

*Updated August 1, 2014*

## WHAT'S IN THE FY 2015 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,<sup>1</sup> 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 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.

### SUMMARY OF THE FY 2015 BUDGET

- Includes \$65 million in federal and local funds for workforce development programs in the Department of Employment Services. This is a 7 percent increase from the FY 14 budget of \$61 million.
- Increases funds for adult job training, from \$8 million to \$12 million in FY 2015. Yet this activity greatly under-spent its budget in 2013 (\$4 million spent vs. \$9 million budgeted) raising questions of the ability of DOES to spend in this area. Moreover, DOES may transfer \$4 million from this program to the Office of the State Superintendent in FY 2015, as it is doing this year. If so, total workforce funding within DOES in FY 2015 will be close to the FY 2014 level.
- Consistently underspends in the year-round employment program. In 2013, the program spent \$4 million out of \$9 million budgeted.
- Includes \$175,000 to create an "Adult Career Pathways" Task Force to develop a plan to better integrate adult literacy services with job training services. The task force will be housed within the Deputy Mayor for Planning and Economic Development.
- Provides very little information on its recent performance or on the impact of the proposed funding changes on services that will be provided. The budget does not include new reporting requirements on the number of program participants who complete programs and then get and retain employment.

<sup>1</sup> 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.

- **Youth Programs:** The District operates a 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 funds. The District also offers a youth employment program that operates year-round.

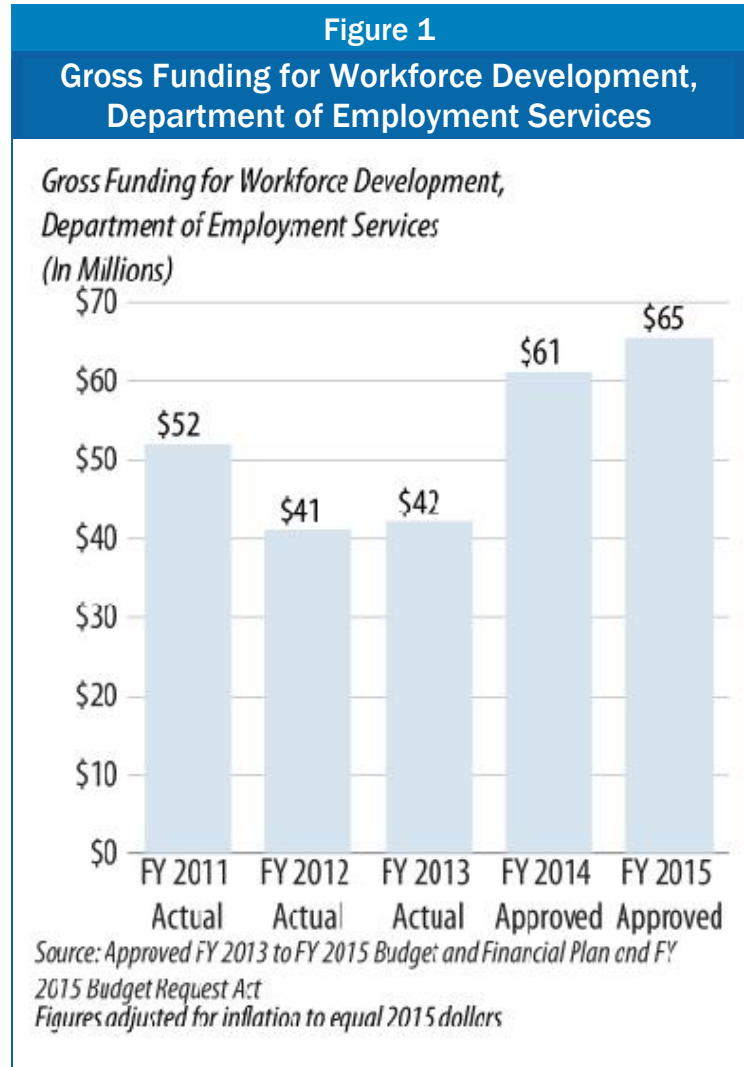
## Overview of the FY 2015 DOES Workforce Development Budget

