

FY 2013

CONGRESSIONAL BUDGET JUSTIFICATION

EMPLOYMENT AND TRAINING ADMINISTRATION

**State Unemployment Insurance and
Employment Service Operations**

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

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STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

APPROPRIATION LANGUAGE

For authorized administrative expenses, [\$86,231,000] *\$138,358,000*, together with not to exceed [\$3,958,441,000] *\$3,795,882,000* which may be expended from the Employment Security Administration Account in the Unemployment Trust Fund ("the Trust Fund"), of which:

(1) [\$3,181,154,000] *\$2,989,912,000* 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 not less than [\$10,000,000] *\$60,000,000* to conduct in-person reemployment and eligibility assessments and unemployment insurance improper payment reviews *and \$10,000,000 for activities to address the misclassification of workers*), the administration of unemployment insurance for Federal employees and for ex-service members as authorized under 5 U.S.C. 8501-8523, and the administration of trade readjustment allowances, reemployment trade adjustment assistance, and alternative trade adjustment assistance under the Trade Act of 1974 and under section 231(a) of the Trade Adjustment Assistance Extension Act of 2011, and shall be available for obligation by the States through December 31, [2012] *2013*, except that funds used for automation acquisitions or competitive grants awarded to States for improved operations,[or] reemployment and eligibility assessments and improper payments, *or activities to address misclassification of workers* shall be available for obligation by the States through September 30, [2014] *2015*, and funds used for unemployment insurance workloads experienced by the States through September 30, [2012] *2013* shall be available for Federal obligation through December 31, [2012] *2013*;

(2) [\$11,287,000] *\$11,297,000* from the Trust Fund is for national activities necessary to support the administration of the Federal-State unemployment insurance system;

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(3) [\$679,531,000] \$708,204,000 from the Trust Fund, together with \$22,638,000 from the General Fund of the Treasury, is for grants to States in accordance with section 6 of the Wagner-Peyser Act, *of which not less than \$30,000,000 shall be used to provide reemployment services to beneficiaries of unemployment insurance*, and shall be available for Federal obligation for the period July 1, [2012] 2013 through June 30, [2013] 2014;

(4) \$20,952,000 from the Trust Fund is for national activities of the Employment Service, including administration of the work opportunity tax credit under section 51 of the Internal Revenue Code of 1986, and the provision of technical assistance and staff training under the Wagner-Peyser Act, including not to exceed \$1,228,000 that may be used for amortization payments to States which had independent retirement plans in their State employment service agencies prior to 1980;

(5) \$65,517,000 from the Trust Fund is for the administration of foreign labor certifications and related activities under the Immigration and Nationality Act and related laws, of which \$50,418,000 shall be available for the Federal administration of such activities, and \$15,099,000 shall be available for grants to States for the administration of such activities; and

(6) [\$63,593,000] \$115,720,000 from the General Fund is to provide workforce information, national electronic tools, and one-stop system building under the Wagner-Peyser Act and section 171 (e)(2)(C) of the WIA and shall be available for Federal obligation for the period July 1, [2012] 2013 through June 30, [2013] 2014:

Provided, That to the extent that the Average Weekly Insured Unemployment ("AWIU") for fiscal year [2012] 2013 is projected by the Department of Labor to exceed [4,832,000] 3,908,000 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

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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 may use funds appropriated for grants to States under title III of the Social Security Act to make payments on behalf of States for the use of the National Directory of New Hires under section 453(j)(8) of such Act: Provided further, That funds appropriated in this Act which are used to establish a national one-stop career center system, or which are used to support the national activities of the Federal-State unemployment insurance or immigration programs, may be obligated in contracts, grants, or agreements with non-State entities: Provided further, That funds appropriated under this Act for activities authorized under title III of the Social Security Act and the Wagner-Peyser Act may be used by States to fund integrated Unemployment Insurance and Employment Service automation efforts, notwithstanding cost allocation principles prescribed under the Office of Management and Budget Circular A-87: Provided further, That the Secretary, at the request of a State participating in a consortium with other States, may reallocate funds allotted to such State under title III of the Social Security Act to other States participating in the consortium in order to carry out activities that benefit the administration of the unemployment compensation law of the State making the request; *Provided further, That notwithstanding 31 U.S.C. 3302, the Secretary may, during the fiscal year ending September 30, 2013, collect and retain fees for the costs associated with additional data collection, analyses, and reporting services relating to the National Agricultural Workers Survey requested by State and local governments, public and private institutions of*

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higher education, and non-profit organizations and may utilize such sums, in accordance with the provisions of 29 U.S.C. 9a, for the National Agricultural Workers Survey infrastructure, methodology, and data to meet the information collection and reporting needs of such entities and shall credit such fees to this account, which shall be available for obligation for such purposes until September 30, 2014.

In addition, [\$50,000,000] \$15,000,000 from the Employment Security Administration Account of the Unemployment Trust Fund shall be available to conduct in-person reemployment and eligibility assessments and unemployment insurance improper payment reviews.

(Department of Labor Appropriations Act, 2012)

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EXPLANATION OF LANGUAGE CHANGE

The Administration proposes amending the appropriations language under State Unemployment Insurance and Employment Service Operations to insert the phrase “as specified for purposes of Section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended” after the reference to funding for in-person reemployment and assessments and unemployment insurance improper payment reviews. Not less than \$60 million are to be used for those activities as part of the funding for State administration of the unemployment insurance program under paragraph (1) under this heading and an additional \$15 million is separately provided for those activities in the last paragraph under this heading. The Administration is submitting legislation separately that would amend the referenced provisions of the Balanced Budget and Emergency Deficit Control Act of 1985 to provide for an adjustment in the statutory discretionary spending limits established under that Act if specified levels of funding for these assessments and reviews are appropriated as well as the funds requested to meet the State workload needs for administration of the unemployment insurance program..

The Administration also proposes amending the appropriations language under this heading to provide that \$10 million of the funds appropriated to carry out State administration of the unemployment insurance program is to be used for activities to address the misclassification of workers, and that the funds for those activities are to be available for obligation by the States through September 30, 2015.

In addition, the Administration proposes amending such language to provide that not less than \$30 million of the funds appropriated for grants to States under the Wagner-Peyser Act be used to provide reemployment services to the beneficiaries of unemployment insurance.

Finally, the Administration proposes amending such language to add a proviso that would authorize the Secretary to collect fees for costs associated with additional data collection requested by State and local governments, institutions of higher education or nonprofit institutions under the National Agricultural Workers Survey and to retain the proceeds to cover such costs. The survey is funded from the funds appropriated to provide workforce information under paragraph (6) of this heading.

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT
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AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2011 Enacted		FY 2012 Enacted		FY 2013 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	0	\$86,403	0	\$86,231	0	\$138,358
Reduction Pursuant to P.L. 112-10 for FY 2011	0	-\$172	0	\$0	0	\$0
Reduction Pursuant to P.L. 112-74 for FY 2012	0	\$0	0	-\$163	0	\$0
Appropriation, Revised	0	\$86,231	0	\$86,068	0	\$138,358
Transfer from SSA:	0	\$2,500	0	\$0	0	\$0
<i>Subtotal Appropriation</i>	<i>0</i>	<i>\$86,231</i>	<i>0</i>	<i>\$86,068</i>	<i>0</i>	<i>\$138,358</i>
Offsetting Collections From:						
Reimbursements	0	\$10,000	0	\$10,000	0	\$10,000
Trust Funds	189	\$4,016,441	181	\$4,000,866	183	\$3,810,882
Fees	31	\$13,000	28	\$13,000	28	\$13,000
<i>Subtotal</i>	<i>220</i>	<i>\$4,039,441</i>	<i>209</i>	<i>\$4,023,866</i>	<i>211</i>	<i>\$3,833,882</i>
B. Gross Budget Authority	220	\$4,125,671	209	\$4,109,934	211	\$3,972,240
Offsetting Collections						
Reimbursements	0	-\$10,000	0	-\$10,000	0	-\$10,000
Fees	-31	-\$13,000	-28	-\$13,000	-28	-\$13,000
<i>Subtotal Offsetting Collections</i>	<i>-31</i>	<i>-\$23,000</i>	<i>-28</i>	<i>-\$23,000</i>	<i>-28</i>	<i>-\$22,000</i>
C. Budget Authority	189	\$4,102,671	181	\$4,086,934	183	\$3,949,240
Before Committee	189	\$4,102,671	181	\$4,086,933	183	\$3,949,240
Offsetting Collections From						
Reimbursements	0	\$10,000	0	\$10,000	0	\$10,000
Fees	31	\$13,000	28	\$13,000	28	\$13,000
<i>Subtotal Offsetting Collections</i>	<i>31</i>	<i>\$23,000</i>	<i>28</i>	<i>\$23,000</i>	<i>28</i>	<i>\$22,000</i>
D. Total Budgetary Resources	220	\$4,125,671	209	\$4,109,934	211	\$3,972,240
Other Unobligated Balances	0	\$0	0	\$0	0	\$0
Unobligated Balance Expiring	0	\$0	0	\$0	0	\$0
E. Total, Estimated Obligations	220	\$4,125,671	209	\$4,109,934	211	\$3,972,240

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SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2012 Enacted	FY 2013 Request	Net Change
Budget Authority			
General Funds	\$86,068	\$138,358	+\$52,290
Trust Funds	\$4,000,866	\$3,810,882	-\$189,984
Total	\$4,086,934	\$3,949,240	-\$137,694

Full Time Equivalents

General Funds	0	0	0
Trust Funds	181	183	0
Total	181	183	0

Explanation of Change	FY 2012 Base		Trust Funds		FY 2013 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	181	\$16,741	0	\$63	0	\$0	0	\$63
Personnel benefits	0	\$4,911	0	\$18	0	\$0	0	\$18
One day more of pay	0	\$0	0	\$76	0	\$0	0	\$76
Benefits for former personnel	0	\$0	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$20	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$2,393	0	\$168	0	\$0	0	\$168
All Other Rental	0	\$0	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$496	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$15	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$18,348	0	\$0	0	\$0	0	\$0
Other services	0	\$14	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$3,706	0	\$0	0	\$0	0	\$0
Other government accounts (Census Bureau)	0	\$0	0	\$0	0	\$0	0	\$0
Other government accounts (DHS Charges)	0	\$0	0	\$0	0	\$0	0	\$0
Other purchases of goods and services from Government accounts	0	\$0	0	\$0	0	\$0	0	\$0
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$6	0	\$0	0	\$0	0	\$0
Operation and maintenance of equipment	0	\$3,250	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$408	0	\$0	0	\$0	0	\$0
Equipment	0	\$15	0	\$0	0	\$0	0	\$0

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Explanation of Change	FY 2012 Base		Trust Funds		FY 2013 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$0	0	\$0	0	\$0	0	\$0
Investment and Loans	0	\$0	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	181	+\$50,323	0	+\$325	0	\$0	0	+\$325
B. Programs:								
Increase for One-Stop Career Centers	0	\$63,473	0	\$0	0	\$52,247	0	\$52,247
Increase for Grants to States	0	\$730,842	0	\$29,957	0	\$43	0	\$30,000
Increase for Reemployment and Eligibility Assessments	0	\$59,906	0	\$15,094	0	\$0	0	\$15,094
Increase for the Misclassification Initiative	0	\$0	0	\$10,000	0	\$0	0	\$10,000
Increase for ES National Activities	0	\$20,912	0	\$40	0	\$0	0	\$40
Increase for UI National Activities	0	\$11,266	0	\$31	0	\$0	0	\$31
OFLC Federal Administration	0	\$0	2	\$0	0	\$0	2	\$0
To provide for an increase in State Grants	0	\$15,070	0	\$29	0	\$0	0	\$29
Programs Subtotal			2	+\$55,151	0	+\$52,290	2	+\$107,441
Total Increase	181	+\$60,322	2	+\$55,476	0	+\$52,290	2	+\$107,766
Decreases:								
A. Built-Ins:								
To Provide For:								
Grants, subsidies, and contributions	0	\$4,036,611	0	-\$245,230	0	\$0	0	-\$245,230
Built-Ins Subtotal	0	+\$4,036,611	0	-\$245,230	0	\$0	0	-\$245,230
B. Programs:								
OFLC Federal Administration	181	\$50,323	2	-\$230	0	\$0	2	-\$230
Programs Subtotal			2	-\$230	0	\$0	2	-\$230
Total Decrease	0	+\$4,036,611	0	-\$245,460	0	\$0	0	-\$245,460
Total Change	181	+\$4,086,934	0	-\$189,984	0	+\$52,290	0	-\$137,694

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2011 Enacted		FY 2012 Enacted		FY 2013 Request		Diff. FY13 Req. / FY12 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Unemployment Insurance	0	3,250,441	0	3,236,314	0	3,016,209	0	-220,105
Unemployment Trust Funds	0	3,250,441	0	3,236,314	0	3,016,209	0	-220,105
Reemployment Eligibility Assessments	0	59,900	0	59,906	0	75,000	0	15,094
Unemployment Trust Funds	0	59,900	0	59,906	0	75,000	0	15,094
State Administration	0	3,179,254	0	3,165,142	0	2,929,912	0	-235,230
Unemployment Trust Funds	0	3,179,254	0	3,165,142	0	2,929,912	0	-235,230
Average Weekly Insured Unemployment Contingency	0	0	0	0	0	0	0	0
National Activities	0	11,287	0	11,266	0	11,297	0	31
Unemployment Trust Funds	0	11,287	0	11,266	0	11,297	0	31

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2011 Enacted		FY 2012 Enacted		FY 2013 Request		Diff. FY13 Req. / FY12 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Employment Service	0	723,121	0	721,754	0	751,794	0	30,040
General Funds	0	22,638	0	22,595	0	22,638	0	43
Unemployment Trust Funds	0	700,483	0	699,159	0	729,156	0	29,997
Grants to States	0	702,169	0	700,842	0	730,842	0	30,000
General Funds	0	22,638	0	22,595	0	22,638	0	43
Unemployment Trust Funds	0	679,531	0	678,247	0	708,204	0	29,957
Employment Service National Activities	0	20,952	0	20,912	0	20,952	0	40
Unemployment Trust Funds	0	20,952	0	20,912	0	20,952	0	40
Foreign Labor Certification	175	65,517	181	65,393	183	65,517	0	124
Unemployment Trust Funds	175	65,517	181	65,393	183	65,517	0	124
Federal Administration	175	50,418	181	50,323	183	50,418	0	95
Unemployment Trust Funds	175	50,418	181	50,323	183	50,418	0	95

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2011 Enacted		FY 2012 Enacted		FY 2013 Request		Diff. FY13 Req. / FY12 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
FLC State Grants	0	15,099	0	15,070	0	15,099	0	29
Unemployment Trust Funds	0	15,099	0	15,070	0	15,099	0	29
Workforce Information-Electronic Tools-System Building	0	63,593	0	63,473	0	115,720	0	52,247
General Funds	0	63,593	0	63,473	0	115,720	0	52,247
Total	175	4,102,671	181	4,086,934	183	3,949,240	2	-137,694
General Funds	0	86,231	0	86,068	0	138,358	0	52,290
Unemployment Trust Funds	175	4,016,441	181	4,000,866	183	3,810,882	2	-189,984

NOTE: FY 2011 reflects actual FTE. Authorized FTE for FY 2011 was 189.

