

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

| BUDGET AUTHORITY BEFORE THE COMMITTEE | | | | | | |
|--|----------------------------|----------------------------|--|-------------------------|----------------------------|--|
| (Dollars in Thousands) | | | | | | |
| | FY 2008 Enacted | FY 2009 Enacted | Diff. FY08 Enacted / FY09 Enacted | Recovery Act | FY 2010 Request | Diff. FY09 Enacted / FY10 Req |
| Activity Appropriation | 1,323,373 | 1,341,891 | 18,518 | 1,450,000 | 1,413,000 | 71,109 |

Note: For display purposes, Community-Based Job Training Grants funding is not included, although these grants were funded from the Dislocated Worker National Reserve in FY 2008 and FY 2009. These funds are shown in the Career Pathways Innovation Fund section.

Introduction

The Dislocated Worker Assistance Program under title I of the Workforce Investment Act (WIA) of 1998 provides employment and training services to individuals who have lost their jobs, including those dislocated as a result of plant closings or mass layoffs, and who are unlikely to return to employment in their previous industries; formerly self-employed individuals; and displaced homemakers who have been dependent on the income of another family member, but are no longer supported by that income.

Through a combination of formula funds and additional workforce funding provided through the American Recovery and Reinvestment Act of 2009 (Recovery Act), the Dislocated Worker Program is positioned to assume a critical and timely role in developing locally and regionally-driven reemployment and training solutions at a time when there are many laid off workers throughout the country. WIA authorizes three types of services, which are potentially available to all dislocated workers. “Core” services include initial assessment, job search and placement assistance, and workforce and economic information. “Intensive” services include more comprehensive assessments, development of individual employment plans, and career guidance and planning. Participants may also receive “training” services linked to employment in demand occupations. Training services include occupational skills training, on-the-job training, programs that combine workplace training and related instruction, including registered apprenticeship, training programs operated by the private sector, skill upgrade and retraining, entrepreneurship training, job readiness training, adult education and literacy training, and customized training.

To be eligible to receive core services as a dislocated worker, an individual 18 years and older must meet the statutory (WIA section 101(9)) definition of dislocated worker. Dislocated workers who are unable to obtain employment through core services and are determined by a One-Stop Career Center operator to be in need of intensive services to obtain or retain employment that leads to self-sufficiency may receive intensive services. Training services may be made available to dislocated workers who are unable to obtain or retain employment through intensive services and require training. The provision of training or other needed services can be provided sequentially, concurrently, or in whatever order makes the most sense for the individual.

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In an effort to respond to on-going program improvement plan recommendations, several actions are being taken by the Employment and Training Administration (ETA). Highlights include an ETA-funded independent Quick Impact evaluation using administrative data which was completed in March of 2009. This evaluation provides more information about the impact of services on participant outcomes.

To measure performance, the program utilizes the set of common performance measures for employment and training programs. The use of common performance measures enables ETA to describe in a similar manner the core purposes and results of the workforce investment system – how many obtained a job, how many stayed employed, and their average earnings. The definitions for the measures are as follows:

- *Entered Employment Rate* – Percent of participants employed in the first quarter after exit;
- *Employment Retention Rate* – Percent of participants employed in the first quarter after program exit still employed in the second and third quarters after exit; and
- *Average Earnings* – The average six-month earnings.

In Program Year 2007, the program achieved a 73 percent Entered Employment Rate; 87 percent Retention Rate; and \$15,188 Average Earnings result. The program intends to meet its upcoming PY 2010 performance targets by using improved dual customer service strategies and issuing federal guidance which encourages local boards to provide more income support, allowing workers the financial means to engage in training to upgrade their skills.

Workload activities in FY 2008 show participant estimates as reported in the PY 2007 WIA Annual Report. The numbers of participants receiving training services is projected to increase due to the use of Dislocated Worker Recovery Act and formula funds. The table reflects a training increase of 3 percent in FY 2009 and 4 percent in FY 2010.

