

April 12, 2013

WHAT'S IN THE MAYOR'S PROPOSED FY 2014 BUDGET FOR WORKFORCE DEVELOPMENT?

The Department of Employment Services (DOES) is a major source of job search, training and placement programs for unemployed or underemployed adult District residents,¹ as well as for DC youth. DOES has three broad programmatic responsibilities: unemployment insurance, labor standards, and workforce development. This toolkit focuses on the agency's workforce development programs, which include the following activities:

- **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.
- **Adult Job Training**, which supports training for high-demand jobs. The funds are allocated through a competitive bid process to private training organizations.
- **One-Stop Career Center Centers**, also known as "American Job Centers," are intended to provide assistance to both jobseekers and employers. Residents can get a variety of employment assistance, from job referrals to resume assistance to job training vouchers. Employers can post job openings and get help from one-stop staff to identify qualified workers. Funding for DC's "one-stop" centers predominantly comes from federal dollars.
- **Youth Programs:** The District operates a Summer Youth Employment program, for District residents between the ages of 14 and 21. The program provides subsidized employment during

SUMMARY

MAYOR'S PROPOSED BUDGET

- The proposed FY 2014 budget allocates \$54 million in federal and local funds for workforce development programs in the Department of Employment Services. The FY 2014 funding level is lower than the revised FY 2013 budget – which includes substantial supplemental funding – but is higher than workforce development spending in FY 2011 and FY 2012.
- The FY 2014 budget reflects an increase in federal funding and a cut in local funding.
- The year-round employment program for youth would get a notable funding increase. Meanwhile, funding for adult job training and subsidized jobs, and the city's "one-stop" employment centers would fall. Funding for the Summer Youth Employment Program, which has been scaled back since the late 2000s, is flat.
- The DOES budget provides very little information on the impact of the proposed funding changes, such as the change in the services for adult training and the year-round youth program.

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.

the summer months. A majority of funding for SYEP comes from local funds. The District also offers a youth employment program that operates year-round.

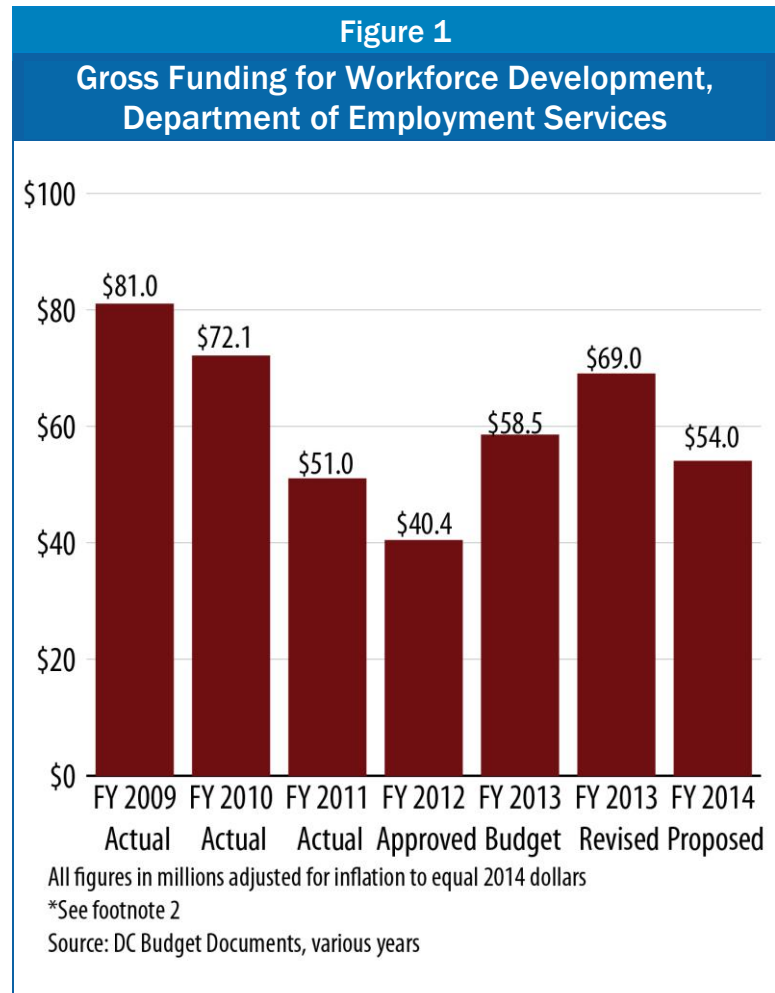
Overview of the Proposed FY 2014 DOES Workforce Development Budget