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BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
	Full-Time Equivalent				
	Full-time Permanent	174	184	184	0
	Other	31	28	28	0
	Total	205	212	212	0
	Average ES Salary	\$172,302	\$159,873	\$159,873	\$0
	Average GM/GS Grade	12	12	12	0
	Average GM/GS Salary	\$90,516	\$90,690	\$91,375	\$685
	Average Salary of Ungraded Positions	0	0	0	0
11.1	Full-time permanent	16,781	16,573	16,881	308
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	505	168	168	1
11.9	Total personnel compensation	17,286	16,741	17,049	309
12.1	Civilian personnel benefits	4,650	4,911	4,997	86
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	15	20	20	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,341	2,393	2,561	168
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	81	496	496	0
24.0	Printing and reproduction	40	15	15	0
25.1	Advisory and assistance services	18,702	18,348	17,921	-427
25.2	Other services from non-Federal sources	21	14	14	0
25.3	Other goods and services from Federal sources 1/	3,761	3,706	3,706	0
25.4	Operation and maintenance of facilities	10	6	6	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	3,318	3,250	3,250	0
26.0	Supplies and materials	128	408	368	-40
31.0	Equipment	15	15	15	0
33.0	Investments and Loans	0	0	0	0
38.0	Depreciation Expense - Unfunded	0	0	0	0
39.0	Depreciation Expense - Funded - WCF Use Only	0	0	0	0
41.0	Grants, subsidies, and contributions	4,052,254	4,036,611	3,898,822	-137,789
42.0	Insurance claims and indemnities	50	0	0	0
	Total	4,102,671	4,086,934	3,949,240	-137,693
	1/Other goods and services from Federal sources				

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

PERFORMANCE STRUCTURE

Strategic and Outcome Goals Supporting Secretary Solis' Vision of <i>Good Jobs for Everyone</i>	Supporting Appropriations
Strategic Goal 1 – Prepare Workers for Good Jobs and Ensure Fair Compensation	
1.1 Increase workers' incomes and narrowing wage and income inequality.	<ul style="list-style-type: none"> • Training and Employment Service • Federal Unemployment Benefits and Allowances • Job Corps • State Unemployment Insurance & Employment Service Operations
1.2 Assure skills and knowledge that prepare workers to succeed in a knowledge-based economy, including in high-growth and emerging industry sectors like “green” jobs.	<ul style="list-style-type: none"> • Training and Employment Service • Job Corps • State Unemployment Insurance & Employment Service Operations • Trade Adjustment Assistance Community College and Career Training Grant Fund
1.3 Help workers who are in low-wage jobs or out of the labor market find a path into middle class jobs.	<ul style="list-style-type: none"> • Training and Employment Service • Federal Unemployment Benefit and Allowances • Job Corps • State Unemployment Insurance & Employment Service Operations
1.4 Help middle-class families remain in the middle class.	<ul style="list-style-type: none"> • Training and Employment Service • Federal Unemployment Benefit and Allowances
1.5 Secure wages and overtime.	<ul style="list-style-type: none"> • State Unemployment Insurance & Employment Service Operations
1.6 Foster acceptable work conditions and respect for workers' rights in the global economy to provide workers with a fair share of productivity and protect vulnerable people.	
Strategic Goal 2 – Ensure Workplaces Are Safe and Healthy	
2.1 Secure safe and healthy workplaces, particularly in high-risk industries.	
Strategic Goal 3 – Assure Fair and High Quality Work-Life Environments	

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Strategic and Outcome Goals Supporting Secretary Solis' Vision of <i>Good Jobs for Everyone</i>	Supporting Appropriations
3.1 Break down barriers to fair and diverse work places so that every worker's contribution is respected.	
3.2 Provide workplace flexibility for family and personal care-giving.	
3.3 Ensure worker voice in the workplace.	
Strategic Goal 4 – Secure Health Benefits and, for Those Not Working, Provide Income Security	
4.1 Facilitate return to work for workers experiencing workplace injuries or illnesses who are able to work.	
4.2 Ensure income support when work is impossible or unavailable.	<ul style="list-style-type: none"> • State Unemployment Insurance & Employment Service Operations
4.3 Improve health benefits and retirement security for all workers.	
Strategic Goal 5 – Assure the Production of Timely and Accurate Data on Social and Economic Conditions of Workers and their Families	
5.1 Provide sound and impartial information on labor market activity, working conditions, and price changes in the economy for decision making, including support for the formulation of economic and social policy affecting virtually all Americans.	

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APPROPRIATION HISTORY (Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2003...1/	\$3,697,143	\$3,618,903	\$3,618,903	\$3,587,510	0
2004...2/	3,646,783	3,615,381	3,620,552	3,563,151	0
2005...3/	3,593,434	3,582,848	3,636,235	3,616,998	0
2006...4/	2,716,830	3,470,366	3,361,779	3,338,643	0
2007	3,435,717	3,435,717	3,435,717	3,307,823	0
2008...5/ 6/	2,454,134	3,382,614	3,386,632	3,478,790	75
2009...7/ 8/	2,665,267	0	3,692,363	4,168,910	181
2010	4,946,157	4,097,056	4,113,806	4,113,681	181
2011...9/	4,435,327	0	0	4,102,671	189
2012...10/	4,202,057	0	0	4,086,934	181
2013	3,939,240	0	0	0	0

1/ 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.

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

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

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

5/ Reflects 1.747% rescission.

6/ FTE totals for Office of Foreign Labor Certification program administration reflected beginning in FY 2008.

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

8/ Includes \$492,492,000 for the estimated use of the AWIU contingency trigger.

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

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

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

SUIESO Introduction

State Unemployment Insurance and Employment Service Operations (SUIESO) programs provide critical support for U.S. workers. SUIESO funds are allocated to States on a Federal-state partnership basis to administer programs that provide temporary assistance for unemployed workers, job search assistance for those seeking employment, certification of statutory compliance for permanent or temporary foreign workers, and to increase the capacity of the public workforce system.

Programmatic activities under the SUIESO account include the Unemployment Insurance program which provides temporary wage replacement for unemployed workers, and the U.S. Employment Service which serves to connect job seekers with job opportunities in their local workforce area. The Office of Foreign Labor Certification protects the wages and working conditions of American and foreign nationals through the processing of both permanent and temporary work programs. Finally, resources devoted to system building and workforce information services bolster the capacity of the public workforce system to prepare workers to achieve or maintain middle class jobs.

ETA activities funded under the SUIESO account contribute to all three of the FY 2013 Priority Activities. Specifically, the U.S. Employment Service program will make job seekers more competitive by providing services to low-skilled adults. The Office of Foreign Labor Certification will serve the needs of industry for qualified workers with protections for American job seekers by administering employment-based immigration programs. The Unemployment Insurance program will continue to maintain a strong and viable safety net to facilitate reemployment.

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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req. / FY 12 Enacted
Budget Authority	3,250,441	3,236,314	3,016,209	-220,105
FTE	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 to unemployed workers who are temporarily or permanently laid off from their jobs. To be eligible for benefits, unemployed workers must have worked recently, be involuntarily unemployed through no fault of their own, and be able to and available for work. An integral part of the public workforce investment system, the UI program is a major entry point for unemployed workers to One-Stop Career Center services that speed their return to work. Reemployment is crucial to maintaining workers' long-term economic security.

The program is a lifeline for unemployed workers, providing them with income support when work is impossible to find. In addition, UI has been a critical economic stabilizer during the recent recession. According to a study completed by IMPAQ International (*The Role of Unemployment Insurance As an Automatic Stabilizer During a Recession*, July 2010) analyzing the impact of the UI Program during the most recent recession, on average, each \$1.00 of UI benefits spent generated \$2.00 in economic activity through the multiplier effect and that the program, including benefit extensions, kept an average of 1.6 million Americans on the job in each quarter.

Regular UI benefits and administration are funded by State payroll and Federal taxes, respectively. States administer the UI program directly and also administer certain Federal benefit programs. These activities are funded by the Unemployment Insurance State Administration line item. UI National Activities provide funds with which the Department supports the States collectively in administering their state UI programs. Reemployment and Eligibility Assessments fund states for in-person interviews with selected UI beneficiaries to promote quicker reemployment through One-Stop Career Center services and to ensure that continuing eligibility requirements are met.

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

Following are the primary strategic areas that are the focus of the UI program:

- The 2013 priority performance activity under Strengthening the UI Safety Net is improving UI integrity by employing strategies to prevent, detect, and recover improper

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payments. The Department tracks and reports an improper payment rate, which is the combined overpayment rate and the underpayment rate, as required by the Improper Payments Information Act (IPIA);

- Improving program performance and accountability by partnering with the National Association of State Workforce Agencies to develop and implement action strategies and technical assistance to support States; and
- Effectively deploying re-employment strategies to ensure UI claimants have access to the full continuum of services available.

The FY 2013 UI Budget request includes a proposal supporting the misclassification initiative which was also included in the FY 2012 Budget request. This initiative would expand cross-Federal agency and State capacity to improve identification of potential worker misclassification through improved information sharing and targeted audits in high-risk industry sectors; to reach out to employers to prevent misclassification; to increase statutory enforcement where appropriate; and to enable collection of payroll taxes previously lost due to worker misclassification.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$2,649,365	0
2009	\$3,325,947	0
2010	\$3,256,955	0
2011	\$3,250,441	0
2012	\$3,236,314	0

DETAILED WORKLOAD AND PERFORMANCE				
	FY 2011 Enacted		FY 2012 Enacted	FY 2013 Request
	Target	Result	Target	Target
Unemployment Insurance				
Strategic Goal 1 - Prepare workers for good jobs and ensure fair compensation.	--	--	--	--
Outcome Goal 1.4 - Helping middle-class families remain in the middle class.	--	--	--	--
Facilitate Claimant Reemployment: Percent of UI claimants reemployed by the end of the first quarter after quarter in which they received first payment.	54.40%	57.70%	57.90%	58.50%
Strategic Goal 4 - Secure health benefits and, for those not working, provide income security .	--	--	--	--
Outcome Goal 4.2 - Ensure income support when work is impossible or unavailable.	--	--	--	--

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DETAILED WORKLOAD AND PERFORMANCE				
	FY 2011 Enacted		FY 2012 Enacted	FY 2013 Request
	Target	Result	Target	Target
Payment Timeliness: Percent of all intrastate first payments that will be made within 21 days.	84.00%	84.60%	85.70%	87.00%
Detect Overpayments: Percent of the amount of estimated overpayments that States detect established for recovery.	51.40%	58.88%	51.60%	51.80%
Percent of Employer 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.	86.40%	87.30%	87.30%	87.50%
Employer Tax Accounts (in thousands)	--	7,540	7,558	7,604
Initial Claims Taken (in thousands)	--	22,098	22,222	23,130
Weeks Claimed (in thousands)	--	202,666	200,414	200,356
Unemployment Insurance Improper Payment Measures				
Improper Payment Rate*	9.76%	12.0%	9.66%	9.56%
Overpayment Annual Report Rate*	9.05%	11.35%	8.95%	8.85%
Underpayment Rate*	0.71%	0.65%	0.71%	0.71%
Overpayment Operational Rate*	5.10%	6.22%	5.10%	5.10%
Benefit Year Earning Overpayments*	--	3.44%	3.08%	2.95%
Separation Issues Overpayments*	--	2.27%	2.12%	2.01%
Employment Service Registration Overpayments*	1.15%	1.03%	1.15%	1.15%

*Improper payments include Overpayments and Underpayments. These measures are used to track UI overpayments. FY 2011 results are for the period July 2010 to June 2011, the most recent data available at the Agency Financial Report deadline.

+ Targets for Benefit Year Earnings and Separation Issues are for ETA Operating Plan, not IPERA/IPIA reporting.

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

Workload and Performance Narrative

The Detailed Workload and Performance table provides performance measures and targets, and estimates of the number of claims for unemployment benefits and the number of contributing employer tax accounts. The Department projects a slight increase in the number of employer tax accounts (from 7,558,000 in FY 2012 to 7,604,000 in FY 2013) and initial claims taken (from 22,222,000 in FY 2012 to 23,130,000 in FY 2013), with essentially no decline in the number of weeks claimed (200,414,000 in FY 2012 and 200,356,000 in FY 2013), as average duration declines. It is important to note that UI workload volumes are influenced by economic conditions, not the administrative funds available. Workloads must be processed by the States, and funding levels can affect the quality and timeliness of State UI operations.

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
25.1	Advisory and assistance services	0	0	0	0
25.7	Operation and maintenance of equipment	0	0	0	0
31.0	Equipment	0	0	0	0
41.0	Grants, subsidies, and contributions	3,250,441	3,236,314	3,016,209	-220,105
	Total	3,250,441	3,236,314	3,016,209	-220,105

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CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
Advisory and assistance services	0
Operation and maintenance of equipment	0
Equipment	0
Grants, subsidies, and contributions	-235,230

Built-Ins Subtotal **-\$235,230**

Net Program **\$25,125**

Direct FTE **0**

	Estimate	FTE
Base	\$2,991,084	0
Program Increase	\$25,125	0

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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req./ FY12 Enacted
Budget Authority	3,179,254	3,165,142	2,929,912	-235,230
FTE	0	0	0	0

REA funding in the FY 2011 and FY 2012 base is reflected in the REA section.

Introduction

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

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

As part of the Department's Operating Plan, ETA has developed strategic action plans in three key areas to address program and performance improvement overall: program performance and accountability; program integrity and reduction of improper payments; and reemployment of UI claimants.

The UI program has established four performance goals for FY 2013:

1) Payment Timeliness: 87.0 percent of all State UI intrastate first payments for weeks of full unemployment will be made within 14/21 days.

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

2) Detection of Overpayments (previously known as "Payment Accuracy"): Establish for recovery at least 51.8 percent of the amount of estimated regular program 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 is critical to the integrity of any benefit payment program.