Funding Mechanism

The WIA allotments for states are based on formula provisions defined in the Act. Under title I of WIA, formula funds are provided to states and outlying areas for the operation of both Adult and Dislocated Worker employment and training activities, in accordance with 29 USC 2861. States distribute resources by formula to local workforce investment areas. The WIA allotments for outlying areas are based on a discretionary formula as authorized under WIA title I. The National Reserve Account enables additional resources to be made available to temporarily expand service capacity at the state and local levels by providing time-limited funding assistance in response to significant economic events through National Emergency Grants (NEGs).

Community-Based Job Training Grants, which had previously been appropriated as part of the National Reserve Account, are now requested separately as the Career Pathways Innovation Fund in the Training and Employment Services appropriation. These grants have a broader focus than just dislocated workers, so funding them through dislocated worker resources is not appropriate.

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Five-Year Budget Activity History

| <u>Fiscal Year</u> | <u>Funding</u> (Dollars in Thousands) | <u>FTE</u> |
|--------------------|--|------------|
| 2005 | 1,342,584 | 0 |
| 2006 | 1,337,553 | 0 |
| 2007 | 1,348,153 | 0 |
| 2008 | 1,323,373 | 0 |
| 2009 | 1,341,891 | 0 |

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

FY 2010

The Budget requests \$1,413,000,000 for the WIA Dislocated Workers program in FY 2010, of which \$1,183,840 will be used for formula grants to states. This is the same as the FY 2009 enacted level for formula grants. In FY 2010, ETA intends that WIA Dislocated Worker funds be used to provide the necessary services to dislocated workers to support their reentry into the recovering job market. It is anticipated that due to the severe economic downturn, there will be a significant increase in the depth and breadth of the training needed to prepare dislocated workers for jobs in economic growth sectors. States are strongly encouraged to consider how assessment and data-driven career counseling can be integrated into their service strategies to support dislocated workers in successful training and job search activities that align with areas of anticipated economic and job growth.

ETA is requesting a program increase of \$71,109,000 (45 percent) for the National Reserve Account for a total of \$229,160,000 to fund National Emergency Grants (NEGs) in FY 2010. This will enable ETA to provide additional resources to the workforce investment system to aid in the recovery and reemployment of dislocated workers, as current projections indicate that there will continue to be high levels of unemployment during the period these funds would be available. These additional resources will be especially important to address this need, as the period for obligation of Recovery Act funds for NEGs ends on June 30, 2010, just as PY 2010 will begin. There will still be areas that will need additional resources to continue the recovery in the communities hardest hit by the economic downturn. While the request for 2010 does not replicate the level of assistance available during Recovery Act implementation, this increase will enable a continued response to large scale worker dislocations via NEGs. ETA will review findings from the Recovery Act-funded NEGs (which will provide States with greater flexibility in service provision), so that the Department can decide on any strategies that may continue under regular NEG program operations.

FY 2009

In FY 2009, the addition of Recovery Act funds and activities required ETA to provide additional guidance to the states and provided additional resources for the WIA Dislocated Worker program. ETA continues its focus on fundamental workforce system transformation, including efforts to help states and local areas ensure that the majority of workforce system

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resources are devoted to job training in high growth industries. The WIA Dislocated Worker program will continue to leverage resources and strategies with other programs and funding streams for dislocated workers and affected employers, including NEG's, to ensure a coordinated and proactive approach to developing and advancing workers' skills to meet the workforce needs of communities and regional economies.

In FY 2009, NEG's continue to serve as a critical funding source for dislocated workers in need of training and employment services, in states where WIA Dislocated Worker formula funding reached extremely low levels. In the first half of FY 2009, 55 NEG's were awarded, compared to 34 during the same time period in FY 2008.

In the current economic environment, there is a significant opportunity to train and re-skill workers for new jobs that will emerge with the economic recovery. ETA has encouraged states to assess the skills, abilities, and career goals of dislocated workers and to help them map their skills against current and anticipated jobs. As training needs are identified, ETA encourages states to consider using the following six methods of training provision in utilizing their Dislocated Worker funds: 1) Individual Training Accounts, 2) Customized training, 3) On-the-job training, 4) Registered apprenticeship, and 5) Contracts with community-based organizations for the provision of training. To the extent practicable, training should develop worker skills to meet the needs of specific industry sectors important to the region's economy.