Mayor Gray’s FY 2014 budget proposes to spend \$54 million in gross funds — which includes both local and federal funds — for workforce development within the Department of Employment Services.² This represents an 8 percent, or \$4.5 million, cut from the approved FY 2013 budget, after adjusting for inflation (see **Figure 1**). When supplemental FY 2013 funding proposed by Mayor Gray is considered, the FY 2014 budget is \$15 million lower than the revised FY 2013 budget of \$69 million. Unless noted, all figures here are adjusted for inflation equal to FY 2014 dollars.

The FY 2014 workforce development budget reflects a reduction in local funding when compared with FY 2013 and an increase in federal funding.

The District’s funding for workforce development services has fluctuated substantially in recent years. Both the FY 2013 and FY 2014 budgets for workforce development are far higher than in FY 2011 and FY 2012, when the District’s workforce development funding fell sharply. At the same time, the FY 2014 workforce development budget is lower than in some years prior to 2011.

- The proposed \$54 million in DOES workforce development funding in the FY 2014 budget is \$14 million, or 33 percent, higher than the amount of federal and local funds spent by DOES



² The FY 2014 budget chapter for the Department of Employment Services shows a \$60 million budget for workforce development, but this includes \$6 million in federal funds that appears in error in the “Local Adult Training” activity, according to DOES officials. The figures in this analysis do not include this \$6 million.

on workforce development in FY 2012. The FY 2014 proposed workforce development budget also is modestly higher than the \$51 million spent in FY 2011 on these services.

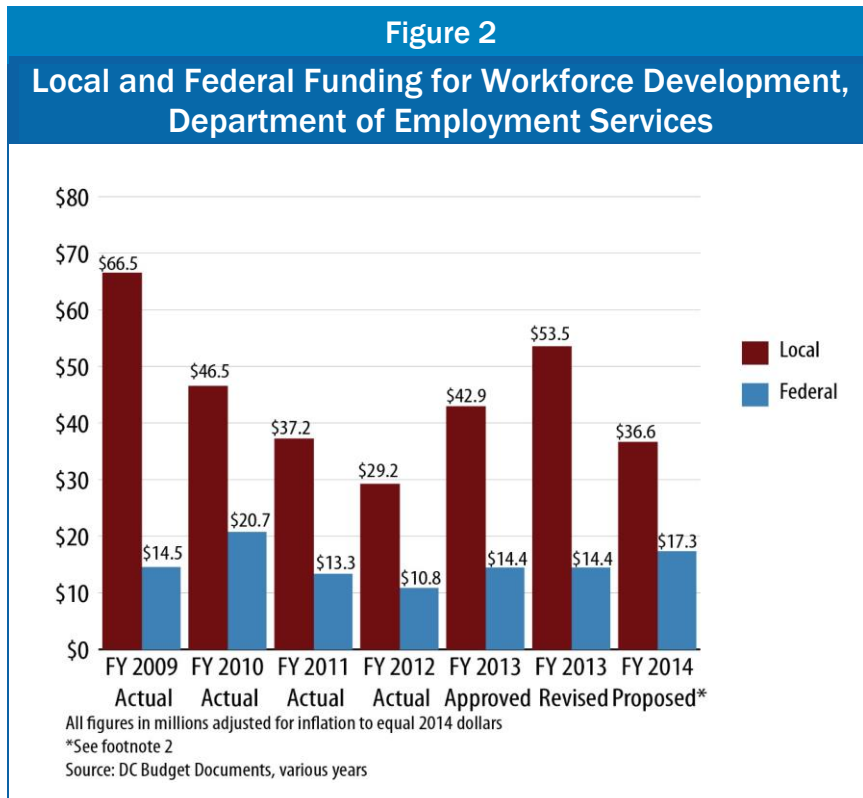
- This increase partly reflects the fact that workforce development expenditures in 2012 were well below the budgeted amount and were at a historically level. The \$40 million spent on workforce development in 2012 was far below the \$56 million budgeted for the year and lower than at any point since at least 2006. The drop in spending in 2012 affected a number of program areas — including adult training and subsidized employment, DC’s one-stop centers, and the year-round youth employment program. It raises questions about the ability of the Department of Employment Services to use its resources fully to help meet the employment needs of DC residents and employers.