The fiscal year (FY) 2015 budget allocates \$65 million in gross funds — which includes both local and federal funds — for workforce development within the Department of Employment Services. This represents a 7 percent, or \$4 million, increase from the approved FY 2014 budget, after adjusting for inflation (see **Figure 1**). This reflects an increase in local funding when compared with FY 2014 and a modest decrease in federal funding. (Unless noted, all figures here are adjusted for inflation equal to FY 2015 dollars.)

DOES may transfer \$4 million from this program to the Office of the State Superintendent for Education in FY 2015, as it is doing this year, for adult basic education programs. If so, total workforce funding within DOES in FY 2015 will be close to the FY 2014 level.

Although not part of the DOES budget, the FY 2015 budget also includes funds to create a task force to study “Adult Career Pathways.” The task force will be housed at the Workforce Investment Council, which interacts with DOES but is a separate entity. This task force has been charged with analyzing the current use of the District’s adult literacy dollars across agencies and funding streams, and developing a plan to better integrate adult literacy services with workforce and career training. It will issue recommendations in June 2015.

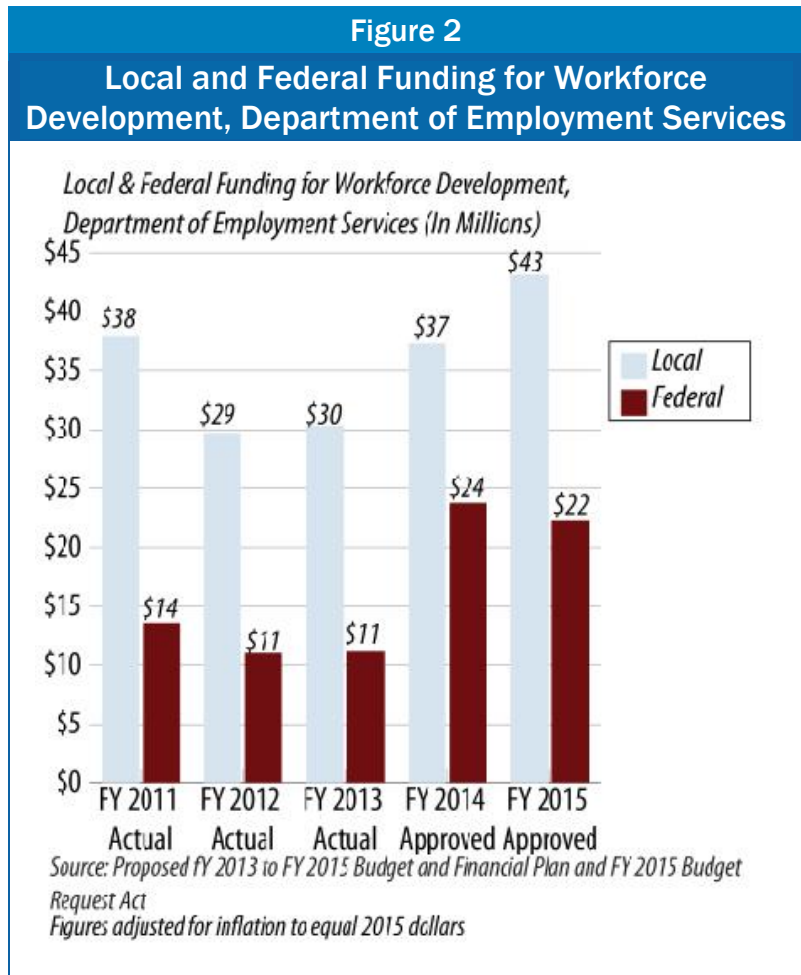
The increase in workforce development funding within the Department of Employment Services primarily affects three programs: adult job training, the Transitional Employment Program, and employment services for seniors.