To more effectively respond to current economic challenges, ETA has identified an array of technical assistance strategies beginning with a national Reemployment Summit in January 2009 designed to work collaboratively with state and local workforce partners to re-design reemployment service delivery moving forward. Additionally, follow-up regional Recovery and Reemployment Forums, a series of webinars, and the development of various tools and resources will support this effort. The goal of these efforts is to initiate a comprehensive workforce system response to reemploy the growing numbers of unemployed workers. In addition, ETA, along with state and local partners, is revisiting the model for One-Stop service delivery, building on innovations in workforce development over the last decade while also envisioning a service delivery design that will address workforce challenges moving forward.

Recovery Act

The Recovery Act made available \$1.2 billion to the Department of Labor to fund WIA Dislocated Worker programs. In Training and Employment Guidance Letter (TEGL) 14-08, DOL provided policy guidance and direction regarding the Recovery Act funding for activities authorized under the WIA and the Wagner-Peyser Act and specific instructions regarding the requirement for states to modify their WIA and Wagner-Peyser Strategic State Plans. Under the discussion of WIA Dislocated Worker funds, the Department outlined strategies aimed at adapting dislocated worker skills and career goals to the rapidly changing economy and employment options. ETA has encouraged states to assess the skills, abilities, and career goals of dislocated workers and to help them map their skills against current and anticipated jobs. Because of our nation's changing economy, many dislocated workers may need training to increase their skills and gain employment. ETA has encouraged states to establish policies that

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assure that supportive services and needs-related payments, described in WIA section 134(e)(2) and (3) and in WIA regulations 20 CFR part 663, subpart H, that may be necessary for an individual's participation in job training are part of the dislocated worker service strategy. Guidance on the provision of needs-related payments to dislocated workers can be found in 20 CFR 663.820 and 663.825. To maximize the reach of these funds, One-Stop Career Centers should help eligible customers take advantage of the significant increase in Pell Grant funds also included in the Recovery Act by coordinating with the Pell Grant program in accordance with 20 CFR 663.320. One-Stop staff should also take into account the additional weeks of Unemployment Insurance benefits available under the Emergency Unemployment Compensation and Extended Benefits that may help eligible customers complete longer-term training.

ETA has encouraged states to align their use of WIA Dislocated Worker formula funds with their spending strategies for other funding streams provided through the Recovery Act to ensure the most efficient and effective use of all funding. In particular, states should integrate their implementation of Dislocated Worker services with Reemployment Services and UI programs such that individuals have easy access to all programs, regardless of their point of entry into the system. Since significant Recovery Act investments are targeted to key industries such as construction, transportation, healthcare and other industries with emerging "green" jobs that traditionally utilize or are expected to draw heavily upon registered apprenticeship, states are also encouraged to leverage new and existing registered apprenticeship programs and assets.

ETA has encouraged states to align their WIA Dislocated Worker formula activities with state and regional economic recovery plans, particularly those connected with the Recovery Act as they are developed, to ensure that training and employment services support anticipated industry growth, and corresponding expected employment opportunities and required skill competencies. States and local areas are encouraged to develop comprehensive regional partnerships to facilitate this alignment. Local workforce investment boards are encouraged to partner with each other regionally and across political jurisdictions as necessary.

An additional \$200,000,000 was provided in the Recovery Act for NEGs to respond to plant closings, mass layoffs, and other worker dislocations.

FY 2008

In FY 2008, the Dislocated Worker program closely partnered with state and local Rapid Response units to implement a more proactive model of pre- and post-layoff economic transition approaches. In this model, comprehensive skills assessments, improved workforce information and career guidance, and improved access to post-secondary education are increasing regions' capacity to respond proactively to economic shock events and changing talent development needs.

