

May 28, 2010

WHAT'S IN THE FY 2011 BUDGET FOR EMPLOYMENT AND TRAINING?

The Department of Employment Services (DOES) is a major source of employment training programs for unemployed or underemployed District residents.¹ The agency's programs are especially important now, given the District's unemployment rate reached a historic high of 12 percent at the end of the last year and thousands of DC residents are actively searching for work.

DOES has three broad program responsibilities: unemployment insurance, labor standards, and workforce development. The workforce development program includes 11 activities, but a majority of the funding in this area is allocated to three of those categories:

- The **Summer Youth Employment Program (SYEP)** for District residents between the ages of 14 and 21. The program provides subsidized employment during the summer months. A majority of funding for SYEP comes from local tax dollars.
- The **Transitional Employment Program (TEP)** for adults with employment barriers, including ex-offenders. This program provides short-term subsidized jobs designed to lead to unsubsidized employment. TEP is supported entirely with local funds.
- **One-Stop Career Centers** are designed to provide career counseling, career planning, resume assistance, and job training and placement. Funding for one-stops is predominantly done with federal dollars.

SUMMARY

Mayor's Proposed Budget

- FY 2011 is the third year in a row workforce development spending would decline from the previous year. The proposed FY 2011 budget for workforce development – \$62 million in combined local and federal funds – is 14 percent lower than the approved FY 2010 gross funds budget after adjusting for inflation.
- The FY 2011 budget would eliminate \$5 million in local funds for adult training that was included in the FY 2010 budget.

Committee Markup, May 12

- The Committee on Housing and Workforce Development reduced the Summer Youth Employment Program by \$2.9 million. With that money, the Committee restored \$2.1 million to adult training.
- The Committee also restored \$1 million to the year-round employment program with \$800,000 transferred from SYEP and an additional \$200,000 transferred from information technology.

DC Council Approved Budget, May 26

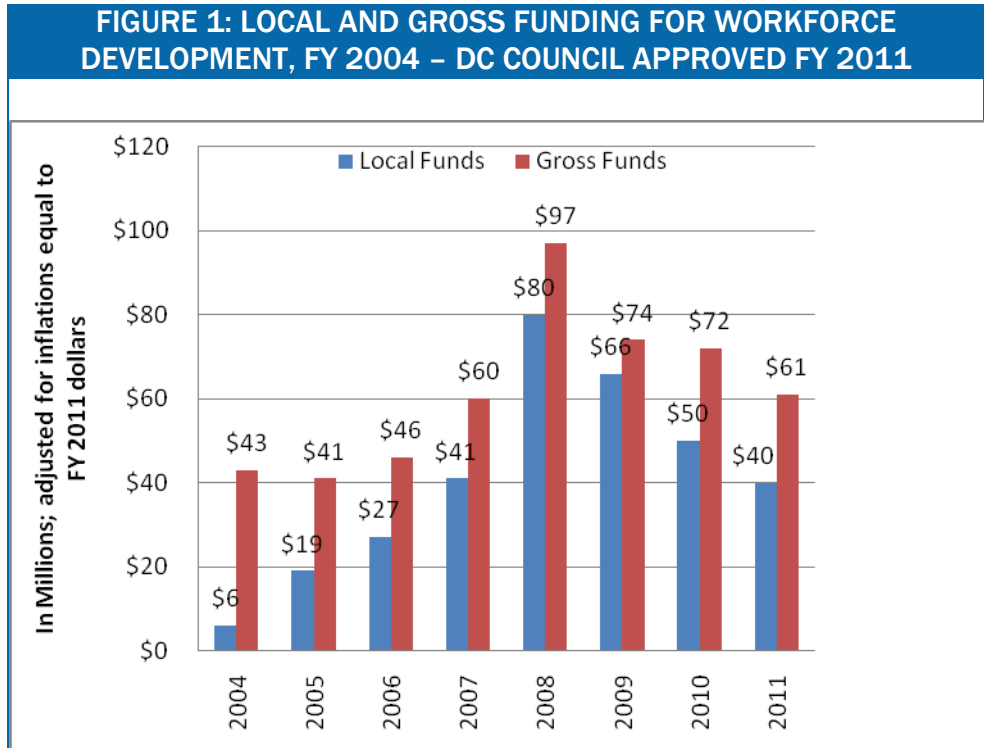
- The Committee of the Whole added an additional \$2.5 million for adult training, restoring the mayor's cut. The Council cut an additional \$3.5 million out of summer youth employment.

¹ A number of other DC agencies support workforce development services, such as the Department of Human Services TANF programs. Those agencies do not isolate workforce development funding in their budgets, however.

Overall, the proposed FY 2011 budget would reduce local funding for workforce development by about \$10 million, and One-Stop centers will face a cut due to a loss of stimulus funding that had been provided in 2010 but is not available for FY 2011.