Although the proposed workforce development budget for FY 2014 represents a sharp increase from 2012, it is a lower funding level than in many prior years. For example, the FY 2014 gross workforce development budget is lower than expenditures in FY 2009 and FY 2010.

As described below, the fluctuation in spending on workforce development reflects changes in funding in a number of specific programs. This includes an effort in recent years to scale back the Summer Youth Employment Program, which expanded sharply in the late 2000s. The changes also include substantial increases in funds for the year-round employment program for youth.

Analysis of the Proposed FY 2014 DOES Workforce Development Budget

The proposed FY 2014 budget allocates \$54 million in federal and local funds for workforce development programs in the Department of Employment Services. The FY 2014 funding level is lower than the revised FY 2013 budget — which includes substantial supplemental funding — but far higher than workforce development spending in FY 2011 and FY 2012.



Changes in Workforce Development Funding By Source of Funds

The proposed FY 2014 budget reflects a reduction in local funding and an increase in federal funding for workforce development programs operated by the Department of Employment Services. Proposed local funding in FY 2014 is \$36 million, down from \$42 million in the approved FY 2013 budget and \$52 million in the revised FY 2013 budget. Local funding in FY 2014 will be lower than in any year since 2006, with the exception of 2012 when, as noted, overall expenditures fell sharply. (See **Figure 2.**)

Meanwhile, federal funding for workforce development in FY 2014 — \$17 million — represents an increase from the \$14 million budgeted for FY 2013. Federal funding for workforce development in FY 2014 is the highest level since FY 2010. The budget document suggests that this will include spending funds carried over from 2013 and prior years.

Adult Job Training and Employment Services

Funding for adult workforce development services in FY 2013 and in the proposed FY 2014 budget are at historically high levels. The proposed FY 2014 budget is \$30 million, which is \$7 million lower than the approved FY 2013 budget of \$37 million and \$13 million lower than the revised FY2013 budget of \$43 million. Funding for adult employment in the FY 2014 budget is about the same as the amounts annually from 2009 through 2011. (See **Table 1.**)

The FY 2014 budget includes changes in funding for a number of programs. (As of the April 12, 2013 publication of this analysis, the nature of many of these changes remains unclear. This document will be updated as further information is collected.)

- **Cuts in Adult Job Training and Subsidized Jobs:** The budget includes a reduction in the “Local Adult Training” activity. The approved FY 2013 budget for this activity is \$8.4 million, but Mayor Gray has proposed adding \$6.1 million in supplemental funding, bringing the FY 2013 total to \$15 million.³ The proposed FY 2014 budget is \$8 million, or about the same as the initial budget for FY 2013. Prior to 2013, adult job training was included in the “Program Performance Monitoring” line item, which also included other services. Expenditures for Program Performance Monitoring stood at \$5 million in 2012, which suggests that the FY 2013 and proposed FY 2014 funding levels are a substantial increase. It is not clear how many more residents will be served or other changes that would result from the increased funding.

The proposed FY 2014 budget also includes a reduction in funding for the Transitional Employment Program, also known as Project Empowerment, which uses local funds to provide subsidized job placements for hard-to-employ residents, such as ex-offenders. The budget will fall from \$9.5 million in FY 2013 to \$8.2 million in FY 2014.

- **Senior Employment Services:** The budget also proposed \$700,000 for senior employment services, which had been zeroed out in 2013. This is funded primarily with federal dollars.

³ The supplemental budget for FY 2013 includes \$6.1 million for “adult programs.” In this analysis, that figure was added to the “Local Adult Training” activity.