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| WORKLOAD SUMMARY (Dollars in Thousands) | | | |
|---|---------------------------|---------------------------|---------------------------|
| | FY 2008 Actual | FY 2009 Target | FY 2010 Target |
| WIA Dislocated Worker Employment and Training Activities | | | |
| Participants Served | 396,158* | 338,238 | 350,747 |
| Participants Receiving Training Services | 72,918 | 74,376 | 75,834 |
| Cost Per Participant | \$3,651 | \$3,967 | \$4,029 |
| Budget Activity Total | \$1,323,373 | \$1,341,891 | \$1,413,000 |

*FY 2008 enacted participant estimates are based on PY 2007 numbers as reported in the PY 2007 WIA Annual Report.

**The numbers of participants receiving training services is projected to increase per DOL guidance for the use of Dislocated Worker Recovery Act and formula funds. Guidance encourages states to use the menu of training services authorized under WIA as well as those income and supportive services which support training activities. The increased intensity will increase the number of American workers able to upgrade their skills and position themselves for new and emerging industries, including healthcare, green jobs, and advanced manufacturing, among others. The table reflects a training increase of 3 percent in FY 2009 and 4 percent in FY 2010.

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

PERFORMANCE GOAL AND INDICATORS

| Increase the employment, retention, and earnings of individuals registered under the Workforce Investment Act Dislocated Worker Program. | | | | | | | | | |
|--|--------------------------|---------------|--------------------------|---------------|--------------------------|---------------|----------------|----------------|----------------|
| Performance Indicator | PY 2005 | | PY 2006 | | PY 2007 | | PY 2008 | PY 2009 | PY 2010 |
| | Goal Not Achieved | | Goal Not Achieved | | Goal Not Achieved | | | | |
| | Target | Result | Target | Result | Target | Result | Target | Target | Target |
| 1. Percent of participants employed in the first quarter after exit | 83% | 83% | 84% | 78% | 79% | 73% | 71% | 70.2% | 70.6% |
| 2. Percent of participants employed in the first quarter after program exit still employed in the second and third quarters after exit. | 89% | 88% | 90% | 88% | 89% | 87% | 84.7% | 83.9% | 84.4% |
| 3. Average earnings in the second and third quarters after exit. | 92% | 103% | \$13,800 | \$14,265 | \$14,410 | \$15,188 | \$14,888 | \$14,773 | \$14,837 |
| Baseline(s): | | | | | | | | | |
| Data Source(s): Quarterly and Annual State WIA Performance Reports (ETA-9090 and ETA-9091) | | | | | | | | | |
| Comments: In PY 2005 the measure compared pre-program earnings to earnings after program exit, as a percentage of wage replacement. The earnings measure beginning in PY 2006 is Average Earnings. PY 2007 results are final (estimates were previously provided in the FY 2008 annual report). PY 2008 – 2010 targets are based on regression analysis that takes into account participant performance with the conditions of the local labor markets using the unemployment rates collected by local workforce investment area. | | | | | | | | | |

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

PERFORMANCE GOAL AND INDICATORS

| Increase the employment, retention, and earnings of individuals registered under the Workforce Investment Act Dislocated Worker Program National Emergency Grants. | | | | | | | | | |
|---|-----------------------------------|---------------|--------------------------|---------------|--------------------------|---------------|----------------|----------------|----------------|
| Performance Indicator | PY 2005 | | PY 2006 | | PY 2007 | | PY 2008 | PY 2009 | PY 2010 |
| | Substantially Achieved | | Goal Not Achieved | | Goal Not Achieved | | | | |
| | Target | Result | Target | Result | Target | Result | Target | Target | Target |
| 1. Percent of participants employed in the first quarter after exit | 83% | 71% | 84% | 63% | 64% | 71% | 67.1% | 65.7% | 66.5% |
| 2. Percent of participants employed in the first quarter after program exit still employed in the second and third quarters after exit. | 89% | 89% | 90% | 81% | 83% | 83% | 81.2% | 80.5% | 80.3% |
| 3. Average earnings in the second and third quarters after exit.* | 92% | 93% | Baseline | \$13,087 | \$13,220 | \$12,378 | \$11,278 | \$11,486 | \$11,618 |
| Baseline(s): | | | | | | | | | |
| Data Source(s): Workforce Investment Act Standardized Record Data (WIASRD). Rounded to the nearest whole number, PY 2007 results are from the Program Year 2007 WIASRD Data Book. | | | | | | | | | |
| Comments: *The earnings measures beginning in PY 2006 is Average Earnings; in PY 2005 the measure was Earnings Change. | | | | | | | | | |
| <p>Dislocated Worker formula program targets were used for the NEG program in PY 2005 and PY 2006. The Department began using the prior year's NEG program outcomes to set performance goal targets in PY 2007. It should be noted that data analysis conducted on behalf of the ETA shows that differences between Dislocated Worker formula program and NEG program outcomes are attributable to the inclusion of Disaster NEG participants in overall NEG program outcomes. When the results for Disaster NEG participants are included in overall NEG program outcomes, there is a noticeable decline in the percent employed in the first quarter after exit, as the primary purpose of Disaster NEGs is to create temporary jobs to assist in cleanup activities. Once this work is completed, participants usually exit the grant and begin their search for permanent employment.</p> <p>PY 2008-2009 targets are adjusted estimates based on regression analysis that takes into account participant performance with the conditions of the local labor markets using the unemployment rates collected by local workforce investment area.</p> | | | | | | | | | |