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Overpayment detection in FY 2011 increased by over nine percentage points to 58.88 percent, compared with 49.77 percent in FY 2010. This increase was due to a sharp increase overpayment detections, from 2.64 percent of UI benefits paid to 3.68 percent. This increase was attributable to the inclusion of Extended Benefits (EB) overpayments in the ETA 227 Overpayment Detection and Recovery Activities report. The previous ETA 227 report did not allow the separate reporting of UI/UCFE/UCX overpayments and EB overpayments. The revised ETA 227 report will support the separate reporting of UI/UCFE/UCX and EB overpayments, effective with the January to March 2012 reporting quarter. The Department expects that not all states will be able to report using the new format as of the March 2012 quarter. However, once EB payments are excluded from the ETA 227 UI/UCFE/UCX totals, the Overpayment Detection measure is likely to return to its historical norm.

3) Facilitate Reemployment: This performance indicator is the percentage of UI claimants who are reemployed during the first quarter after the quarter in which they received their first UI payment. The FY 2013 target has been set at 58.5 percent.

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

4) Establish Tax Accounts Promptly: 87.5 percent of the UI tax liability determinations for new employers will be made within 90 days of the end of the quarter in which employers become liable.

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

Past Performance Results and Future Projections

1) **Payment Timeliness**: Performance exceeded the FY 2011 target of 84.0 percent; 84.6 percent of first payments were made within 14/21 days, an increase from the FY 2010 level of 82.2 percent. The improvement in first payment timeliness was led by double-digit improvements in California, Rhode Island, and Virginia.

The increase in timeliness in 2011 coincided with a decrease in workload. New initial claims for the State UI and federal civilian and military unemployment compensation programs decreased from 18.6 million in FY 2010 to 16.6 million in FY 2011. First payments also decreased from 11.4 million in FY 2010 to 9.9 million in FY 2011. The economic outlook for FY 2012 and FY 2013 indicates that economic conditions will provide only marginal help to timeliness as unemployment rates will decline only to 9.0 percent and 8.70 percent, respectively, from FY 2011's 9.2 percent. Despite the projected modest improvement in the labor market, FY 2012 and FY 2013 targets for first payment timeliness have been set above the FY 2011 performance level, reflecting ETA's special efforts to raise performance in a few chronically underperforming States.

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2) Detection of Overpayments: States detected and established for recovery 58.88 percent of the estimated overpayments, which exceeded the FY 2011 target of 51.4 percent. Overpayments established as a percentage of UI benefits paid increased from 2.64 percent in FY 2010 to 3.68 percent in FY 2011, although the actual dollar amount was essentially unchanged, due to the sharp decrease in outlays. Overpayments estimated by the Benefit Accuracy Measurement survey fell by 16%, the result of a 28% drop in UI benefit payments.

Statistical analysis of this measure suggests that the gradual improvement in the economy should result in improved performance for this measure. The overpayment establishment component of the measure is quite sensitive to economic conditions. Improvement in the labor market should result in a decrease in benefit payments and a reduction in the total amount overpaid. Lower claims volumes should also result in less diversion of state Benefit Payment Control (BPC) staff from integrity to claims taking functions, which should improve overpayment detection. Additionally, States are implementing the Treasury Offset Program (TOP) to recover overpayments by offset against federal income tax refunds, which can be expected to devote a larger share of BPC resources to establishment efforts. These factors are reflected in the rising targets for FY 2012 and 2013, both of which are above FY 2010 performance levels and the FY 2011 target.

Based on statistical model results, the gradual improvement in labor market conditions is far too slight to account for the 9 point increase in performance seen between FY 2010 and 2011. As discussed above, the Department believes this is due to the rise in Extended Benefits (EB) payments. EB payments rose from \$4,000,000 in FY 2008 to \$4,400,000,000 in 2009, \$7,900,000,000 in 2010, and \$11,900,000,000 in 2011. It should be noted that whereas overpayment establishments reported on the ETA 227 report include Extended Benefits (EB) claims, the EB program is not included in the Benefit Accuracy Measurement survey, from which estimated recoverable overpayments are derived. This difference is thought to account for most of the measured rise in the Detection of Overpayments ratio. Pending revisions to the ETA 227 report will require EB overpayments to be reported separately and will eliminate any EB "measurement surge," although it may be seen in 2012 reporting until the ETA 227 revisions are fully implemented.

3) Facilitate Reemployment: In the year ending 6/30/2011--the latest data available--57.7 percent of UI claimants were reemployed in the calendar quarter following the quarter in which they received their first UI payment. This represents approximately 6 million of the 10,400,000 million individuals who received a first UI payment. This performance exceeded the FY 2011 target of 54.4 percent, and represents an increase of nearly 4 percentage points from the FY 2010 level.

Analysis of the State reemployment data indicates that performance is significantly influenced by factors outside the control of the State agencies administering the UI program, most notably economic conditions, measured by the Total Unemployment Rate (TUR). Regression analysis indicates that the reemployment rate rises by about 1.5 percentage points for every one point decline in the unemployment rate, and is negatively correlated to the percentage of UI claimants who have no expectation of recall to their previous employment (their reemployment rate is

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significantly below the rate for claimants on temporary lay-off.) Movements in these two factors explain only a fraction of the 4-point rise in reemployment from 2010 to 2011.

4) Establish Tax Accounts Promptly: In FY 2011, 87.3 percent of new status determinations were made within the specified 90-day period. Performance improved in 34 States and exceeded the 86.4 percent target. This represents an increase of nearly one percentage point from the year before.

Statistical studies have indicated that new status timeliness is broadly countercyclical with a significant uptrend trend since 1997. As economic activity falls, status timeliness tends to rise because the status determinations workload falls. However, the broad historical relationship was broken temporarily by the recent recession, as it appears that many States reassigned staff from tax to UI claims functions in response to the sharply increased claims workloads. This caused status determinations timeliness to decline between FY 2008 and FY 2009 despite a fall in status determinations workloads. Staff diversion seems to have moderated between FY 2009 and FY 2010 as status performance improved, and performance resumed its upward trend in FY 2011. This trend, reflecting improvements in automation and adoption of best practices, is expected to continue through 2013.

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$2,629,638	0
2009	\$3,264,637	0
2010	\$3,185,645	0
2011	\$3,179,254	0
2012	\$3,165,142	0

Funding Mechanism

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

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

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FY 2013

The FY 2013 Budget Request for UI State Administration is \$2,929,912,000, a decrease of \$235,230,000 from the FY 2012 appropriated amount of \$3,165,142,000.

The funds requested are sufficient to process, on average, 3,908,000 continued claims per week (referred to as average weekly insured unemployment (AWIU)) which includes processing benefit payments made under the Trade Act of 1974, as amended. During the year, States are expected to collect \$51.4 billion in State unemployment taxes and to pay an estimated \$52.6 billion in Federal and State UI benefits to 10.4 million beneficiaries, including former Federal military and civilian personnel, recipients of Federal-State extended benefits, and workers adversely affected by imports who may be eligible for benefits under the Trade Act.

The request continues the contingency reserve language which provides for additional funds to meet unanticipated workload. The formula for FY 2013 finances \$28,600,000 per 100,000 increase in the total AWIU. In addition, the appropriation language for FY 2013 continues to allow States up to three years to obligate their UI funds if those funds are used for automation activities, which effectively allows States to obligate FY 2013 funds used for automation until September 30, 2015. The appropriation language also allows States until September 30, 2015, to obligate funds for: 1) competitive grants for improved operations; reemployment and eligibility assessments or improper payments; or 3) activities to address misclassification of workers.

The FY 2013 UI State Administration request includes \$10,000,000 for a high performance award program designed to incent states to improve misclassification efforts. States that are most successful (or most improved) at detecting and prosecuting employers that fail to pay their fair share of taxes due to misclassification and other illegal tax schemes that deny the Federal and State UI Trust Funds hundreds of millions of dollars annually will be rewarded. Modeled on a successful Food Stamps program, this initiative will provide a “high performance bonus” to the most successful states. States will be able to use these incentive funds to upgrade their misclassification detection and enforcement programs. As part of this initiative, States would be required to capture and report outcomes and cost/benefit information to enable evaluation and analysis of new strategies.

FY 2012

\$3,165,142,000 has been appropriated for State Administration in FY 2012, a decrease of \$14,112,000 from the FY 2011 appropriation of \$3,179,254,000. (Note: the \$10,000,000 targeted for reemployment and eligibility assessments (REAs) which has been included in State Administration appropriation is reflected in the REA section of this budget request). During FY 2012 the State agencies are expected to collect \$50,100,000,000 in state unemployment taxes and to pay \$72,100,000,000 in Federal and State unemployment benefits to 10.2 million beneficiaries. The funding requested in the FY 2012 appropriation is sufficient to support administrative costs associated with an AWIU level of 4,757,000.

The conference agreement accompanying the FY 2012 appropriations indicated that while the bill language did not explicitly include funds for the expansion of REAs or for the new initiative

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requested for UI operations incentive grants for improved operations, that funds not required for workload should be used by the Department for those purposes, along with other activities to address improper payments, to fund State requests for technology improvement funding. The Department will assess the workload needs in the later part of the fiscal year and allocate available resources to those priorities.

FY 2011

During FY 2011 the state agencies collected \$49,600,000,000 in State unemployment taxes and paid \$113,300,000,000 in Federal and State unemployment benefits to 9.9 million beneficiaries.

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CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
Operation and maintenance of equipment	0
Grants, subsidies, and contributions	-235,230

Built-Ins Subtotal **-\$235,230**

Net Program **\$10,000**

Direct FTE **0**

	Estimate	FTE
Base	\$2,919,912	0
Program Increase	\$10,000	0

REEMPLOYMENT AND ELIGIBILITY ASSESSMENTS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req./ FY12 Enacted
Budget Authority	59,900	59,906	75,000	15,094
FTE	0	0	0	0

FY 2011 and FY 2012 funding also reflects REA amounts in the UI Admin base funding.

Introduction

Reemployment and Eligibility Assessments (REAs) are in-person interviews with selected Unemployment Insurance (UI) beneficiaries to review their efforts to find new employment and meet other state UI eligibility requirements, refer them to reemployment services or training if needed, and provide labor market information to aid in their job search. Research has shown that similar services reduce UI duration and save UI trust fund resources by helping beneficiaries find jobs faster and by eliminating payments to ineligible individuals.

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$10,000	0
2009	\$50,000	0
2010	\$60,000	0
2011	\$59,900	0
2012	\$59,906	0

Funding Mechanism

States will receive funding based on proposals they submit to the Department in accordance with Departmental guidance to the states. States participating in the initiative in FY 2013 will describe how they will continue or expand their REA initiatives. States seeking to implement a new REA initiative will provide the REA design they propose to implement. A portion of the funds will also be available for technology-based overpayment prevention, detection, and collection activities.

FY 2013

The FY 2013 budget requests \$75,000,000 for the REA initiative, of which at least \$60,000,000 is included in State Administration and \$15,000,000 is requested through a discretionary cap adjustment. These resources would fund an estimated 1,230,000 scheduled REAs and save state UI Trust Fund Accounts an estimated \$285,000,000. This request level is \$15,094,000 higher than the amount that was appropriated in FY 2012 and will support continuation and expansion of the REA initiative in approximately 45-50 states.

The cap adjustment is part of a legislative proposal to amend the Balanced Budget and Emergency Deficit Control Act of 1985 to provide for up to specified annual adjustments to

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statutory spending limits. While this legislation requires the appropriation of the full amount needed by the States for the administration of State unemployment insurance laws, it also provides a mechanism for increased investment in the services that have been shown to reduce UI duration and save UI trust fund resources by eliminating payments to ineligible individuals and reducing duration of UI by helping beneficiaries find jobs faster. Provision of the full amount for workload will require the use of an AWIU trigger of 3,908,000 for the contingency reserve, together with an appropriation of no less than \$2,979,912,000. These levels would allow for the cap adjustment under the legislative proposal.

FY 2012

For FY 2012 \$59,906,000 (\$49,906,000 plus \$10,000,000 included in State Administration) was appropriated for REAs which is estimated to fund 980,000 scheduled REAs and save State UI Trust Fund Accounts an estimated \$227,000,000. This amount is \$6,000 higher than the amount that was appropriated for FY 2011 and will support continuation and expansion of the REA initiative in approximately 42 States. If funds not required for workload become available, additional funding may be used for grants based on State requests.

FY 2011

For FY 2011, \$59,900,000 (\$49,900,000 plus \$10,000,000 included in State Administration) was appropriated for REAs which is estimated to fund 990,000 scheduled REAs resulting in an estimated \$224,000,000 in State trust fund account savings. The \$49,900,000 was a decrease of \$100,000 over the amount that was provided in the final passage of the FY 2010 budget. This amount supported the REA initiative in 38 States.

REEMPLOYMENT AND ELIGIBILITY ASSESSMENTS

CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$0

Advisory and assistance services 0

Equipment 0

Grants, subsidies, and contributions 0

Built-Ins Subtotal \$0

Net Program \$15,094

Direct FTE 0

	Estimate	FTE
Base	\$59,906	0
Program Increase	\$15,094	0

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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req./ FY12 Enacted
Budget Authority	11,287	11,266	11,297	31
FTE	0	0	0	0

Introduction

Unemployment Insurance National Activities provides funding to support the States collectively in administering their State UI programs, which helps to support the Department’s strategic goal of improving program performance and accountability. This line item is a vital component of the UI budget, supporting system functions that help ensure income support to unemployed workers.

National Activities funding provides an avenue for states to apply common technology-based solutions to improve the efficiency and performance of their UI operations through the Information Technology Support Center (ITSC). The mission of the ITSC, in partnership with the DOL, is to support the fifty-three (53) State Workforce Agencies (SWAs) in applying automation and technology solutions to meet the needs of the UI program and related programs. The ITSC is dedicated to advancing the use of information technology (IT), which States may adopt, to provide more accurate, efficient, cost effective, and timely service for SWA customers. The ITSC also works with individual States on a variety of projects including Call Center Design and Implementation, Adjudication Automation, Benefit and Tax Systems Reengineering and Modernization, SWA Internet Application development (Benefits, Tax, Adjudication), and One-Stop Planning

In addition, National Activities funds the Interstate Connection Network (ICON), 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. The ICON currently facilitates the exchange of Interstate Benefits (IB) / Combined Wage Claims (CWC), wage and separation information for Unemployment Compensation for Ex-Service-members and Unemployment Compensation for Federal Employees claimants amongst SWAs, Social Security number and name verification and checking for receipt of Social Security benefits, Social Security Administration access to state information in order to cross-match with their Supplemental Security Income program, and Wage Record Interchange System that enables states to obtain wage record information for performance measurement and consumer information purposes. Additionally, the ICON provides connectivity of state SUN systems to the national office SUN system for the data collection of state workload, financial and performance summary reports used for oversight and monitoring purposes.

