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Labor and Workforce Development Programs: Overview of ARRA

L E G I S L A T I V E A N A L Y S T ' S O F F I C E

Presented to:

Assembly Committee on Labor and Employment

Hon. Bill Monning, Chair

Assembly Budget Subcommittee No. 4

Hon. Juan Arambula, Chair

Senate Committee on Labor and Industrial Relations

Hon. Mark DeSaulnier, Chair





Workforce Investment Act (WIA)— Background

- ☑ Originally passed by Congress in 1998.
- ☑ Gives states and local governments the primary responsibility to consolidate; coordinate; and improve employment, training, literacy, and vocational rehabilitation programs.
- ☑ The Employment Development Department (EDD) distributes WIA funds to three categories of workers: adult, youth, and dislocated workers.
- ☑ Workforce investment programs and services are generally delivered through the One-Stop Career Center service delivery structure.
- ☑ The California Workforce Investment Board assists the Governor in designing a statewide plan and establishing program policies. The Legislature has membership on this board.
- ☑ Local Workforce Investment Boards (LWIBs) are responsible for administering WIA services in 49 Local Workforce Investment Areas (LWIAs).



Base WIA Funding Formulas and Trends



Set Formulas

- The WIA prescribes a formula for allocating adult, youth, and dislocated worker funds to states.
- The amount the state receives depends on (1) the total amount of WIA funds available nationally, and (2) the state's economic and demographic statistics as a relative share of those statistics for all states.
- The WIA funds for California have declined over the years, from \$630 million in 2000-01 to about \$497 million in 2009-10. As discussed later, the available WIA funding has increased significantly recently.



State/Local Allocations

- The LWIAs receive about 85 percent of the state's WIA allocation, while the remaining 15 percent of WIA funds are available for state discretionary purposes. The formula allocation to LWIAs for 2009-10 is about \$422 million, while the amount of state discretionary funds is about \$75 million.



State Discretionary Funds

- Typically, these discretionary funds are used for administration, statewide initiatives, and competitive grants for employment and training programs.
- The WIA discretionary fund expenditures depend on gubernatorial and legislative priorities.
- Recently, the Legislature has prioritized a portion of WIA discretionary funds for employment and training programs in other areas such as veterans' training, nursing skills initiatives, and green technology training.



Additional WIA Funds Through ARRA

- ☑ In addition to a base funding of \$497 million, the American Recovery and Reinvestment Act (ARRA) provided an additional \$488 million for California's workforce system in 2009-10. Combining the base and ARRA funds, the state has received a total of \$985 million for workforce development programs.
- ☑ Figure 1 shows that EDD distributed a total of \$837 million to LWIAs and \$148 million for state discretionary purposes.

Figure 1

Workforce Investment Act Available Funding

(2009-10, in Millions)

Category	Base	ARRA	Totals
Local allocation	\$422	\$415	\$837
State discretionary allocation	75	73	148
Totals	\$497	\$488	\$985

ARRA = American Recovery and Reinvestment Act.

- ☑ Figure 2 below shows the formula allocation to LWIAs. The monies are divided among adult, youth, and dislocated worker categories.

Figure 2

Components of Local WIA Funds

(2009-10, in Millions)

Category	Base	ARRA	Totals
Adult	\$119	\$68	\$187
Youth	123	159	282
Dislocated Worker	180	188	368
Totals	\$422	\$415	\$837

ARRA = American Recovery and Reinvestment Act; WIA = Workforce Investment Act.



Progress on the Expenditure of ARRA Funds in 2009-10



New Federal Spending Goal

- Originally, the Department of Labor (DOL) required states to expend ARRA funds by June 30, 2011.
- The DOL Region 6 Office, however, identified a relatively slow pace of ARRA expenditures in the local workforce system in some states, including California. Therefore, in a February 2010 meeting, the DOL established a goal for LWIBs to expend (not just obligate) 70 percent of ARRA funds by September 30, 2010.
- Prior to this goal, most LWIBs in California were spending both base and ARRA funds concurrently, without necessarily prioritizing ARRA expenditures.



