460 for a results ratio of \$1,720.

In PY 2006, the target ratio was \$1,292. Since the PY 2005 result was higher than the targets for the first two years, the target ratio for PY 2007 is set at \$1,700. In PY 2008, the target ratio is set at \$1,685. No funding is requested in PY 2009. However, if the FY 2009 budget includes funding for WIGs, the PY 2009 target is \$1,670. There is no WIA data available yet on service and exiter levels for PY 2006 and subsequent years. Data for PY 2006 will not be available until analysis is completed in Spring 2008.

<b>WORKLOAD SUMMARY</b>				
	<b>FY 2007 Actual*</b>	<b>FY 2008 Target</b>	<b>FY 2009</b>	
			<b>Current Law</b>	<b>Legislative Proposal</b>
Work Incentive Grants				
Participants	11,478	8,541	0	0
Cost Per Participant	\$1.700	\$1,685	\$0.00	\$0.00
Budget Activity Total	\$19,514	\$14,393	\$0.00	\$0.00

**\*Based on cost per participant target for program year 07 which ends 6/30/08.**

## WORK INCENTIVE GRANTS

### PERFORMANCE GOALS AND INDICATORS

Address worker shortages through Work Incentive Grants										
	PY 2004		PY 2005		PY 2006		PY 2007		PY 2008	PY 2009
	Not Achieved		Substantially Achieved		Goal Not Achieved					
Performance Indicator	Target	Result	Target	Result	Target	Result	Target	Result	Target	Target
1. Percent of exiters with disabilities.	6.10%	4.8%	6.20%	6.9%	6.3%	4.5%	4.6%	RNA	4.7%	4.8%
2. Percent of exiters with disabilities employed after program exit.	65.0%	70.3%	66.0%	69.9%	67.0%	65.0%	66.0%	RNA	67.0%	68.0%
3. Percent of exiters with disabilities who retain employment after exit.	80%	82%	81%	80%	82%	79%	80%	RNA	81%	82%
4. Average earnings in the second and third quarters after exit.	\$1,822	\$2,133	\$1,872	\$3,256	Baseline	\$9,856	\$9,955	RNA	\$10,055	\$10,155

**Baseline(s):** \* In PY2006, program collected baseline data for the new average earnings measure; 2004-05 data are based on a similar earnings measure, earnings gain.

**Data Source(s):** State Workforce Investment Act Standardized Record Data (WIASRD) submitted to DOL, Unemployment Insurance Wage Records

**Comments:** The data shown are for exiters with disabilities for those Workforce Investment Areas with navigators. New measures were developed in consultation with the Office of Management and Budget during PY 2004 budget cycle's PART process.

RNA = results not available

Data for Work Incentive Grants is collected annually.

# WORK INCENTIVE GRANTS

## CHANGES IN FY 2009

(Dollars in Thousands)

<b>Activity Changes</b>		
<b>Built-In</b>		
To Provide For:		
<b>Built Ins Subtotal</b>		<b>0</b>
<b>Net Program</b>		<b>-14,393</b>
<b>Direct FTE</b>		<b>0</b>
	<b>Estimate</b>	<b>FTE</b>
<b>Base</b>	<b>14,393</b>	<b>0</b>
<b>Program Decrease</b>	<b>-14,393</b>	<b>0</b>