Despite the increase in funding, it is not clear whether expenditures on workforce development services will actually grow in 2015. This is because expenditures on DOES workforce development programs fell sharply in FY 2012 and FY 2013 even though the amount authorized for these programs had increased. In particular, spending on year-round employment programs for youth and adult training programs were well below budgeted amounts.

- Expenditures on workforce development totaled \$41 million in FY 2012, despite a budget of \$58 million. Expenditures in 2012 were more than \$10 million lower than in FY 2011.
- Expenditures on workforce development totaled \$42 million in FY 2013, despite a budget of \$57 million.

The \$61 million budgeted for FY 2014 and the \$65 million in the FY 2015 budget represent substantial increases from amounts spent in 2012 and 2013 — but are roughly similar to the amounts authorized and budgeted for 2012 and 2013. Thus, achieving an increase in workforce development services will require the Department of Employment Services to perform better in spending authorized funds.



### Analysis of the FY 2015 DOES Workforce Development Budget

The FY 2015 budget allocates \$65 million in federal and local funds for workforce development programs in the Department of Employment Services. The FY 2015 funding level is \$4 million higher than the FY 2014 budget.

### Changes in Workforce Development Funding By Source of Funds

The FY 2015 budget reflects a substantial increase in local funding for workforce development programs operated by the Department of Employment Services, from \$37 million to \$43 million, and a decrease in federal funding from \$24 million to \$22 million. (See **Figure 2**.)

Although federal funding is expected to decrease, federal funding for workforce development in FY 2015 still represents a substantial increase from the \$14 million budgeted for FY 2013 and from the amounts budgeted since FY 2006.

### Adult Job Training and Employment Services

Funding for workforce development services targeted on adults is at historically high levels in FY 2014 and in the FY 2015 budget.<sup>2</sup> (See **Figure 3**.) The FY 2014 budget is \$29.9 million and the FY 2015 budget is \$33.5 million. Funding for adult employment in the FY 2015 budget is far higher than the \$20 million spent in FY 2013. (See **Table 1**.)

	Actual FY 2013	Approved FY 2014	Approved FY 2015
<b>Total Gross Funding</b>	<b>\$42,226</b>	<b>\$61,198</b>	<b>\$65,416</b>
<b>Adult Workforce Funding</b>	<b>\$19,889</b>	<b>\$29,924</b>	<b>\$33,464</b>
Senior Services	\$353	\$669	\$1,129
Local Adult Training	\$4,383	\$7,963	\$11,954
Office of Apprenticeship Info & Training	\$630	\$979	\$818
Transitional Employment	\$8,761	\$8,230	\$9,131
Veteran's Affairs	\$0	\$496	\$664
One-Stop Operations	\$5,762	\$11,587	\$9,768
<b>Youth Workforce Funding</b>	<b>\$16,840</b>	<b>\$24,591</b>	<b>\$23,060</b>
Summer Youth Employment	\$12,407	\$11,695	\$12,110
Year-Round Employment	\$3,803	\$12,106	\$9,937
Mayor's Youth Leadership	\$555	\$790	\$1,013
Youth Programs Information	\$75	\$0	\$0
<b>Other Workforce Activities</b>	<b>\$5,497</b>	<b>\$6,683</b>	<b>\$8,892</b>
Program Performance Monitoring	\$1,866	\$1,290	\$1,417
Labor Market Information	\$698	\$950	\$1,494
Statewide Activities	\$0	\$0	\$1,160
First Source	\$0	\$1,833	\$1,132
Employer Services	\$2,933	\$2,610	\$3,689