Expenditure Status

- As of December 2009, LWIBs have spent about an average of 36 percent of ARRA Adult funds, 23 percent of ARRA Dislocated Worker funds, and 72 percent of ARRA Youth funds.
- Figure 3 shows that expenditure status varies significantly among LWIBs.

Figure 3

Expenditure Status of 49 LWIAs

Category	0 Percent to 30 Percent	31 Percent to 69 Percent	70 Percent to 100 Percent
Adult	19	20	10
Youth	2	14	33
Dislocated Worker	28	20	1

LWIAs = Local Workforce Investment Areas.



Key Federal Guidelines to Implement ARRA



General Guidelines

- After the enactment of ARRA, the DOL issued several guidance letters to indicate policy goals and preferences. The department required states to be transparent in their use of ARRA funds and to spend them timely and effectively. Below, we highlight significant DOL guidelines concerning WIA programs.



Targeted Use of Funds

- The LWIBs should prioritize service delivery to the unemployed and recipients of public assistance.
- The LWIBs should fund “green” technology training.



New Opportunities

- The LWIBs can award contracts to community colleges and eligible training providers to train incumbent workers or unemployed individuals in high-demand occupations. Prior to this new guideline, LWIBs generally provide individuals with individual training accounts, or vouchers, to participate in job training programs.
- The DOL recommends LWIBs link job training with potential employment in other ARRA-funded projects, such as in transportation and infrastructure development.



Performance Measures for ARRA



Since ARRA funds are meant to supplement regular WIA programs, the DOL has decided that separate measures and goals are not necessary. Figure 4 below shows key measures that LWIBs collect for WIA programs.

Figure 4

Ongoing Performance Measures for WIA Programs

WIA Adult and Dislocated Worker	WIA Youth
Number of participants who entered employment.	Number of participants who attained basic skills and work readiness/ occupation skill.
Number of participants who retained employment for six months.	Number of participants who attained secondary school diplomas and/or equivalent.
Amount of earnings received after six months on the job.	Number of participants who are placed in postsecondary education or advanced training, military service, employment, or qualified apprenticeships.
Number of participants who attained a recognized credential.	Number of participants who are retained in postsecondary education or advanced training, military service, employment, or qualified apprenticeships.
WIA = Workforce Investment Act.	



On the other hand, the performance measures for WIA Youth programs are subject to additional measures. If youth participants receive WIA services between May 1 and September 30, the DOL requires states to measure performance by collecting data on each participant's work readiness skills.



Reporting Requirements



Reporting Process

- The LWIBs report to EDD on all WIA activities and expenditures. The EDD aggregates data and submits them electronically to the DOL Web site. Below, we summarize the two kinds of reports that DOL requires from EDD.
 - The LWIBs must keep track of ARRA funds and expenditures separately. They submit a fiscal report to EDD, which then reports to DOL at the end of each quarter.
 - Under regular WIA, the DOL requires states to submit an annual report and quarterly reports that include participant information from WIA services. For ARRA, the DOL requires states to provide supplemental monthly participant reports and quarterly reports in addition to regular WIA reports. We note that the federal government does not require states to distinguish between ARRA-funded or regular WIA-funded participants.
 - Figure 5 shows examples of data elements that EDD includes in ARRA reports.

Figure 5

ARRA Supplemental Reports Sample of Performance Measures

Common Measures	Youth-Specific Measures
Total number of new participants served.	Total number of new participants served.
Number of Unemployment Insurance claimants.	Number of participants placed in summer employment.
Number of low-income individuals.	Work readiness attainment rate.
Number of public assistance individuals.	Summer employment completion rate.
Number of participants in training.	Demographic information.
ARRA = American Recovery and Reinvestment Act.	



Findings and Recommendations



The ARRA and WIA Reports Are Not Easily Available to the Legislature

- The EDD submits reports to DOL directly. The completed reports are not available on the Internet. Ad hoc reporting, however, is available upon request.



Reports Should Be More Accessible

- The EDD should submit copies of reports to the Legislature, at least annually, and make them available online for the public.