The proposed budget would reduce funding for the Summer Youth

Employment Program by \$6.4 million from FY 2010. The Mayor’s proposal included language to bump the summer youth employment program back from six weeks to 10, but it is not clear how this expansion can be accommodated without an increase in funding.



DC Council Committee on Housing and Workforce Development markup, May 12

The Committee reduced the mayor’s proposed budget for the summer youth employment program by \$2.9 million. The Committee transferred \$2.1 million of those dollars to restore funding for adult training, which was eliminated in the mayor’s proposed FY 11 budget. The remaining \$800,000 was transferred to the year-round employment program, which the mayor’s proposed budget reduced by \$1.5 million. An additional \$200,000 was added to the year-round employment program from the information technology budget line.

DC Council Approved Budget, May 26

The Committee of the Whole made several changes to the workforce budget. The Committee cut the Summer Youth Employment Program by an additional \$3.5 million, transferring the funds to the rapid housing program, the grandparent caregiver program, and to the Committee of the Whole. The Committee also added an additional \$2.5 million to adult training.

TABLE 1: GROSS FUNDING FOR WORKFORCE DEVELOPMENT BY ACTIVITY (FIGURES IN MILLIONS)

	Actual FY2009	Approved FY2010	DC Council Approved FY 2011
Total Gross Funding	73.5	71.7	60.8
Adult Workforce Funding	27.5	38.6	34.2
Senior Services	0.7	0.9	0.7
Program Performance Monitoring	5.3	11.2	9.3
Office of Apprenticeship Info & Training	0.9	0.9	0.8
Transitional Employment	13.7	12.0	11.4
Employer Services	1.9	3.9	3.0
One-Stop Operations	5.1	9.7	7.9
Labor Market Information	0.7	1.0	1.1
Statewide Activities	0.0	0.0	1.2
Youth Workforce Funding	46.3	33	26.5
Summer Youth Employment		22.8	17.3
Year-Round Employment		9.0	8.5
Mayor's Youth Leadership		0.9	0.7

Overview of the Proposed FY DOES Workforce Development Budget

Mayor Fenty's FY 2011 budget proposes to spend \$61 million in gross funds, which combines local, other, and federal funds, for workforce development. This would be a 15 percent, or \$11 million, cut from FY 2010, adjusting for inflation. (Unless noted, all figures here are adjusted for inflation equal to FY 2011 dollars.) Although almost every workforce development activity area would shrink from FY 2010, the reductions primarily occur in three categories.

Adult Training: The mayor's proposed budget eliminated the \$4.6 million of local funds for adult training that had been included in the FY 2010 budget. (These funds are included in the "program performance monitoring" budget line. (See Tables 1 and 2.) This was the only source of local funding allocated exclusively for adult job training within DOES. In its markup, the Committee on Housing and Workforce Development restored \$2.1 million to adult training for FY11 by transferring that money out of the summer youth employment program. The Committee also agreed to move remaining funds from FY 10 forward into FY 11. The Committee of the Whole also transferred \$2.5 million to adult training, restoring entirely the mayor's cut.

Year-Round Youth Employment Program: The Committee on Housing and Workforce Development restored \$1 million to the year-round youth program, which the mayor's

proposed budget reduced by \$1.5 million.

One-Stop Employment Centers: The proposed budget would reduce funding for One-Stop Career Centers by \$1.7 million, mostly due to the loss of federal stimulus funds that had been available in 2010.

Transitional Employment Program: TEP provides work-readiness training and short-term subsidized employment that is designed to lead to unsubsidized employment. The proposed FY 2011 budget for the Transitional Employment Program was \$11.4 million, about \$600,000 less than FY 2010 budget of \$12 million.² The FY 2011 proposed budget for TEP also represents a cut since FY 2009, when \$14 million was spent on this program.

Apprenticeship Office: The Office of Apprenticeships faces a local funding reduction from \$901,000 in FY2010 to \$777,000 in FY 2011.

Employer Services: Proposed local funding for Employer Services is \$390,000, compared with \$420,000 in FY 2010.

²According to FY 2010 budget documents, the TEP budget for 2009 is \$12.1 million, but it is not clear how or when the program's budget was revised.

TABLE 2
LOCAL FUNDING FOR WORKFORCE DEVELOPMENT BY ACTIVITY
(FIGURES IN MILLIONS)

	Approved FY 2009	Approved FY 2010	Proposed FY 2011
Total Local Funding	66.1	50.5	40.3
Adult Workforce Funding	18.0	20.0	20.1
Senior Services	0.003	-	0.003
Program Performance Monitoring Office of Apprenticeship Info & Training	2.2	6.7	7.5
Transitional Employment	0.9	0.9	0.8
Employer Services	13.7	12.0	11.4
One-Stop Operations	1.1	0.4	0.4
Labor Market Information	-	-	-
Youth Workforce Funding	48.1	30.5	20.2
Summer Youth Employment		23.2	13.3
Year-Round Employment		6.5	6.2
Mayor's Youth Leadership		0.9	0.7

The reduction in funding for workforce development almost entirely reflects a decision to devote less from local resources to this purpose.