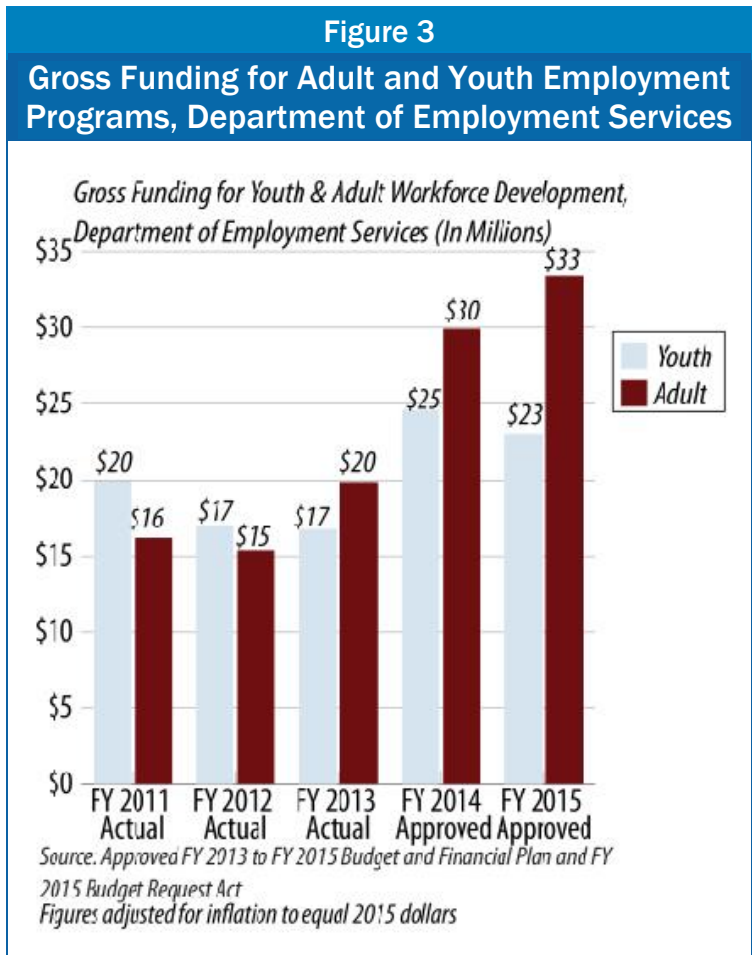
The FY 2015 budget includes changes in funding for a number of programs.

<sup>2</sup> For this analysis, DCFPI includes the following workforce development services as services for adults: Local Adult Training, Transitional Employment, One-Stop, Senior Employment, Apprenticeships, and Veteran's Affairs.

- **Adult Job Training:** The budget includes \$12 million for the “Local Adult Training” activity, up from \$8 million in FY 2014. This activity is authorized to fund a variety of services, including training vouchers that jobseekers can use with private training providers. Despite the large increase in funding, however, it is worth noting that this activity has not fully spent its budgeted funds in recent years. Expenditures in FY 2013 totaled just 50 percent of the budget, raising questions about the capacity of the Department of Employment Services to spend the increased budget proposed for FY 2015.

In the current year, FY 2014, some \$4 million from adult training was transferred to the Office of the State Superintendent of Education (OSSE) due to the limited

capacity to spend the funds on adult training. The funds transferred to OSSE will support adult basic education programs. The fiscal year 2015 budget does not mandate a similar transfer, although it is likely to occur. If so, funding within DOES for adult job training will be about the same in FY 2015 as in FY 2014.



- **Transitional Employment Program:** The FY 2015 budget provides \$9.1 million 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 is nearly \$1 million higher than in FY 2014, and this increase partly reflects higher wage costs resulting from minimum wage increases that will go into effect in July 2014 and July 2015. It is worth noting that the Transitional Employment Program under-spent its budget by \$1 million in FY 2013, again raising the question of whether the increased budget amount will result in expansion of services and spending.
- **Senior Employment Services:** The budget includes \$1.1 million for senior employment services, up from \$700,000 in FY 2014. This is funded primarily with federal dollars.
- **One-Stop Centers:** The FY 2015 budget includes \$10 million to operate the city’s one-stop employment centers. This is down from \$12 million in FY 2014 but would be far higher than the \$6 million spent in FY 2013. The one-stop centers are funded with federal funds. It is not clear how one-stop services have been expanded since FY 2013.