The UI Actuarial Support contract is fully funded with National Activities program dollars. The Actuarial contract staff supports the Office of Unemployment Insurance and State Workforce Agencies by providing training in quantitative methods and profiling methods, by maintaining and improving national budget and legislative models, by producing workload forecasts for the purpose of allocating administrative resources, by producing actuarial calculations for the DOL financial statements, and by compiling and publishing the UI Data Summary, UI Outlook, and

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other reports. The Actuarial Support staff also maintains State-specific Benefit Financing Models for 25-30 SWAs, which helps States in the projection and analysis of their unemployment trust fund under varying taxation and benefit payment scenarios using varying economic assumptions. This activity is receiving increased attention as 36 States have needed Title XII advances to replenish their UI trust funds during this most recent economic downturn, and 28 States continued to have outstanding advance balances totaling \$38.3 billion as of January 31, 2012.

Remaining UI National Activities funds support development of tools and provision of technical assistance for States related to key program priorities such as program integrity and reducing improper payments, improved program performance, and connecting UI claimants to reemployment services through the One-Stop Career Center delivery system.

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$9,727	0
2009	\$11,310	0
2010	\$11,310	0
2011	\$11,287	0
2012	\$11,266	0

Funding Mechanism

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

FY 2013

For FY 2013, a total of \$11,297,000 is requested for UI National Activities. This amount is an increase of \$31,000 from the amount appropriated in FY 2012. In addition to funding activities which support States collectively, National Activities will support continuation of upgrades to information technology (IT) systems and technical assistance activities will continue to focus on three priority areas: program performance and accountability, integrity, and connecting UI claimants to reemployment services through the workforce system.

FY 2012

For FY 2012, \$11,266,000 was appropriated for UI National Activities, a decrease of \$21,000 from FY 2011. In addition to funding activities which support States collectively, National Activities will support the continuation of upgrades to information technology (IT) systems and technical assistance activities will continue to focus on three priority areas: program

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performance and accountability, integrity, and connecting UI claimants to reemployment services through the workforce system.

FY 2011

For FY 2011, \$11,287,000 was appropriated for UI National Activities. National Activities funds were used to support a wide array of State technical assistance strategies and UI system infrastructure investments, including upgrading systems for collection and storage of data. The upgrades helped ensure a secure and stable IT environment as well as provided a long run effective solution in terms of procurement and support costs. Technical assistance strategies were focused in three priority areas: program performance and accountability, integrity, and connecting UI claimants to reemployment services through the workforce system.

NATIONAL ACTIVITIES

CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$0

Grants, subsidies, and contributions 0

Built-Ins Subtotal \$0

Net Program \$31

Direct FTE 0

	Estimate	FTE
Base	\$11,266	0
Program Increase	\$31	0

EMPLOYMENT SERVICE

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req. / FY 12 Enacted
Budget Authority	723,121	721,754	751,794	30,040
FTE	0	0	0	0

Introduction

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

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$723,361	0
2009	\$723,293	0
2010	\$724,570	0
2011	\$723,121	0
2012	\$721,754	0

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DETAILED WORKLOAD AND PERFORMANCE				
	PY 2010 Enacted	PY 2011 Enacted	PY 2012 Enacted	PY 2013 Request
	Result	Target	Target	Target
Employment Service				
Strategic Goal 1 – Prepare workers for good jobs and ensure fair compensation.	--	--	--	--
Outcome Goal 1.1 – Increase workers’ incomes and narrow wage and income inequality.	--	--	--	--
Six Months Average Earnings	\$13,884.00	\$12,602.00	\$12,824.00	\$13,159.00
Strategic Goal 1 – Prepare workers for good jobs and ensure fair compensation.	--	--	--	--
Outcome Goal 1.3 – Help workers who are in low-wage jobs or out of the labor market find a path into middle class jobs.	--	--	--	--
Entered Employment Rate	48.00%	46.60%	47.40%	48.70%
Participants Served in Employment and Training Activities	21,882,473 ¹	17,074,876	16,546,000	16,732,561
Cost Per Participant Served in Employment and Training Activities	\$41.12 ²	\$42.35	\$43.62	\$44.93
Strategic Goal 1 – Prepare workers for good jobs and ensure fair compensation.	--	--	--	--
Outcome Goal 1.4 – Help middle class families remain in the middle class.	--	--	--	--
Retention Rate	78.00%	70.60%	71.00%	72.00%

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

¹ Because Wagner-Peyser Act reporting does not differentiate between formula and ARRA participants, a baseline was derived using a two year average conforming the workload of both the formula and ARRA funds. See explanation in the *Workload and Performance Narrative* that follows.

² Cost per participant was calculated by adding PY 09 and 10 Wagner-Peyser Act funds as well as the ARRA Wagner-Peyser Act Supplemental funds, divided by the actual PY 09 and 10 Wagner-Peyser Act participants served. The calculation is as follows: (\$396,000,000 + \$703,576,000+ \$723,121,000) divided by total workload (22,447,124 + 21,882,473) = \$41.12 per participant. Future cost per participant targets use a 3 percent inflation adjustment factor each year.

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Workload and Performance Narrative

The main goal of the ES is to ensure that job seekers and employers have universal access to a basic labor exchange, but states also have the flexibility to provide a full array of core and intensive services. Since FY 2010, the Department has been providing additional guidance and technical assistance to states on how to improve seamless service integration with other ETA programs such as WIA services (including training), unemployment insurance and One-Stop partner programs. During the most recent recession, the demand for all services provided through the One-Stop system, including online workforce information services and staff-assisted services, increased substantially nationwide. Resources have thus shifted to: building the capacity of the system to respond to this increased demand; increasing the capacity of front-line staff to more effectively provide career counseling and assessment services; building on promising approaches developed through the Recovery Act-funded Reemployment Services; working with States to help them utilize technology more effectively; and supporting targeted service delivery to small businesses. All of these activities are intended to further the goal of preparing workers for good jobs.

The PY 2011-2013 targets for the entered employment rate, the employment retention rate and six months average earnings are based on a methodology developed by the Department for setting national performance targets using regression analysis. This regression uses the most recent program results available, current labor market conditions and individual characteristics to correct for the effects of the business cycle and labor market conditions on the outcomes of employment and training programs, producing targets that objectively reflect the impact of the economic environment on program performance. Targets were set based on the estimated effect of unemployment rates on program performance outcomes and Office of Management and Budget's assumptions about future unemployment rates and the Consumer Price Index - All Urban Consumers (CPI-U). The base for setting performance targets was the performance results for PY2009. Targets will be updated in the next few months based on PY2010 results. Performance outcomes are aligned with the unemployment rates and CPI-U within the quarters for which each measure is derived for the outcome in each program year. For instance, in PY2010, the time period reported for the entered employment rate in the WIA programs was from 10/1/09 to 9/30/10; for the employment retention and six months average earnings, the time period was from 4/1/09 to 3/31/10. Descriptions of the estimation of the effect of unemployment for each measure and program and of the methodology used to set targets are available in technical reports.

The Department measures performance for the Employment Service based on three interrelated outcome measures: the entered employment rate, six months average earnings, and the employment retention rate. The services delivered through the One-Stop Career Center system are designed to address all three outcomes, in order to help customers get employed and succeed in a job that pays a middle class wage.

Because ES offers "universal access" to all participants in need of job search assistance, the program ends up providing basic employment services to millions of individuals each year. During the past year, nearly 22 million individuals received these program services. For this reason, the program cost per participant is quite low. The PY 2011 "actual" ES cost per participant was

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calculated by adding PY 2009 and PY 2010 funds as well as the ARRA supplemental funds, divided by the combined PY 09 and 10 ES participants served. Using this two year approach, the Department was able to adjust for the “ARRA effect” on participants served and create a more accurate understanding of cost per participant. Out year cost per participant levels use an estimated 3 percent inflation adjustment factor each year.

The Department monitors grantee performance regularly through Federal Project Officers located in DOL regional offices to ensure that they are in compliance with the statute and on target to meet performance goals. Such monitoring informs the design and delivery of technical assistance to improve performance. As part of program monitoring, the Department looks at the following system outputs:

- number of people served by the system
- number of people that receive workforce information services
- number of people that receive staff-assisted services
- number of people exiting the program

These outputs help the Department understand whether the states are implementing strategies that will help them meet their outcome goals. The Department conducts evaluations to assess the specific strategies promoted to support goal achievement. The results of such evaluations and research are used to revise and update strategies regularly.

EMPLOYMENT SERVICE

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	0	0	0	0
33.0	Investments and Loans	0	0	0	0
38.0	Depreciation Expense - Unfunded	0	0	0	0
41.0	Grants, subsidies, and contributions	723,121	721,754	751,794	30,040
	Total	723,121	721,754	751,794	30,040

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CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$0

Communications, utilities, and miscellaneous charges 0

Grants, subsidies, and contributions 0

Investment and Loans 0

Built-Ins Subtotal \$0

Net Program \$30,040

Direct FTE 0

	Estimate	FTE
Base	\$721,754	0
Program Increase	\$30,040	0

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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req./ FY12 Enacted
Budget Authority	702,169	700,842	730,842	30,000
FTE	0	0	0	0

Introduction

The Employment Service (ES), authorized by the Wagner-Peyser Act of 1933, prepares workers for good jobs in the following ways:

- It increases workers' incomes by helping unemployed and underemployed jobseekers obtain employment in industries and occupations with higher wages and career pathways through *job search assistance* and other services.
- It assists workers in low wage jobs and those out of the labor market find career pathways to middle-class jobs through *job listing* and *referral services*.
- It helps unemployed workers remain in the middle-class through reemployment services strategies, such as staff-assisted *assessments* and *career counseling*, that help these workers return to work quickly.
- It continues to create and innovate electronic tools such as state job banks (which together create the nation's free public job bank) and provide 24/7 assistance to jobseekers on-line.

Because of its key role in the reemployment of American workers, ES is funded in part through taxes collected from businesses through the Federal Unemployment Tax Act (FUTA). The most significant and distinguishing feature of ES is that it supports the only free, public labor exchange system in the nation and does not have eligibility criteria; therefore, ES provides universal access, making program services accessible to all jobseekers and all employers. Through equal emphases on serving jobseekers and employers, ES is a key nexus in creating a more efficient labor exchange, connecting worker supply and job demand within local and regional economies. Small, mid-sized and even large businesses benefit from the program's real-time labor market information, referrals of qualified job applicants, job listing services, and other customized services they might otherwise not be able to obtain.

In good economic times, ES is a catalyst to create efficient labor exchange in local and regional economies. In difficult job markets, such as the one created in the aftermath of the recession, this program casts a wide safety net to catch not only vulnerable populations disproportionately impacted by the downturn, but also those first time unemployed individuals who were in middle and high skill jobs and need assistance in understanding their local labor market and new career pathways that are available to them. With the nation's unemployment rate projected to remain above 8 percent entering FY 2013, millions of unemployed workers will continue their search for jobs. The job seekers who will continue to need services will be those who have the greatest need for intensive, staff-assisted career counseling and job search services. This population will include young adults with limited work experience; adults who may have a long work history, but who have been unemployed for long periods of time; and low-skilled adults who do not have

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the credentials and experience to be competitive in today's labor market. This population will also include large numbers of post-9/11 veterans who are transitioning from military service and are in need of job search and resume writing support to translate their military experience into civilian occupations. These customers may have multiple barriers to employment and will require extra support to help them find a good job. For many of these individuals, their only resource is the One-Stop Career Center system, supported in large part by formula funding made available by the Wagner-Peyser Act and the Workforce Investment Act programs.

In addition to providing direct services to millions of jobseekers and employers, ES provides the program "base" that enables other workforce policy initiatives and programs to operate, such as veterans' priority of services, disabled veterans outreach program, Federal contractor compliance, disability employment initiative, and interstate clearance of farm labor. ES provides a "front door" to workforce services but does not provide job training or other intensive services. To the extent individuals are in need of additional services, ES articulates "next steps" for participants, often by referring One-Stop customers to intensive and training services funded by WIA Adult, WIA Dislocated Worker or Trade Adjustment Assistance (TAA) programs.

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$703,376	0
2009	\$703,576	0
2010	\$703,576	0
2011	\$702,169	0
2012	\$700,842	0

Funding Mechanism

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

FY 2013

In FY 2013, it will be of critical importance to support the momentum of any economic recovery efforts. While the unemployment rate is projected to slightly decline by FY 2013, it will remain high enough to keep the demand for ES services at elevated levels. Furthermore, those individuals who remain unemployed may have greater barriers to reemployment, including limited or outdated skills, limited work experience, and few transferable skills. While the workforce system has become adept at dealing with the needs of the recently unemployed, American workers who remain out of the labor market will need more sustained and intensive assistance in order to reconnect to new employment opportunities. Approaches around helping individuals access multiple services and co-enrolling individuals across a variety of programs have gained increased support in many State and local areas. The Department will assist in the development of these types of promising approaches to reemployment, as well as other strategies which consider the new and emerging needs of the long-term unemployed and those with multiple barriers to employment.

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Furthermore, the Department will encourage states, through the new vision for UI connectivity, to utilize technology more effectively to connect the workforce reemployment and the UI systems. While ES already serves over 10 million UI claimants, this budget requests \$30 million to carry out more intensive reemployment services for UI claimants and to further UI connectivity strategies. Throughout FY 2013, a variety of approaches will be utilized including the provision of technical assistance, highlighting successful practices, and encouraging States and local areas to replicate, customize, and improve the service models and strategies. In addition, the Department will encourage greater use of labor market information to inform and improve career decision making. States will be encouraged to invest a portion of their funds to incorporate the new and emerging “Real Time” Labor Market Information (LMI) tools that provide greater access to job opportunities available on the Internet and corporate Web sites that are current to the previous day, provide access to business trends as they happen and provide access to information on business-requested skills, training, and education.

Additionally, to meet DOL’s continued focus on the outcome goals of supporting middle class families and low-wage workers, the Department will encourage the system to actively support the enhanced ES strategies and activities described below:

Serving the Dual Customer. A guiding principle for the workforce system, but particularly germane to ES, is the dual customer approach which simultaneously considers the needs of employers and jobseekers within local areas to create the most effective and efficient labor exchange. As job creation picks up, the ES program will need the employer relationships in place to refer and gain rapid job placement for qualified jobseekers. In FY 2013, the Department will encourage states to place additional focus on strategies that engage business.