Local funding for workforce development in the proposed FY 2011 budget is \$40 million. This is a reduction of \$10 million from FY 2010. Federal funding within the workforce development cluster remained fairly stable, except for a reduction due to the loss of stimulus funds that were provided in FY 2010 but not in FY 2011.

Council Creates Local Funding Parity for Youth Programs and Adult Programs in Workforce Development

DC's workforce development funds in prior budgets been heavily weighted toward youth employment programs, especially in the allocation of local tax dollars. In 2009, for example, funds for youth employment were nearly two-thirds of the DOES workforce development funds.

For FY 2011, the mayor's proposed gross funds budget for youth programs (SYEP, year-round youth programs, and the Mayor's Youth leadership program) was \$26.5 million, compared with \$34.2 million for adult activities, which includes senior services, program performance monitoring,

office of apprenticeship, transitional employment and one-stop operations. In local funds, adult and youth programs both receive about \$20 million.

In its changes to the mayor's proposed budget, the Council reduced funding to the summer youth employment program by \$6.4 million. First, the Committee on Housing and Workforce Development transferred \$2.9 million out of youth summer jobs to adult job training and the year-round youth program. The Committee of the Whole also transferred \$3.5 million out of summer jobs for various programs outside of workforce development.

The Committee of the Whole also added an additional \$2.5 million to adult job training.

Youth Employment

There are three youth programs in workforce development: summer youth employment program (SYEP), year-round employment, and mayor's youth leadership program.

SYEP accounts for \$17.3 million of the proposed \$26.5 million in the mayor's proposed budget for youth employment in FY 2011. The level of funding is less than FY 2010, yet the FY 2011 budget proposes to expand the program from six weeks to 10. (The program ran for 10 weeks in 2009, but the DC Council reduced it to six weeks for 2010). As mentioned, the Council reduced summer jobs funding by \$6.4 million. It also reduced the number of hours from 30 to 25 for participants aged 16 to 21.

It is not clear how the District can operate a longer program in 2011 without spending any more money.

The mayor's proposed FY 2011 budget reduced local spending on the year-round employment program, by \$2.2 million. This would be offset in part by an increase in federal funds devoted to the program. The Committee on Housing and Workforce Development restored \$1 million to the year-round program, by transferring \$800,000 from SYEP and \$200,000 from information technology expenditures.

Performance Measures in the FY 2010 Budget

The budget for each government agency includes a number of performance measures, tied to specific agency objectives. The performance measures are intended to provide an indication of how well the agencies are using funds to meet their goals. Unfortunately, the quality of performance measures in the District's Department of Employment Services budget is uneven. In many cases, performance measures are unclear or cover aspects of an agency's functions that do not seem tied to the agency's core functions.³

The proposed DOES budget for FY 2011 has three broad objectives, one of which relates to workforce development: "Foster the development of a prepared workforce by increased and focused provision of comprehensive workforce development services and offering access to user-friendly business, labor market, and training information." (A second objective addresses the

³ The issues related to DC's performance measurement are discussed further in a DCFPI 2009 report, [*Ten Ways to Improve the Transparency of the DC Budget*](#).

Unemployment Compensation program, and the third objective addresses workplace safety and the Worker's Compensation program.)

There are 11 key performance indicators for the workforce development objective, as well as one indicators of the job climate in the District. The quality of these measures varies greatly.

- For example, one measure is the share of TEP participants who move from subsidized employment to unsubsidized employment, which seems to be a good indicator of the program's success. The goal for this measure is 45 percent, however, with no explanation as to why the target is to have fewer than half of the participants move to unsubsidized employment. While this may be reasonable, given the work barriers faced by the program's participants, this is not explained. In addition, there is no information on the number of participants expected to be served or of the quality of the jobs they get, such as wages and benefits.
- Some measures are not very clear. For example, one measure is the "percent of unemployed adult customers placed in full-time unsubsidized jobs," with a performance rate of nearly 80 percent in 2007 and a goal of 68 percent in 2011. This measure does not explain the universe of adult customers, the services they receive, or how they are placed in jobs. It is a relatively meaningless measure.
- There are no measures for the Summer Youth Employment program in the FY 2011 budget. In FY 2010 there were two: one on the share of applicants referred to employment and a second on timely payment to participants. While these are reasonable measures — particularly in light of payment problems that occurred in 2008 — these measures offer little insight into the quality of the Summer Youth Employment Program.