- **Employer Services:** Funding for “employer services” in FY 2015 is \$3.6 million, up from \$2.6 million in FY 2014. This activity provides technical assistance, recruitment, referral, placement, planning, and oversight services to area employers.
- **First Source:** The funds set aside to monitor the First Source program will fall from \$1.9 million in FY 2014 to \$1.1 million in 2015. The budget refers to efforts to “align the budget with DOES’ operational goals as the agency continues to monitor employers to ensure they are in compliance with the law with regard to giving District residents fair and equitable hiring opportunities,” but it does not offer further explanation.

### Youth Employment

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

Funding for youth employment programs totals \$23 million in FY 2015. This is lower than the FY 2014 funding level of \$23 million, but higher than expenditures from FY 2011 through FY 2013. (See **Figure 3**.) As discussed below, however, the Department of Employment Services has not fully spent its authorized funding for youth programs in recent years, raising questions about whether the funding level for FY 2015 will be fully spent.

- **Summer Youth Employment:** The FY 2015 budget maintains funding for the Summer Youth Employment Program at about \$12 million, the funding level it has had since 2013. Roughly 14,000 youth have participated in this program each summer since 2011, and this is the expected participation level in the FY 2015 budget.
- **Year-Round Youth Employment:** The FY 2015 budget for the youth employment program that operates year-round is \$9.9 million, down from \$12 million in FY 2014. Yet a review of recent expenditures shows that this program spent far less than \$10 million in recent years, as it struggled to fully spend its authorized funds. The year-round youth employment program spent roughly \$4 million in both FY 2012 and FY 2013, even though the budget for FY 2013 was nearly \$10 million. This means that the FY 2015 budget of \$10 million would represent a substantial increase if it is actually spent, but it is not clear that this level of growth will be achieved.

Funding for the Mayor’s Youth Leadership program, which helps 250 students during the year and 500 during the summer with leadership and self-development, will be funded at \$1 million, up from \$800,000 in FY 2014.

### Performance Measures in the FY 2014 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 2015 has two objectives for workforce development:

- “Expand the District’s integrated workforce system to improve customer service and outcomes for employers and job seekers. (This is similar to the objective for FY 2014.)
- “Ensure the District’s youth employment program provides occupational skills training, work experience, academic enrichment and life skills training to facilitate the development of work habits and skills that are essential for success in the workplace.”

There are three performance measures tied directly to DC’s workforce development programs.

- **Adult Participants Completing Training Programs:** The budget notes that the number of residents completing training was 1,643 in 2013. The goal is 1,500 for FY 2015. Given the large increase in adult training funds, it is not clear why the goal for this measure falls below the 2011 performance level.
- **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 notes that 70 residents obtained jobs through an “on the job initiative” that was suspended in mid-FY 2013. No figures are offered for FY 2015. The size of this universe of long-term unemployed residents is not clear.

These performance measures are not fully reflective of reporting requirements established in the FY 2013 budget for DOES. Under those requirements, DOES is expected to report on the following:

- **Adult Training:** The number of adults who participate in a DOES-funded training program, the number who complete the program and receive an educational or work credential, the number who find and retain a job, and the associated wages.
- **Transitional Employment Program (Temporary Subsidized Jobs):** The number of adults who participate, the number of private employers that accept a placement, the number of participants who transition to a unsubsidized employment (and the associated wages) and the number who retain unsubsidized employment for at least six months.

Including this information in the budget would allow DOES and its stakeholders to assess the effectiveness of its programs and to identify areas where targeted work is needed to improve program performance. The fact that the FY 2015 budget lacks this information makes it difficult to evaluate the budget meaningfully.