Enhanced Staff-Assisted Services. Two studies sponsored by ETA suggest the value of services available through ES.³ The reports indicate that unemployed individuals who received services like staff-assisted assessment, job referrals, career counseling, and follow-up, fared better than those who did not receive these services. Also, cost-benefit analyses described in the reports found that these services were generally cost-effective. In FY 2013, the Department will gather promising methods to administer career counseling and will utilize a new best practices platform for improved dissemination. This strategy will also enhance the capacity of front-line staff to more effectively provide employment services such as career counseling and assessment services. The Department will also disseminate more robust information on the range and type of assessment tools available in the marketplace.

³ Petta, Ian ; Yudd, Regina ; Shimshak, Amy ; Jacobson, Louis, Westat, “Evaluation of Labor Exchange Services In a One-Stop Delivery System Environment”, ETAOP 2004-9, ETA, available at: [Evaluation of Labor Exchange Services In a One-Stop Delivery System Environment](#)

Almandsmith, Sherry, Han Bos, and Lorena Adams Ortiz. “Evaluation of the Strengthening Connections between Unemployment Insurance and the One-Stop Delivery Systems Demonstration Projects in Wisconsin.” Oakland, CA: Berkeley Policy Associates, 2006. Available at http://wdr.doleta.gov/research/keyword.cfm?fuseaction=dsp_puListingDetails&pub_id=2396&mp=y&start=61&sort=7.

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Using Labor Market Information. The Department will encourage the system to develop improved labor market information to businesses, including good information on available workers and their skill levels to meet the workforce needs of employers. Additionally, the Department will encourage States to make greater use of State-collected administrative data from the workforce investment system including UI, employment service programs, and One-Stop Career Center participant data and data collected by cooperating education and human service agencies to expand the information available about the characteristics of the workforce.

To support these efforts and make the critical investments for broad-based core services in the public workforce system, the FY 2013 budget requests \$730,842,000. Of these funds, the budget requests that not less than \$30 million be provided for targeted reemployment services to beneficiaries of unemployment insurance.

FY 2012

To continue to address high levels of unemployment and the acute needs of employers seeking qualified workers in FY 2012, the Department received \$700,842,000 to operate the Employment Service. These funds are being used to provide high quality core and intensive services such as job search assistance, labor market information, and career counseling to job seekers. According to the most recent program data available, ES served 7.9 million more participants in PY 2010 than in PY 2007, a 56.8 percent increase in the number of people receiving services (see table below.) Over the same time period, however, ES funding decreased from approximately \$736.3 million to approximately \$724.6 million. In order to serve large numbers of job seekers with diminishing resources, the Department continues to encourage states to enhance partnerships to leverage limited funding, enhance the capacity of the workforce system practitioners, and use lessons learned from the American Recovery and Reinvestment Act to inform and improve practice in the workforce system.

Participant Served Data PY 2007 – 2010⁴

Program Year	Funding	Participants served	Total UI Claimants
2007	\$736,298	13,952,240	5,073,066
2008	\$723,361	19,550,756	8,349,443
2009	\$723,293	22,447,124	10,712,573
2010	\$724,570	21,882,473	10,038,045

To ensure that funds are used to best serve our dual customers and to build off the successes of the American Recovery and Reinvestment Act, the Department is utilizing a number of strategies and activities in FY 2012, including:

- Providing technical assistance to states to help them implement newer and more sophisticated skill assessment tools that allow for better skills matching and for the continuous improvement of job matching to better serve the employer customers;

⁴ Labor Exchange Reporting System: Final Report Data from PY 2007 – 2010, accessed at http://www.doleta.gov/performance/results/wagner-peyser_act.cfm.

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- Highlighting the promising new approaches to Reemployment Services that were developed with funding from the American Recovery and Reinvestment Act, including promoting and supporting replication and adoption of practices that assist unemployed workers in returning to work quickly through the use of labor market information, assessments, and enhanced job search techniques;
- Working collaboratively with States to help them more effectively utilize technology to manage their job matching systems and to more effectively connect to their unemployment insurance systems and decrease the time that job seekers receive unemployment compensation through the dissemination of promising practices from the Unemployment Insurance and Workforce System Connectivity Technical Assistance effort;
- Providing technical assistance to States to support their efforts to improve services to job seekers and employers including increasing the capacity of front-line staff to more effectively provide career counseling and assessment services to job seekers and improving the quality and availability of labor market information to meet the workforce needs of employers; and
- Prompting States and localities to come forward with promising ideas and make sure the job training system continues to evolve through various forums including webinars, interactive communities of practice, and other learning events and social networking opportunities.

FY 2011

In FY 2011, Employment Service (ES) played a critical role in funding a variety of programs helping millions of workers. ES funds are the foundation of the One-Stop Career Center service delivery system, supporting job seekers' efforts to connect to middle class jobs and helping employers find qualified job candidates. These services have helped job seekers look for new or better jobs by providing them with an understanding of the local labor market and jobs that are in demand. Additional services provided are: job search assistance such as resume writing and interviewing skill development; assessments and testing that enable job seekers to identify skill matches and gaps; and referrals to available jobs for which they qualify. Services that have helped employers include labor market information and One-Stop Career Center resources such as job fairs and interviewing space; workforce professionals to help recruit and screen qualified workers; and services for workers being displaced when an employer is faced with downsizing or closure of their business. ES also offered reemployment services to help unemployed workers, including recipients of unemployment insurance and veterans, return successfully to the labor market.

In FY 2011, the Department also implemented the Wagner-Peyser Reemployment Services (RES) program appropriated by the American Recovery and Reinvestment Act of 2009. RES provided critical workforce services to over 5.4 million Unemployment Insurance (UI) claimants, such as better job development, social media job searches, and tools for improving job matching. States targeted their RES funds for UI claimants in two ways: 1) when the UI claimants reached a specific week or duration of benefit receipt they became eligible for RES; or 2) based on UI claimants' worker profiling scores, those who were mostly likely to exhaust were provided RES. The RES funds provided an opportunity for focused and intensive efforts to

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assist UI claimants in learning new job search techniques, improving their resumes, updating networking and interviewing skills, connecting them with employers, joining job clubs and receiving other services.

During PY 2011, the Department provided technical assistance and guidance to States to ensure that ES was fully integrated in One-Stop Career Centers and continued to support capacity for improved service delivery. The demand for One-Stop Career Center on-line workforce information services, as well as staff-assisted services, continued to be higher than in years past and states employed many innovative strategies to meet this need, including:

Mobile Units. Many states used mobile One-Stop Career Center units to provide one-on-one employment services to residents in rural areas where satellite centers were previously closed for lack of funding or where transportation and distance were an issue. The mobile units could be parked at libraries, city halls, chambers of commerce, job fairs, community colleges, vocational rehabilitation offices and other public sites.

Data and Information Sharing. State agencies combined their efforts to create or enhance interfaces, share common databases, integrate case management systems, and establish data sharing methods between UI and the workforce system. Sharing the data between UI and Wagner-Peyser was critical for the success of the program to identify and track UI claimants.

Technological Upgrades. After years of declining investments in technology, the states used the RES and ES funds in the American Recovery and Reinvestment Act to make technological improvements for both services and client tracking purposes. States used these funds to purchase new technology, hardware, software, and online tools, and upgraded their management information systems (MIS). The types of technology upgraded or obtained varied across the categories of assessment software, labor market information (LMI) tools, and state MIS upgrades for reporting, tracking and case management. In addition, some states also purchased software or IT tools to handle the scheduling of claimants for appointments and workshops, or for posting their mobile units' community event schedules. Some states took advantage of the RES funding to update their profiling methodologies and to conduct research studies on the characteristics of the long-term unemployed and the barriers that signaled likely exhaustion of UI benefits.

Provision of High-Quality Core and Intensive Services. The high demand for services focused states' attention on the importance of core services provided to recently unemployed individuals. ES staff were trained to triage customers' needs, barriers and situations, and then refer to additional assistance or partner services. Many states reported the RES effort had the effect of making far more people aware of their centers and services, which translates into greater permanent flow of customers in the One-Stop Career Centers and their resource rooms.

The PY 2010 performance outcomes for ES were a 48.0 percent Entered Employment Rate, lower than the goal of 56.9 percent set for the year. The ES program served over 2.3 million

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more participants in PY 2010 compared to PY 2008, while funding essentially remained stagnant. The Employment Retention Rate measured at 78 percent, one percentage point higher than the GPRA goal of 77 percent for the year, and the Six Months Average Earnings reached a final measure of \$13,884, considerably higher than the target goal of \$10,131 planned for the year.

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CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Grants, subsidies, and contributions

\$0

Built-Ins Subtotal

\$0

Net Program

\$30,000

Direct FTE

0

Estimate

FTE

Base

\$700,842

0

Program Increase

\$30,000

0

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req./ FY12 Enacted
Activity Appropriation	18,483	18,485	18,520	35
FTE	0	0	0	0

Introduction

The Work Opportunity Tax Credit (WOTC) program was created by the Small Business Job Protection Act of 1996 (P.L.104-188), which is the successor of the Targeted Jobs Tax Credit program enacted in 1977. The WOTC program was established as a Federal tax incentive to private businesses for hiring new individuals from target groups with consistently significant barriers to employment. Although subsequent authorizing legislation has changed the eligible target groups over time, the target groups typically served through WOTC are: long-term Temporary Assistance to Needy Families (TANF) recipients; other qualified TANF recipients; qualified Supplemental Nutrition Assistance Program (SNAP, or food stamp) recipients; designated community residents; summer youth employees; qualified veterans; vocational rehabilitation referrals; qualified ex-felons; and SSI recipients.

WOTC helps disadvantaged workers gain employment in good jobs by providing businesses with an estimated \$1,100,000,000 in tax credits for hiring individuals from certain targeted groups. The program enables the targeted individuals to gradually move from economic dependency to self-sufficiency as they earn a steady income and become contributing taxpayers. The participating employers are compensated by being able to reduce their federal income tax liability. WOTC joins other workforce programs that help incentivize workplace diversity and facilitate access to good jobs for American workers.

The WOTC program is currently jointly administered by the Departments of Treasury and Labor. The Treasury Department is responsible for overseeing the tax credits claimed by employers. The Department of Labor receives funds to administer the WOTC certification process. Funds provided to the Department for this purpose are used to provide resources to State Workforce Agencies (SWAs) to support staff processing applications for certifications for the target groups.

Five-Year Program Category History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$17,677	0
2009	\$17,368	0
2010	\$18,520	0
2011	\$18,483	0
2012	\$18,485	0

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

Funding Mechanism

WOTC funding historically has been distributed to SWAs using a three-part funding formula based on: 1) civilian labor force, 2) WOTC workload, and 3) a percentage of the welfare population. The Department is considering revisions to the formula to better reflect the full workload related to processing all WOTC applications.

FY 2013

To support states' processing of certification requests and to reduce the sizable certifications backlog that currently exists, the Department requests \$18,520,000 for FY 2013 to operate the WOTC program.

The Department helps individuals in the target groups covered by WOTC enter the job market and improve their earnings by providing funding to SWAs to administer WOTC. SWAs use the funding to certify new applications submitted by employers, deny ineligible applications, decrease the backlogs of applications pending because of insufficient documentation, and move towards automation of the application process.

It is the responsibility of SWAs to ensure the timely processing of applications. The operational management of the WOTC certification process includes: 1) determining whether the certification requests received were filed in a timely manner; 2) verifying target group eligibility with different state service providers; and 3) issuing to employers the state's final determination (i.e., a certification or a denial).

The Department, through the national office and regional offices, contributes to efforts to process certifications more efficiently by providing on-going technical assistance to SWAs and the employer community. Strong partnerships with the IRS and other external and internal partners allow the Department to provide states with timely legal and programmatic clarifications that help improve the accuracy of their processing and certification systems.

Currently, the majority of applications submitted are processed through a manual, paper-based system by states. It is a time- and labor-intensive process to input applications, verify eligibility documentation, and issue the certifications or denials. Some states have moved toward full or partial automation of the certification process; however, limited resource availability has constrained progress toward more complete automation.

FY 2012

In FY 2012, a primary focus of the Department and the SWAs is to implement WOTC provisions contained in the Vow to Hire Heroes Act of 2011 (P.L. 112-56). These provisions became effective the day after the President signed the Act into law, November 22, 2011, and remain effective through December 31, 2012.

Under the Vow to Hire Heroes Act, employers are able to apply for tax credits, ranging from \$2,400 to \$9,600, for hiring certain veterans. The Act extended current tax credits for veterans

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

receiving Supplemental Nutrition Assistance Program (SNAP) benefits or who have a service-connected disability. The legislation also established a new tax credit for employers that hire unemployed veterans.

Implementation activities at the Federal and state levels include revisions to WOTC reporting and administrative forms, changes to state systems and processes, issuance of revised program guidance and instructions, and on-going technical assistance. The Department is working in coordination with the IRS to implement the new WOTC veteran provisions.

In addition, ETA continues to provide technical assistance to states through its national and regional office WOTC coordinators. ETA also continues to work with SWAs and other internal and external partners to encourage the expansion of processing technologies that would allow for greater automation of certain portions of the application process in order to decrease the current backlog.

FY 2011

In FY 2011, the WOTC program continued to provide a Federal tax credit to private-sector businesses for hiring individuals from target groups who have consistently faced significant barriers to employment. About 1,157,000 certifications were issued to employers in FY 2011, incentivizing job opportunities for some of the country's most at-risk populations. States also issued about 1,221,000 denials during the fiscal year, for a combined processing workload of over 2,378,000.

State administration of the WOTC program faced significant challenges, including backlogs of certification requests in a number of areas due to general increase in employer demand for WOTC. The number of certifications issued in FY 2011 is the highest level of certifications in the history of the WOTC program. At the end of the fiscal year, about 1,362,000 WOTC certification requests were pending approval.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Grants, subsidies, and contributions \$35

Investment and Loans 0

Built-Ins Subtotal \$35

Net Program \$0

Direct FTE 0

Estimate FTE

Base 18,485

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

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req./ FY12 Enacted
Activity Appropriation	2,469	2,427	2,432	5
FTE	0	0	0	0

Introduction

The Employment Service National Activities help the workforce system achieve the Secretary’s goals of preparing workers for good jobs and ensuring workers have the skills and knowledge that prepare them to succeed in a knowledge-based economy. The appropriation provides funding to support technical assistance and training activities that help to ensure that workforce system front line staff and leaders have the tools and information necessary to design and implement high quality employment and training services.