Table 1				
Gross Funding For Workforce Development (Figures in Millions, Adjusted for FY 2014 Dollars)				
	Actual FY 2012	Approved FY 2013	Revised FY2013*	Proposed FY 2014
Total Gross Funding	\$40,298	\$58,227	\$68,870	\$53,982
Adult Workforce Funding	\$23,625	\$37,002	\$43,204	\$29,870
Senior Services	\$619	0	0	\$656
Program Performance Monitoring	\$4,977	\$6,293	\$6,293	\$1,348
Local Adult Training	\$0	\$8,438	\$14,640	\$7,814
Office of Apprenticeship Info & Training	\$673	\$700	\$700	\$661
Transitional Employment	\$9,712	\$9,534	\$9,534	\$8,199
Employer Services	\$2,703	\$4,855	\$4,855	\$2,561
First Source	\$0	\$0	\$0	\$1,848
Veteran's Affairs	\$0	\$0	\$0	\$487
One-Stop Operations	\$4,110	\$5,812	\$5,812	\$5,364
Labor Market Information	\$831	\$1,372	\$1,372	\$932
Statewide Activities	\$89	\$236	\$236	0
Youth Workforce Funding	\$16,672	\$21,224	\$25,665	\$24,112
Summer Youth Employment	\$11,644	\$11,562	\$11,562	\$11,476
Year-Round Employment	\$4,250	\$8,887	\$13,329	\$11,861
Mayor's Youth Leadership	\$702	\$775	\$775	\$775
Youth Programs Information	\$75	\$0	\$0	\$0
* See footnotes 3 and 4				

- **Cuts in One-Stop Centers:** The proposed FY 2014 budget would cut funding used to operate the city's one-stop employment centers. The one-stop centers are funded with federal funds.
- **Program Performance Monitoring:** Funding for the "program performance monitoring" activity would fall from \$6.2 million in FY 2013 to \$1.4 million in FY 2014. The impact of this decline is unclear.
- **Employer Services:** Funding for "employer services" would fall from \$4.9 million in FY 2013 to \$2.6 million in FY 2014, but this seems to reflect that some functions previously included in this line item were placed in separate budget lines, including "First Source" compliance and "Veteran's Affairs." The combined funding for these three activities in FY 2014 is roughly the same as the budget for Employer Services in FY 2013.

Youth Employment

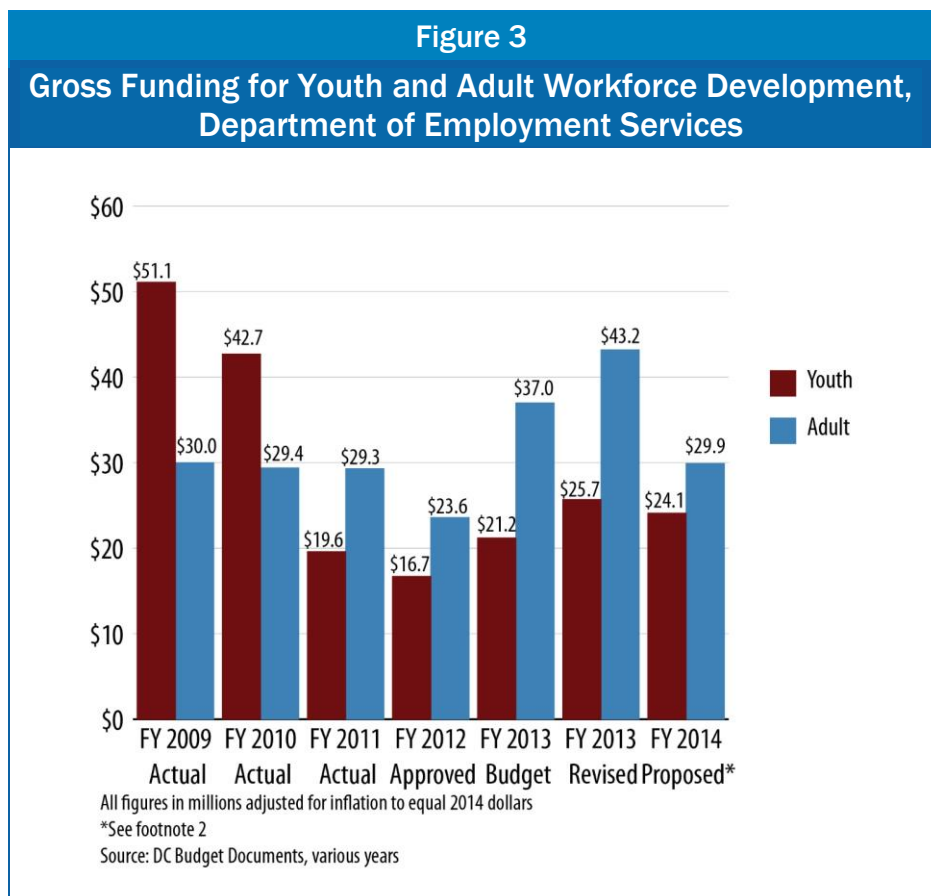
There are three youth programs in workforce development: Summer Youth Employment Program (SYEP), Year-Round Employment, and the Mayor’s Youth Leadership program. There also is a very small amount of funding for “youth programs information.”