**DISLOCATED WORKER EMPLOYMENT AND TRAINING
ACTIVITIES**

| BUDGET ACTIVITY by OBJECT CLASS | | | | | | |
|--|--------------------------------------|----------------------------|----------------------------|-------------------------|----------------------------|---|
| (Dollars in Thousands) | | | | | | |
| | | FY 2008 Enacted | FY 2009 Enacted | Recovery Act | FY 2010 Request | Change FY 10 Req / FY 09 Enacted |
| 25.1 | Advisory and assistance services | 14,225 | 10,705 | 0 | 81,814 | 71,109 |
| 41.0 | Grants, subsidies, and contributions | 1,309,148 | 1,331,186 | 1,450,000 | 1,331,186 | 0 |
| Total | | 1,323,373 | 1,341,891 | 1,450,000 | 1,413,000 | 71,109 |
| | | | | | | |

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

CHANGES IN FY 2010 (Dollars in Thousands)

| | | |
|---------------------------|------------------|---------------|
| Activity Changes | | |
| Built-In | | |
| To Provide For: | | |
| Built-Ins Subtotal | | 0 |
| | | |
| Net Program | | 71,109 |
| Direct FTE | | 0 |
| | | |
| | Estimate | FTE |
| Base | 1,341,891 | 0 |
| Program Increase | 71,109 | 0 |

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

PERFORMANCE GOAL AND INDICATORS

| Increase the employment, retention, and earnings of individuals registered under the Workforce Investment Act Dislocated Worker Program. | | | | | | | | | |
|--|--------------------------|---------------|--------------------------|---------------|--------------------------|---------------|----------------|----------------|----------------|
| Performance Indicator | PY 2005 | | PY 2006 | | PY 2007 | | PY 2008 | PY 2009 | PY 2010 |
| | Goal Not Achieved | | Goal Not Achieved | | Goal Not Achieved | | | | |
| | Target | Result | Target | Result | Target | Result | Target | Target | Target |
| 1. Percent of participants employed in the first quarter after exit | 83% | 83% | 84% | 78% | 79% | 73% | 71% | 70.2% | 70.6% |
| 2. Percent of participants employed in the first quarter after program exit still employed in the second and third quarters after exit. | 89% | 88% | 90% | 88% | 89% | 87% | 84.7% | 83.9% | 84.4% |
| 3. Average earnings in the second and third quarters after exit. | 92% | 103% | \$13,800 | \$14,265 | \$14,410 | \$15,188 | \$14,888 | \$14,773 | \$14,837 |
| Baseline(s): | | | | | | | | | |
| Data Source(s): Quarterly and Annual State WIA Performance Reports (ETA-9090 and ETA-9091) | | | | | | | | | |
| Comments: In PY 2005 the measure compared pre-program earnings to earnings after program exit, as a percentage of wage replacement. The earnings measure beginning in PY 2006 is Average Earnings. PY 2007 results are final (estimates were previously provided in the FY 2008 annual report). PY 2008 – 2010 targets are based on regression analysis that takes into account participant performance with the conditions of the local labor markets using the unemployment rates collected by local workforce investment area. | | | | | | | | | |