The ability of the workforce system to achieve its performance goals is directly related to the program design and service delivery strategies implemented at the state and local level. Under the current laws, regulations, and federal policy guidance, states have a great deal of flexibility in program design and service delivery. The Department helps inform good program design and service delivery through the provision of technical assistance.

The requested funding for technical assistance will be focused on supporting the Department’s efforts to create a more effective and responsive One-Stop Career Center delivery system through two main strategies:

- Identifying, evaluating, and encouraging adoption of effective workforce practices that lead to positive employment outcomes for jobseekers and unemployed individuals and that meet the workforce challenges of employers; and
- Delivering technical assistance to grantees and the workforce investment system, including online resources and information, regional and national conferences, and targeted technical assistance to improve grantee performance such as institutes and coaching models.

Additionally, a portion of these funds are used to contribute the Federal share of State Workforce Agencies (SWA) Retirement System payments. Prior to 1982, the Department agreed to provide funding for improvements to SWA retirement plans to make their benefits more comparable to the benefits provided to Federal employees. The improvements created an unfunded liability because the benefit improvements were payable to present plan members, including retirees, although neither the employer nor the employees were able to put the necessary resources into the plan to cover the improvements. The Department’s solution to this problem was to determine the amount needed to cover the improvements in the plan and then amortize the costs over a span of years.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES TAT/SWA RETIREMENT

Five-Year Program Category History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$2,308	0
2009	\$2,349	0
2010	\$2,474	0
2011	\$2,469	0
2012	\$2,427	0

Funding Mechanism

Funding for TAT activities is provided to states through grants or contracts. The funding for unfunded liabilities related to independent retirement plans for SWA employees currently goes to the state of Utah, the only state for which this obligation remains.

FY 2013

A total of \$2,432,000 is requested for Employment Service National Activities, to support TAT activities and to make contributions toward financing unfunded liabilities of independent SWA Retirement Systems in the current program year. The technical assistance investments in FY 2013 will focus on reemployment strategies for the long-term unemployed; continuing to improve credential attainment by workforce system participants; deepening connections between the partners in the workforce system, including adult education and TANF at Federal, State, and local levels; improving services to businesses; and increasing capacity of WIA youth system staff. Technical assistance will be delivered through tools and resources, effective practices documentation, and e-learning curricula. Ultimately, technical assistance improves programs and the quality of services workers receive through the One-Stop system, which will in turn help workers be prepared for and find middle class jobs.

FY 2012

The Employment and Training Administration received \$2,427,000 in FY 2012 to support TAT activities and to contribute the Federal share of SWA Retirement System payments. The technical assistance investments in FY 2012 focus on providing states access to expertise to improve the provision of core services, job search assistance, and labor market information services to all unemployed workers including those with multiple barriers to employment such as individuals with disabilities and racial and ethnic minorities. Other technical assistance will continue to focus on enhancing the use of electronic and internet-based employment and workforce information tools that support the states' reemployment functions and help workers obtain the skills and knowledge necessary to succeed in a knowledge-based economy. Lastly, increased integration of employment and training programs, including the Workforce Investment Act programs, to support training and career advancement is also a strategic focus during the fiscal year.

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

FY 2011

The Employment and Training Administration received \$2,432,000 in FY 2011. Technical assistance activities focused on enhancing staff development and training, particularly for frontline One-Stop Career Center staff. Training topics also included strategies to improve system outcomes, guidance on how to conduct skill assessments for customers, and the use of needs-related payments to support disadvantaged populations during training.

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

CHANGES IN FY 2013
(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Grants, subsidies, and contributions \$5

Built-Ins Subtotal \$5

Net Program \$0

Direct FTE 0

Estimate FTE

Base 2,427

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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req. / FY 12 Enacted
Budget Authority	65,517	65,393	65,517	124
FTE	175	181	183	2

NOTE: FY 2011 reflects actual FTE. Authorized FTE for FY 2011 was 189.

Introduction

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

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

ETA has organized OFLC into a National Headquarters Office responsible for policy and regulatory activities, national processing center program management, administration and finance, information technology, and other related management responsibilities. OFLC administers its program responsibilities through three national processing centers (NPCs): one located in Chicago that adjudicates all temporary nonimmigrant applications; one in Atlanta that adjudicates all immigrant PERM applications; and a third center located in Washington, D.C. which provides prevailing wage determinations nationwide upon request to employers considering whether to hire foreign workers on a temporary or permanent basis, except for the H-2A program. The Washington center also reviews employer and university wage surveys tasks previously carried out by State Workforce Agencies (SWAs).

Foreign labor certification programs assist in achieving the Secretary's Strategic Goal 1: *Prepare Workers for Good Jobs and Ensure Fair Compensation*, as well as Goal 1.5: *Secure Wages and Overtime* by protecting the wages and working conditions of both American workers and foreign nationals who are working in the U.S. Foreign labor certification programs have as a primary responsibility the review of employer applications requesting the Secretary of Labor's certification to ensure that the hiring of a foreign worker will not adversely impact the wages and

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working conditions of U.S. workers, and that no qualified U.S. workers are willing or available to fill a given vacancy.

U.S. employers who perform good faith recruitment efforts and cannot locate a domestic worker in their area of intended employment are required to pay a worker hired under the program the prevailing wage rate in that area for the occupation in which the vacancy is being filled. Employers must comply with all federal and state laws governing the terms and conditions of the employment. The labor certification process is the first opportunity for employers to comply with these wage and worker protection requirements. Following labor certification, the Wage and Hour Division and Office of the Solicitor of Labor have jurisdiction to enforce these requirements and address any suspected labor and workplace violations.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$54,005	75
2009	\$67,950	181
2010	\$68,436	181
2011	\$65,517	189
2012	\$65,393	181

Funding Mechanism

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

In addition to Congressional appropriations, OFLC receives five percent of revenue from the employer-funded H-1B application processing fee collected by the Department of Homeland Security. This five percent supports H-1B labor certification processing activities (these funds may also be used to support PERM processing activities) and is separate from the ETA portion of H-1B funding allocated to U.S. worker training. OFLC estimates the H-1B Program utilizes 100 percent of this fee revenue to support the H-1B Program's costs.

The 2013 Budget proposes legislation to establish fees for new applications filed under the permanent foreign labor certification program. The Budget also proposes legislation to allow the Department to retain fees for certified applications filed under the H-2A temporary labor certification program and modify, by regulation, the fee to partially cover program costs. The fees would partially offset the State and Federal costs of administering these programs and once fully implemented would reduce the need for appropriations for this purpose. OFLC believes that since only employers, and not individuals, may file these applications and employers

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exclusively benefit from the admission of these workers, it is appropriate that employers offset at least some portion of the operating expense for providing these services particularly as public resources are increasingly scrutinized for their contribution to the overall public good. Upon enactment of the fees, requests for funding in the Foreign Labor Certification administration account would be reviewed and adjusted. The Department is also pursuing legislation to allow for a fee to be paid by employers seeking H-2B labor certifications.

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DETAILED WORKLOAD AND PERFORMANCE				
	FY 2011 Enacted		FY 2012 Enacted	FY 2013 Request
	Target	Result	Target	Target
Foreign Labor Certification				
Strategic Goal 1 - Prepare workers for good jobs and ensure fair competition.	--	--	--	--
Outcome Goal 1.5 - Secure wages and overtime.	--	--	--	--
Percent of H-1B applications processed within seven days of the filing date for which no prevailing wage issues are identified	100.00%	100.00%	100.00%	100.00% (e)
Percent of employer applications for permanent labor certification resolved within six months of filing	81.00%	76.00%	81.00%	68.00%
Percent of resolved permanent applications selected for integrity review and found in compliance	61.00%	50.00%	50.00%	--
Percent of H-2A applications with no pending state action processed within 15 days of receipt and 30 days from the date of need	57.00%	85.00%	57.00%	57.00%
Percent of H-2B applications processed within 60 days of receipt	72.00%	99.00%	72.00%	72.00% (e)
Percent of permanent labor certification determinations issued by OFLC in compliance with established standard operating procedures	--	--	--	TBD
PERM Carry-In, New Applications	99,089	96,889	94,689	99,189 (e)
PERM New Applications Filed	68,500	66,350	72,900	76,500 (e)
PERM Applications Processed	79,200	75,100	72,000	67,500 (e)
PERM Applications Remaining	18,889	21,789	22,689	31,689 (e)
H-1B - New Applications Filed	350,600	365,600	375,500	386,000 (e)
H-1B Applications Processed	344,900	358,800	358,500	378,800 (e)
H-1B Applications Remaining	5,700	6,800	7,000	8,000 (e)
H-2A - New Applications Filed	6,000	7,440	7,600	8,350 (e)
H-2A Applications Processed	5,600	7,360	7,300	8,050 (e)
H-2A Applications Remaining	400	80	300	300 (e)
H-2B - New Applications Filed	4,800	5,000	5,900	7,200 (e)
H-2B Applications Processed	4,440	4,900	5,475	6,425 (e)
H-2B Applications Remaining	360	100	425	775 (e)

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

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Workload and Performance Summary

The OFLC adjustments to FY 2011 and 2012 workload estimates and projections for FY 2013 for the permanent and temporary visa programs are a function of the following factors: (1) actual workload and performance results through September 2011; (2) additional Federal hiring during FY 2011, as part of the multi-sector workforce planning pilot, to perform final adjudicatory decisions on applications; (3) the impact of increased Permanent Labor Certification program (PERM) integrity initiatives to conduct audit examinations on low-skilled position applications and supervise the recruitment for other positions where qualified U.S. workers may be available; and (4) positive economic forecast assumptions in FY 2012-2013 for U.S. unemployment and labor force employment levels leading to an increasing number of new applications being filed.

As workload increases in anticipation of a recovering economy in FY 2013, OFLC will need to implement high-priority strategies designed to ensure the timely processing of employer applications for temporary agricultural and nonagricultural workers and jobs requiring higher-level degrees and skills, particularly those in STEM (Science, Technology, Engineering, and Mathematics) related occupations. OFLC will focus National Processing Center (NPC) staff resources on meeting processing times mandated by statute and regulation in the temporary nonimmigrant programs while simultaneously reducing the level of contractor staff involved in the processing of PERM applications where no such mandates exist.

Beginning in FY 2012, the OFLC PERM program will be reduced in order to fully fund the continued administration of the Farm Labor Survey (FLS), which is conducted by the U.S. Department of Agriculture (USDA) and establishes the regulatory-required Adverse Effect Wage Rates (AEWRs) as set forth in 20 Code of Federal Regulations 655.103. USDA ceased funding for the survey thereby leaving the Department with no viable alternative particularly given the clear regulatory language governing the H-2A program. In order for the OFLC to issue a certification that the employment of foreign agricultural workers will not adversely affect the wages of workers similarly employed in the United States, the regulations specify that the Secretary shall utilize, as the AEWR, the annual weighted average hourly wage in the States and regions as published annually by the USDA's FLS.

The impact of USDA's funding decision has required OFLC to further prioritize FY 2012 funds and the Permanent Labor Certification Program, unlike the temporary programs, does not have statutory or regulatory-required processing times. This occurrence in conjunction with the prioritizing of Permanent Labor Certification applications by STEM and non-STEM occupations lends itself to the reduction coming from this program. Accordingly, OFLC will implement a reduction of approximately 18 contractor analysts at the Atlanta National Processing Center. OFLC will focus Permanent Labor Certification case adjudication resources on high-priority production strategies designed to resolve more employer applications for jobs requiring higher-level degrees and skills, particularly STEM, within six months of the filing date. These positions, are often those most in need in our economy for continuing full recovery and where in a given occupation there is evidence of available U.S. workers additional scrutiny will be applied further protecting the program's integrity. The approximate \$2 million funding reduction will impact the ability of the OFLC to avoid building program backlogs of employer requests for

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PERM certification in non-STEM or other positions requiring lower-level or no degrees and skills. This will result in at least a 15% decrease in performance under the PERM timeliness measure and an increase in the backlog of employer applications to approximately 31,700 in FY 2013. OFLC during FY 2012 will complete a re-engineering of the business processes employed at the Atlanta National Processing Center including a structural re-alignment of federal and contractor resources to align with stated priorities and focus resources on integrity measures.

Finally, OFLC will develop and establish baseline data for a new measure designed to assess the quality of OFLC's decision-making and level of compliance with established operating protocols. This outcome measure will replace the current compliance measure starting in FY 2013. The current compliance measure is based only on PERM applications selected for integrity review, provides limited management value since there is no mechanism to ensure employer compliance prior to issuing a final determination, and, most importantly, does not account for the quality of the case adjudication process. The new compliance measure will take the number of PERM determinations found in compliance with established OFLC standard operating procedures divided by the number of PERM determinations sampled for a process quality review and completed during the reporting period. This will result in a decrease in performance under the PERM timeliness measure and an increase in the backlog of employer applications to approximately 31,700 in FY 2013.

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
11.1	Full-time permanent	16,781	16,573	16,881	308
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	505	168	168	1
11.9	Total personnel compensation	17,286	16,741	17,049	309
12.1	Civilian personnel benefits	4,650	4,911	4,997	86
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	15	20	20	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,341	2,393	2,561	168
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	81	496	496	0
24.0	Printing and reproduction	40	15	15	0
25.1	Advisory and assistance services	18,702	18,348	17,921	-427
25.2	Other services from non-Federal sources	21	14	14	0
25.3	Other goods and services from Federal sources 1/	3,761	3,706	3,706	0
25.4	Operation and maintenance of facilities	10	6	6	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	3,318	3,250	3,250	0
26.0	Supplies and materials	128	408	368	-40
31.0	Equipment	15	15	15	0
41.0	Grants, subsidies, and contributions	15,099	15,070	15,099	29
42.0	Insurance claims and indemnities	50	0	0	0
	Total	65,517	65,393	65,517	124
	1/Other goods and services from Federal sources				
	Working Capital Fund	3,456	3,706	3,706	0
	DHS Services	163	0	0	0
	CIGIE	142	0	0	0

FOREIGN LABOR CERTIFICATION

CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$63
Personnel benefits	18
One day more of pay	76
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	168
All Other Rental	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services	0
Working Capital Fund	0
Other government accounts (Census Bureau)	0
Other government accounts (DHS Charges)	0
Other purchases of goods and services from Government accounts	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

Built-Ins Subtotal **\$325**

Net Program **-\$200**

Direct FTE **0**

	Estimate	FTE
Base	\$65,717	183
Program Increase	\$29	2
Program Decrease	-\$229	0

FEDERAL ADMINISTRATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req./ FY12 Enacted
Budget Authority	50,418	50,323	50,418	95
FTE	175	181	183	2

NOTE: FY 2011 reflects actual FTE. Authorized FTE for FY 2011 was 189.