Mayor Gray’s proposed FY 2014 budget maintains funding for the Summer Youth Employment Program at about \$11 million, the funding level it has had since 2011. The program grew dramatically starting in 2008 to more than 21,000 participants, but has been reshaped significantly since then to be a much smaller program. Roughly 14,000 youth have participated in this program each summer since 2011, and this is the expected participation level in the FY 2014 budget.

The mayor’s budget would increase funding for the youth employment program that operates year round. The revised FY 2013 budget — including supplemental funding — is \$13 million, and the proposed FY 2014 budget is \$12 million.⁴ These funding levels are far higher than the \$4 million spent in FY 2012 in the year-round youth program — and higher than in any year in the 2009-2012 period. This program is funded with a mix of federal and local funds.

Funding for the Mayor’s Youth Leadership Institute, which helps 250 students during the year and 500 during the summer with

leadership and self-development, would be funded at \$800,000, a slight increase.



⁴ The supplemental budget for FY 2013 includes \$4 million for “youth programs.” In this analysis, that figure was added to the “year round youth” activity.

Related Issues

Workforce Development Funds Now Weighted Toward Adults, Not Youth

DC's workforce development funds in the late 2000s were weighted heavily toward youth employment programs, particularly the Summer Youth Employment Program. In FY 2008, for example, more than four out of every five dollars in DOES local workforce development funds went to youth programs.

Local funding put into youth workforce programs has been cut in recent years, while funding for adult training largely has remained stable. As a result, a majority of the DOES workforce development budget in FY 2014 will be devoted to programs for adults (see **Figure 3**.)

- Youth employment funding in FY 2014 — \$24 million — is far below the \$51 million spent in FY 2009.
- Spending on other workforce development programs, mostly services for adults, will be \$30 million in FY 2014. This is the same as the funding level in FY 2009-FY2011, although lower than the FY 2013 funding.

Performance Measures in the FY 2013 Budget

The budget for each DC 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 Department of Employment Services budget is low. 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.

The proposed DOES budget for FY 2014 has three broad objectives, one of which relates to workforce development: "Implement an Integrated Workforce System that will improve customer service for employers and job seekers."

There are only four performance measures tied to DC's workforce development programs.

- **Adult Participants Completing Training Programs:** The budget notes that the number of residents completing training fell from 1,597 in 2011 to 340 in 2012, with an expectation that it will rise to 1,500 in 2014. Given the large increase in adult training funds, it is not clear why the goal for this measure falls below the 2011 performance level.
- **Percent of Adults Placed in Full-Time Unsubsidized Employment:** The budget notes that the share of adults in training programs getting full-time work fell from 61.5 percent in 2011 to 57 percent in 2012. The budget sets no target for this measure for 2014.
- **Youth Participating in the Summer Program:** The budget sets a 2014 target of 14,000 participants, matching the level in 2011, the most recent year for which data are available.

- **Number of Long-term Unemployed Residents Getting Jobs:** The budget offers no participation figures for prior years, but sets a goal of 150 in 2013 and 175 in 2014. The size of this universe of long-term unemployed residents is not clear.