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PERFORMANCE GOAL AND INDICATORS

| Increase the employment, retention, and earnings of individuals registered under the Workforce Investment Act Dislocated Worker Program National Emergency Grants. | | | | | | | | | |
|---|-----------------------------------|---------------|--------------------------|---------------|--------------------------|---------------|----------------|----------------|----------------|
| Performance Indicator | PY 2005 | | PY 2006 | | PY 2007 | | PY 2008 | PY 2009 | PY 2010 |
| | Substantially Achieved | | Goal Not Achieved | | Goal Not Achieved | | | | |
| | Target | Result | Target | Result | Target | Result | Target | Target | Target |
| 1. Percent of participants employed in the first quarter after exit | 83% | 71% | 84% | 63% | 64% | 71% | 67.1% | 65.7% | 66.5% |
| 2. Percent of participants employed in the first quarter after program exit still employed in the second and third quarters after exit. | 89% | 89% | 90% | 81% | 83% | 83% | 81.2% | 80.5% | 80.3% |
| 3. Average earnings in the second and third quarters after exit.* | 92% | 93% | Baseline | \$13,087 | \$13,220 | \$12,378 | \$11,278 | \$11,486 | \$11,618 |
| Baseline(s): | | | | | | | | | |
| Data Source(s): Workforce Investment Act Standardized Record Data (WIASRD). Rounded to the nearest whole number, PY 2007 results are from the Program Year 2007 WIASRD Data Book. | | | | | | | | | |
| Comments: *The earnings measures beginning in PY 2006 is Average Earnings; in PY 2005 the measure was Earnings Change. | | | | | | | | | |
| <p>Dislocated Worker formula program targets were used for the NEG program in PY 2005 and PY 2006. The Department began using the prior year's NEG program outcomes to set performance goal targets in PY 2007. It should be noted that data analysis conducted on behalf of the ETA shows that differences between Dislocated Worker formula program and NEG program outcomes are attributable to the inclusion of Disaster NEG participants in overall NEG program outcomes. When the results for Disaster NEG participants are included in overall NEG program outcomes, there is a noticeable decline in the percent employed in the first quarter after exit, as the primary purpose of Disaster NEGs is to create temporary jobs to assist in cleanup activities. Once this work is completed, participants usually exit the grant and begin their search for permanent employment.</p> <p>PY 2008-2009 targets are adjusted estimates based on regression analysis that takes into account participant performance with the conditions of the local labor markets using the unemployment rates collected by local workforce investment area.</p> | | | | | | | | | |

**DISLOCATED WORKER EMPLOYMENT AND TRAINING
ACTIVITIES**

| BUDGET ACTIVITY by OBJECT CLASS | | | | | | |
|--|--------------------------------------|----------------------------|----------------------------|-------------------------|----------------------------|---|
| (Dollars in Thousands) | | | | | | |
| | | FY 2008 Enacted | FY 2009 Enacted | Recovery Act | FY 2010 Request | Change FY 10 Req / FY 09 Enacted |
| 25.1 | Advisory and assistance services | 14,225 | 10,705 | 0 | 81,814 | 71,109 |
| 41.0 | Grants, subsidies, and contributions | 1,309,148 | 1,331,186 | 1,450,000 | 1,331,186 | 0 |
| Total | | 1,323,373 | 1,341,891 | 1,450,000 | 1,413,000 | 71,109 |
| | | | | | | |

DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

CHANGES IN FY 2010 (Dollars in Thousands)

| | | |
|---------------------------|------------------|---------------|
| Activity Changes | | |
| Built-In | | |
| To Provide For: | | |
| Built-Ins Subtotal | | 0 |
| | | |
| Net Program | | 71,109 |
| Direct FTE | | 0 |
| | | |
| | Estimate | FTE |
| Base | 1,341,891 | 0 |
| Program Increase | 71,109 | 0 |