Introduction

The Federal Administration activity funds the salaries and expenses necessary to conduct the programs administered by the Office of Foreign Labor Certification (OFLC) in order to carry out the Secretary of Labor's responsibilities as stipulated in the Immigration and Nationality Act. These costs include federal and contract staff necessary to process employer-filed applications, information technology systems required to process all applications across multiple temporary and permanent programs, buildings for three national processing centers, supplies, travel, agency indirect costs, and national office staff.

FY 2013

The FY 2013 Agency Request of \$50,418,000 and 183 FTE represents an increase of \$95,290 and two FTE from the FY 2012 enacted level. This funding request provides the necessary level of support to continue the operation, management, and oversight of the OFLC.

The OFLC will absorb reductions commensurate with the cost of continuing to fund USDA for the Farm Labor Survey (FLS). This activity is consistent with the principles and changes outlined in the President's *Blueprint for Building a 21st Century Immigration System* (May 2011) to strengthen our economic competitiveness and provide U.S. farmers and other employers with an adequate and legal source of temporary foreign workers to serve our nation's agricultural and nonagricultural communities. This funding will ensure continued implementation of the USDA FLS and the annual publication of AEWRs for use by the Secretary in issuing the temporary labor certifications during FY 2013. Since the funding continues USDA's collection of wage information for use in processing H-2A applications, OFLC does not anticipate a change in the performance measure related to the timely processing of H-2A applications.

As of October 1, 2010, only 37% of all PERM applications were being processed within six months of the filing date. OFLC entered FY 2011 with a backlog of more than 35,000 PERM applications and 174 Federal positions; 40% of which were stationed at the Atlanta NPC administering the PERM program. As a result of implementing the contractor conversion pilot in FY 2010, 50 contractor positions were converted, allowing OFLC to hire an additional 44 Federal staff to assist with OFLC workload, and ETA to hire an additional 6 indirect staff to provide agency-level support for OFLC activities. The higher number of Federal staff allowed OFLC to improve its business process design and significantly raise productivity and its program integrity measures. As a result, OFLC has further reduced the backlog of pending PERM applications to less than 20,000 with more than 75% of all PERM applications being resolved

FEDERAL ADMINISTRATION

within six months as of June 2011.

During FY 2013, OFLC will continue to fully implement a new performance-based professional staffing contract, which funds a smaller number of processing contracts, each using higher-skilled contractors to improve analysis and productivity while reducing administrative overhead. OFLC has reduced its contractor numbers from 386 in FY 2010 down to 181 (down by 53%) in FY 2011-2012, including the conversion of 15 additional contract positions during the summer of FY 2011. This second conversion “saved” on an annualized basis approximately \$800,000 scarce funds which are being utilized to increase program operations and efficiencies. This new strategy will be implemented throughout FY 2012 and has already yielded a number of positive outcomes, including transitioning from high-risk labor hour to fixed-price contracts, establishing performance measures and standards linked to production goals, and reducing contractor project management from 10 to 4 positions.

Lastly, in FY 2012 OFLC is considering a proposal to convert two existing contractor positions in the national office to entry level federal staff who will be charged with performance responsibilities and related operational duties designed to further track OFLC program management performance.

FY 2012

The FY 2012 enacted funding level for federal administration is \$50,322,710 and 181 FTE, a decrease of \$95,252 and 8 FTE from the FY 2011 enacted level.

FY 2011

The FY 2011 federal administration enacted level was \$50,417,962 and 189 FTE, a reduction of \$2,889,038 in funding and an increase of 8 FTE from the FY10 enacted level. In FY 2011, OFLC continued its participation in the pilot Multi-Sector Workforce Initiative, “converting” 15 contractor positions to federal staff and generating both backlog relief and estimated annual cost savings of \$801,000. These conversions represented the next phase of a conversion initiative begun in FY 2010 when OFLC started formal planning to reduce the overall large number of contractors it utilizes and formally end its high-risk labor supply contracts and award performance-based contracts. OFLC’s goal was to reduce its reliance on contract staff in favor of a larger core of experienced federal staff. ETA has demonstrated that a larger core of federal employees is less costly, provides greater long-term stability, while allowing for more employer-filed applications to be adjudicated. These conversions have proven to be both more efficient and effective in term of the expense and ability to render final case decisions. The large contractor contingent was contributing to the creation of program backlogs as the few Federal staff could not process the volume of work generated by the contractors.

FEDERAL ADMINISTRATION

BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
11.1	Full-time permanent	16,781	16,573	16,881	308
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	505	168	168	1
11.9	Total personnel compensation	17,286	16,741	17,049	309
12.1	Civilian personnel benefits	4,650	4,911	4,997	86
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	15	20	20	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,341	2,393	2,561	168
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	81	496	496	0
24.0	Printing and reproduction	40	15	15	0
25.1	Advisory and assistance services	18,702	18,348	17,921	-427
25.2	Other services from non-Federal sources	21	14	14	0
25.3	Other goods and services from Federal sources 1/	3,761	3,706	3,706	0
25.4	Operation and maintenance of facilities	10	6	6	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	3,318	3,250	3,250	0
26.0	Supplies and materials	128	408	368	-40
31.0	Equipment	15	15	15	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	50	0	0	0
	Total	50,418	50,323	50,418	95
1/Other goods and services from Federal sources					
	Working Capital Fund	3,456	3,706	3,706	0
	DHS Services	163	0	0	0
	CIGIE	142	0	0	0

FEDERAL ADMINISTRATION

CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$63
Personnel benefits	18
One day more of pay	76
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	168
All Other Rental	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services	0
Working Capital Fund	0
Other government accounts (Census Bureau)	0
Other government accounts (DHS Charges)	0
Other purchases of goods and services from Government accounts	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

Built-Ins Subtotal **\$325**

Net Program **-\$229**

Direct FTE **2**

	Estimate	FTE
Base	\$50,647	181
Program Decrease	-\$229	0

STATE GRANTS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req./ FY12 Enacted
Budget Authority	15,099	15,070	15,099	29
FTE	0	0	0	0

Introduction

Under the State Grant activity, the ETA provides annual grants to State Workforce Agencies (SWAs) in 55 states and U.S. territories to fund employment-based immigration activities that are required components of the various foreign labor certification programs. These activities include, but are not limited to, SWA posting and circulation of inter-state and intra-state job orders and other assistance to employers in the effective recruitment of U.S. workers, state safety inspection of employer provided H-2A housing, and developing and conducting prevailing practice and wage surveys used to set wages and standards in a defined occupation within their state. The SWAs also post employer job orders for the PERM Program in accordance with that program's regulation.

In accordance with the requirements of their foreign labor certification grant allocations, SWAs submit annual work plans to ETA's Office of Foreign Labor Certification (OFLC) to establish continued eligibility for the grant. These work plans describe the specific activities and workload expectations.

FY 2013

For FY 2013, ETA requests \$15,099,000 to support SWA required foreign labor certification activities. This represents an increase of \$28,537 from the FY 2012 enacted level. OFLC anticipates focusing state grant resources on meeting processing times mandated by statute and regulation in the H-2A and H-2B temporary nonimmigrant programs.

This budget activity is consistent with the principles and changes outlined in the President's *Blueprint for Building a 21st Century Immigration System* (May 2011) to strengthen our economic competitiveness and provide U.S. farmers and other employers with an adequate and legal source of temporary foreign workers to serve our nation's agricultural and nonagricultural communities. The increased funding will allow the SWAs to address increased program utilization due to anticipated economic conditions in FY 2013 and workload due to Department rulemaking under the H-2A and H-2B visa programs; both of which include program models with significantly enhanced U.S. worker recruitment, job referral, and worker protection provisions. SWAs will be required through planning guidance and funding allotments to provide priority service to the review of agricultural and nonagricultural job orders, manage U.S. worker referrals to employers, conduct prevailing wage surveys, and inspect employer housing in order to minimize the impact of expected delays in employers obtaining a timely decision from the Department.

STATE GRANTS

FY 2012

The FY 2012 enacted funding level for SWA foreign labor certification activities is \$15,070,463, a decrease of \$28,279 from the FY 2011 enacted level. These grants will fund personnel costs associated with state activities to assist the processing of foreign labor certification applications.

FY 2011

The FY 2011 enacted level of \$15,098,742 supported state foreign labor certification activities, a reduction of \$30,258 from the FY 2010 appropriation.

STATE GRANTS

BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
12.1	Civilian personnel benefits	0	0	0	0
41.0	Grants, subsidies, and contributions	15,099	15,070	15,099	29
	Total	15,099	15,070	15,099	29

STATE GRANTS

CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

One day more of pay \$0

Grants, subsidies, and contributions 0

Built-Ins Subtotal \$0

Net Program \$29

Direct FTE 0

	Estimate	FTE
Base	\$15,070	0
Program Increase	\$29	0

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req. / FY 12 Enacted
Budget Authority	63,593	63,473	115,720	52,247
FTE	0	0	0	0

Introduction

Programs funded through the Workforce Information/Electronic Tools/System Building line item assist youth, working-age individuals, businesses, government entities, and non-profit organizations, and help ensure a skilled workforce for industries and occupations that provide good jobs. The workforce information programs and online tools assist individuals' career choices, education and training planning, and job search, by arming them with essential guidance, resources, and knowledge about careers, skill requirements, and employment projections and other workforce information through online electronic tools. The performance systems supported by these funds enable the Department to advance transparency and accountability in its employment and training programs. These funds also support system capacity building efforts, including the Disability Employment Initiative, which allow the One-Stop Career Center system to respond to the needs of the jobseekers and businesses in the current economy.

The challenge of putting unemployed Americans back to work is exacerbated by rising demand for employment services. In order to address this increased demand, this budget request increases to expand and improve existing online services, and rebrand and improve the nationwide network of One-Stop Career Centers. These additional resources will help to increase public awareness of and accessibility to the workforce system.

A robust suite of electronic tools helps the national workforce system meet this growing challenge. The number of unemployed job seekers who use the public workforce system is 2.5 time higher than the pre-recession level, growing from 1.1 million in 2006 to nearly 2.6 million in an average month in 2011 (Table 1). Reports from the workforce system indicate that the nearly 3,000 One-Stop Career Centers have been inundated with customers. Other studies found that One-Stop Career Centers surveyed were challenged to provide core services to all customers needing assistance.⁵ Virtual services provided through the electronic tools greatly expand the reach of the One-Stop Career Center system and enable self-service use by customers as well as support for more traditional staff-assisted services.

Table 1. *The average monthly number of unemployed job seekers who use public employment agencies is 2.5 time the pre-recession 2006 level, but fell slightly between 2010 and 2011.*

⁵ Lea, Goger, et al. "Findings from a Study of One-Stop Self-Services; A Case-Study Approach," May 24, 2011.

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

	Percent of unemployed job seekers who use public employment agencies	Number using public employment agencies (thousands)	Percent increase from 2006 to 2010
2011	21.0%	2,626	150%
2010	22.2%	2,973	183%
2009	22.6%	2,851	
2008	18.9%	1,465	
2007	17.7%	1,080	
2006	17.3%	1,052	

Source: Unpublished BLS tables on job search methods, from the *Current Population Survey*

In addition to supplementing and strengthening the services available in the One-Stop Career Center system, this budget item assists planners and leaders to make full use of workforce development information available from the Department and other sources, so that public sector investments are accurately based on which jobs and skills are in demand, both locally and nationally, now and in the future. Federal, state, and local workforce system program administrators rely on this information for strategic planning, targeting participants, and selecting training courses and providers.

The Department invests Workforce Information/Electronic Tools/System Building funds via the following five strategies:

Collect and integrate statistical and other workforce information. This line item supports core information products and tools ranging from projections software systems to database structures to ensure that state and local data are consistent, comprehensive, comparable, accessible, and of high quality across the nation. These activities include data collection and dissemination for the Occupational Information Network (O*NET) system as well as support for state and local employment projections. This information supplies individuals, workforce system decision makers, businesses, governments, and other organizations with essential information to productively invest private and public sector dollars. O*NET information describes the knowledge, skills and abilities necessary to perform in all occupations, the tools and technologies used in these occupations, and the detailed tasks performed in each occupation. Employment projections indicate which careers are growing and expected to be in demand, fundamental information for guiding millions of unemployed workers into new careers.

Deliver Web-based information, interactive tools, and technical assistance. This line item supports electronic tools that are visited by about 40 million individuals annually – and include CareerOneStop, America’s Career Information Network, America’s Service Locator, O*NET Online, and the recent mySkills myFuture skills transferability tool. All programs are user-friendly and most are designed for self-service by job seekers, but they are also designed to meet the needs of intermediaries (such as employment counselors and job training personnel) that serve disadvantaged individuals, including those without Internet access. This line item also supports the Workforce3One Web site, the agency’s

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online technical assistance platform. Under tight fiscal constraints, the Department increasingly relies on delivering technical assistance online rather than in person. The Workforce3One site is designed for employment and training practitioners, providing both technical assistance to the workforce system and a means by which practitioners can electronically share information, advice, ideas and best practices.

Together, the electronic tools suite provides a variety of services. This includes: 1) employment and career information, such as the new My Next Move tool; 2) education and training information; 3) the skill transferability mySkills myFuture tool that enables previously employed job seekers to match their occupational skills and experiences with the skills needed in other occupations; 4) information about other assistance to individuals (e.g., unemployment insurance and social, family, housing and emergency services); 5) employer and economic development tools; and 6) tools specifically tailored for veterans and transitioning military service members, such as My Next Move for Veterans, and a veterans reemployment portal and job search tool in CareerOneStop, all searchable by military occupation. The electronic tools deliver these services through dynamic, interactive Web sites, and FY 2013 funds will be used to enhance on-line tools that offer convenient, personalized services.

Monitor program and grants, and operate a performance-driven system. These resources support key performance accountability and capacity building systems, including the Federal Employment Data Exchange System and the Common Reporting and Information System; development and maintenance of Data Validation software, which is used by states to ensure that the performance results reported are accurate and consistent across all states; and performance analyses to promote continuous improvement in the workforce system. This line item also supports the Wage Record Interchange System that uses administrative wage records collected through the UI system to report reliable performance outcome data on employment, retention, and wage gains for Federally-funded employment and training program participants. These data are, in turn, used to gauge program effectiveness.

Expand the capacity of the workforce system to serve persons with disabilities and assist them in obtaining training and employment. The Department of Labor's Employment and Training Administration and Office of Disability Employment Policy collaboratively fund and support the Disability Employment Initiative (DEI). The DEI addresses the continuing problems of unemployment, underemployment, and poverty of persons with disabilities by funding full-time, dedicated One-Stop Career Center staff, called Disability Resource Coordinators, to promote the meaningful and effective employment of persons with disabilities. The initiative is implemented through three-year, competitively-awarded cooperative agreements with state workforce agencies. These grants are designed to: 1) improve the training and employment outcomes of persons with disabilities who are unemployed, underemployed, or receiving Social Security disability benefits, particularly focusing on career path jobs which lead to economic self-sufficiency; 2) build effective partnerships that leverage public and private resources to better serve persons with disabilities; 3) expand the capacity of the One-Stop

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Career Center system to serve customers with disabilities; and 4) expand the public workforce developments system's capacity to become Employment Networks for beneficiaries under the Social Security Administration's Ticket to Work Program.

The DEI projects implement and replicate promising service delivery strategies throughout the public workforce system for job seekers with disabilities, building upon the previous Disability Program Navigator (DPN) initiative and other models. These grants are designed to improve the employment outcomes of persons with disabilities in the workforce and to continue the promising practices implemented by the previous DPN initiative, including the effective deployment of staff, with expertise in disability and workforce, in 16 selected states. In 2010, nine projects (Alaska, Arkansas, Delaware, Illinois, Arkansas, Maine, New Jersey, New York, and Virginia) were funded to support extensive partnerships, collaboration, and service coordination across multiple service delivery systems to improve the training and employment outcomes of persons with disabilities. In 2011, a second round of DEI projects were funded for three years in seven states (California, Hawaii, Ohio, South Dakota, Tennessee, Washington, and Wisconsin), for a total of 16 DEI projects. In addition to the state grants, the Department has implemented a rigorous DEI evaluation, based on random assignment, to determine the efficacy of its service delivery strategies and approaches. The DEI also has a technical assistance component, targeted to both the DEI projects and the whole workforce system, which includes the development and dissemination of needs assessments, trainings, resources, curricula, and toolkits.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$52,059	0
2009	\$51,720	0
2010	\$63,720	0
2011	\$63,593	0
2012	\$63,473	0

Funding Mechanism

The Workforce Information Grants are funded by an administrative formula to all states, with a portion for the Virgin Islands and Guam, 40 percent distributed equally to all states, and 60 percent distributed based on each state's share of the Civilian Labor Force. The electronic tools include the CareerOneStop portal—including America's Career Information Network, America's Service Locator, mySkills myFuture, as well as O*NET OnLine, and My Next Move. These tools as well as other investments in workforce information core products are managed through grants to the States. Elements of the reporting and performance monitoring systems to track progress toward goals are implemented through contracts. The funds for the DEI will be awarded through a competitive solicitation for cooperative agreements and are likely to go primarily to State workforce agencies.

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FY 2013

The FY 2013 Budget request is \$115,720,000 for this activity, an increase of \$52.247 million over the FY 2012 appropriation. This line item supports five major investments and critical functions:

- Improve access to services (\$50 million). The Department will rebrand and strengthen one-stop career centers to increase public awareness and use of the career center system, expand access to workforce services, offer more convenient hours, and create better on-line tools that offer convenient, personalized virtual services with greater interactivity and real-time communication.
- Workforce Information Grants to States for core products and deliverables (\$32 million) supporting production of local workforce information for use by One-Stop career centers in advising customers on what skills employers are seeking and where to get the training;
- Disability Employment Initiative within ETA (\$12 million) to provide expanded specific support to assist individuals with disability seeking employment;
- System support and accountability (\$20 million):
 - Maintenance, hosting, and ongoing updates to data in the existing national electronic tools, including operating the CareerOneStop portal including the tools noted above, and ongoing O*NET data collection and dissemination activities.
 - Delivery of training and technical assistance through webinars, social media networking, and identification of best practices.
 - Performance accountability reporting systems in order to determine the outcomes of these investments.
- Implementation of certain provisions of the VOW to Hire Heroes Act (\$2 million).

Improve access to services - The Department will rebrand and strengthen one-stop career centers to increase public awareness and use of the career center system, expand access to workforce services, promote co-location of services and programs, and create better on-line tools that offer convenient, personalized services.

Workforce Information Grants to States - The workforce information formula grants will provide \$32 million to States to collect data and produce economic and workforce analyses documenting changing labor market conditions, including shifts in industrial and occupational demand and its impact on the skills needed by the workforce. These data products are developed and presented in a wide variety of well organized, valid, reliable data formats, and are disseminated through both State and national electronic tools. This investment leverages a much larger investment that produces national data BLS sets and makes them useable locally. In addition, a portion goes to several State grants to ensure that these data are comparable across states.

Disability Employment Initiative – The Department will continue the Disability Employment Initiative (DEI) with \$11.976 million of this line item. This funding is matched by a request by the Office of Disability Employment Policy for the same objective. An important outcome measure is that all participating local workforce investment boards are required to become recognized by the Social Security Administration (SSA) as qualified Employment Networks

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under the Ticket to Work program within 60 days of receiving DEI funds and begin collecting payments from SSA in Project Years two and three.

FY 2013 funding will be used for a fourth round of DEI state grants, which would fund six to nine projects for three years. The technical assistance and evaluation components will also continue. The existing goals, objectives, and activities of the DEI projects will continue, with an added focus on: 1) implementing a stronger peer mentoring system for the DEI grantees, including learning communities around specific successful strategies included in the DEI; 2) developing information briefs on best practices; 3) replicating and disseminating the effective practices and successful strategies through the public workforce development system; 4) participating DEI pilot site local workforce investment boards and One-Stop Career Centers receiving outcome payments for becoming Employment Networks and serving Ticket-to-Work holders (Social Security disability beneficiaries); and 5) helping the grantees to implement the DEI successful strategies in more depth, by applying lessons learned to their activities. We will share lessons learned and promising practices identified as part of the DEI initiative with the Department of Education and the Social Security Administration to help inform work on the PROMISE initiative.

Operation and Maintenance of National Electronic Tools, System Support and Accountability – These funds support the ongoing operation and maintenance of the suite of national electronic tools, including the CareerOneStop portal and the O*NET data collection, research activities, and data dissemination. Funds will also be used to deliver training and technical assistance to workforce investment system staff through webinars, social media networking, and identification of best practices, and to support performance accountability reporting systems in order to determine the outcomes of the agency's investments.

Implementation of VOW to Hire Heroes Act – The new Veterans Opportunities to Work (VOW) to Hire Heroes Act requires the Department to modify its reporting systems to identify whether covered individuals (i.e., veterans and eligible spouses) are receiving priority of service (POS) within the public workforce system. The Department has an approved data collection tool for POS, but cannot implement it absent a new information technology investment. For this reason, the Department requests \$2 million in FY 2013 to support implementation of the law. This investment will enable the Department to collect POS data in a systematic and sustainable manner and allow the agency to report on progress of the workforce system's implementation of POS and the VOW Act.

FY 2012

The FY 2012 appropriation for this activity of \$63,473,000 is a decrease of \$120,000 from the FY 2011 appropriation, due to the across-the-board rescission. With these funds, the Department is working to: 1) develop robust career information, industry competency models, and tools to identify career pathways and assess skills; 2) collect, analyze, and widely disseminate economic and workforce data, and translate it into strategic intelligence to enable the workforce system and its customers to make informed decisions about careers, education and training; 3) maintain national electronic tools that support both self-service to individuals and provide assistance to

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One-Stop Career Centers that augment DOL's electronic tools with personalized customer service; 4) maintain the current infrastructure to ensure the system's performance accountability; and 5) bolster technical assistance and capacity building by expanding the use of social media and networking tools to foster the sharing of data, information and best practices.

The information development and dissemination supported by this line item supports economic recovery by helping to direct the human resource investments of the public workforce system as well as expand its capacity to serve the increasing numbers of customers turning to the local One-Stop Career Centers for assistance. In FY 2012, enhancements have been made to assist veterans in their transition to the civilian workforce through enhancements to CareerOneStop Re-Employment portal, and customization of the My Next Move career exploration tool as My Next Move for Veterans released in November 2011. The Department is continuing to update its electronic tools in FY 2012, including releasing the Healthcare Virtual Career Platform, an online site to promote healthcare careers and provide virtual services to help people plan and prepare for healthcare jobs and career pathways.

Of this line item, \$11,976,120 is devoted to continuing the Disability Employment Initiative. This funding is matched by a request for the ODEP for the same objective.

FY 2011

The FY 2011 budget provided \$63,593,000 for this line item, after the rescission, the same as the FY 2010 appropriation. This provided \$31,936,000 in funding for state core data products and services under the Workforce Information Grants to States. A portion of those funds supported the national workforce information core products and tools; development and updating of O*NET data; new industry competency models and technical assistance tools, national electronic tools supporting self service tools and information delivered through the CareerOneStop.org portal; support for the workforce system's performance accountability needs; and a knowledge-sharing, e-learning and social networking platform. My Next Move (www.MyNextMove.gov) was launched in February 2011 to provide a more user-friendly and easy-to-read way to explore careers. It includes an online O*NET interest assessment, one-page occupation profiles, simplified salary and outlook information, and links to find specific training and employment opportunities.

In addition, \$11,976,000 was allocated to continue the Disability Employment Initiative begun in FY 2010. The Disability Employment Initiative built upon the promising practices of the Department's Disability Program Navigator initiative and customized employment initiative to improve the employment outcomes of individuals with disabilities served by One-Stop Career Centers. This included the effective deployment of staff in selected states and their One-Stop Career Center system to: (1) improve coordination and collaboration among employment and training and asset development programs carried out at the state or local level; (2) build effective state and local partnerships that leverage public and private resources to better serve individuals with disabilities and result in increased employment or self-employment outcomes; and (3) expand services to women, minorities and veterans with disabilities. Funded states developed

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models for One-Stops that helped them improve physical, programmatic and communications accessibility, including use of state of the art assistive technologies.

Further, these resources supported key performance accountability systems, including the WRIS, the Federal Employment Data Exchange System, and the Common Reporting and Information System, which enable states to access wage data to fully document performance outcomes; development and maintenance of Data Validation software, which is used by states to ensure that the performance results reported are accurate and consistent across all states; and performance information analysis to determine trends and support policy guidance for the workforce system based on the results reported.

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

DETAILED WORKLOAD AND PERFORMANCE				
	PY 2011 Enacted		PY 2012 Enacted	PY 2013 Request
	Target	Result	Target	Target
Workforce Information-Electronic Tools-System Building				
Strategic Goal 1 - Prepare workers for good jobs and ensure fair competition.	--	--	--	--
Outcome Goal 1.2 - Assure skills and knowledge that prepare workers to succeed in a knowledge-based economy, including in sectors like "green" jobs.	--	--	--	--
Number of O*NET site visits (in millions)	15.00	19.75	16.00	20.00
Outcome Goal 1.3 - Help workers who are in low-wage jobs or out of the labor market find a path into middle class jobs.	--	--	--	--
Number of CareerStop site visits (in millions)	24	17.80	24	24.5
Site visits for CareerStop and O*NET (in millions)	39.50	37.55	40.00	44.50
Cost per site visit	\$.50	\$.53	\$.49	\$.52

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

Workload and Performance Narrative

Performance for the workforce information and electronic tools program is measured by the number of site visits to various electronic tools Web sites. Performance targets for FY 2013 are 24.5 million site visits for CareerOneStop and 20 million site visits for O*NET, for an estimated total of 44.5 million site visits. The increased funding to modify these sites to provide more interactive services is designed to improve service user and will not immediately increase the numbers of users.

The primary outputs of this funding are workforce information and the electronic delivery of information. The Department is able to measure the number of Web site visitors who access information and services, which has steadily grown. The Department does not have information on how site visitors use these services or their later employment experience, because the information is free to the public and no registration or private information is required to access it. Thus, the currently collected information on site visits reflects intermediate rather than final outcomes. Even if the Department tracked such outcomes, as is done for employment and training program participants, this still would not gauge the impact of receiving information alone, without controlling for other inputs.

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A 2006 Government Accountability Office (GAO) study of employer use of One-Stops found that employers reported that the services “saved them time and money.” Some 26 percent of employers surveyed use workforce information from One-Stop Career Centers, and virtually all found it “useful or very useful.” Since this GAO study, DOL has significantly enhanced its electronic services to employers; enhancements include the launch of the mySkills, myFuture and My Next Move Web tools, a specific “Business Center” tool, and a “Job Description Writer” step-by-step guide that incorporates O*NET data to enable employers to write descriptions for job postings that increases their chances of hiring a qualified applicant.

The steady rise in Web site traffic demonstrates the demand for Web-based products and services. The data and information disseminated through the sites are regularly refreshed by new and updated postings to ensure that the sites reflect changing skill requirements in the economy, and responds to different economic dislocations. Continuous improvement in customer service remains a top priority, and the Department utilizes multiple approaches to obtain customer feedback and input through the use of social media and other forms of interactive communication.

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

- Number of people served, number of people who received training, and individual outcomes including entered employment, employment retention, and average earnings;
- Number of local workforce boards, One-Stop Career Centers, or state workforce agencies that become Employment Networks under the Ticket to Work Program, number of Tickets accepted, and funds received by Employment Networks for job placements of Social Security disability beneficiaries; and
- Implementation of successful strategies to improve employment and training outcomes of persons with disabilities in the One-Stop Career Center system.

The Department also reviews grantees to determine how the workforce system has increased capacity to serve customers with disabilities, including the number and quality of partnerships developed, leveraged resources, development and implementation of policies and practices to provide integrated services to persons with disabilities, staff and partner training, outreach, and physical, programmatic, and communications accessibility of the One-Stop Career Centers. The Department has also initiated a rigorous evaluation of the Disability Employment Initiative based on random assignment to determine the efficacy of its service delivery strategies and approaches.

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

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
25.2	Other services from non-Federal sources	0	0	0	0
41.0	Grants, subsidies, and contributions	63,593	63,473	115,720	52,247
	Total	63,593	63,473	115,720	52,247

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

CHANGES IN FY 2013 (Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
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Other services	0
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Grants, subsidies, and contributions	0
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Built-Ins Subtotal	\$0
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Net Program	\$52,247
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Direct FTE	0
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	Estimate	FTE
Base	\$63,473	0
Program Increase	\$52,247	0