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WHAT'S IN THE PROPOSED FY 2016 BUDGET FOR WORKFORCE DEVELOPMENT?

SUMMARY OF THE PROPOSED FY 2016 WORKFORCE DEVELOPMENT BUDGET

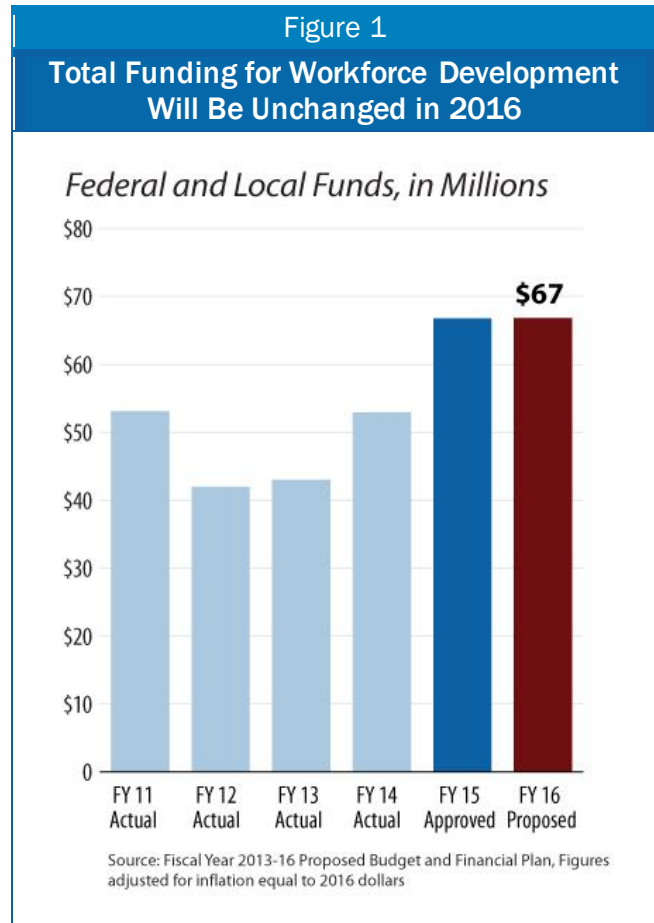
- The budget proposes \$67 million in local and federal funds for workforce development programs in the Department of Employment Services. This is the same as the FY 15 budget, after adjusting for inflation.
- Funding for programs for youth would grow by about 20 percent, with increases in each of the three main components: the Summer Youth Employment Program, the year-round program for youth, and the Youth Leadership Institute, recently renamed in honor of Marion Barry, Jr. The largest increase is in SYEP which would expand eligibility to include youth ages 22-24. Funding for youth employment programs in 2016 would be almost the same as funding for adult employment programs.
- Locally funded adult training would be cut about one-third, from \$12 million to \$8 million. This program has suffered from administrative and implementation problems, and has not been able to spend all available funds in recent years. The \$8 million for FY 2016 roughly matches what was spent in 2014 on these services.
- The Department of Employment Services continues to spend less than what it has available for workforce development. In 2014, the agency spent \$53 million of \$63 million allocated, with the largest shortfalls in spending at its American Job Centers – the one-stop centers for residents looking for work – and the year-round youth employment program for youth. The inability to spend available funds raises concerns at a time when improving the employability of DC residents is especially important.
- The budget does not include new funds to enhance public education efforts around new worker benefits, such as the expansion of earned sick and safe leave benefits, or to enhance compliance related to recent “ban the box” and wage theft legislation.

The proposed fiscal year (FY) 2016 budget allocates \$67 million in local and federal funds — for workforce development within the Department of Employment Services. This is the same as the total FY 2015 budget. The proposed budget would expand youth programs but cut programs for adults, and bring total spending on youth programs to almost the level of funding for adult workforce development programs.

This review also reveals that the Department of Employment Services has underspent its available funding in the last three years, despite high unemployment among residents without a college degree and great needs for employment assistance. Addressing the factors behind the underspending should be a top priority for the Bowser administration.

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 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 (SYEP) for District residents between the ages of 14 and 21 (and would expand to age 24 under the proposed budget). The program provides subsidized employment during the summer months. SYEP is supported with local funds. The District also works through a number of community-based providers to provide employment services to youth throughout the year, targeted to both those who are in school and those are out of school.

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.

Youth Employment Will Grow Under Mayor's Budget

The mayor's budget enhances all of the Department of Employment Services programs focused on youth. Total proposed funding for youth employment programs is \$29 million, up from \$24 million in 2015. (Unless noted, all figures here are adjusted for inflation equal to FY 2016 dollars.)

- **Summer Youth Employment:** The FY 2016 budget expands the Summer Youth Employment Program from \$12 million to \$15 million. This will allow the program eligibility to expand up to age 24, from the current age limit of 21, which will serve an estimated 1,000 22-24 year olds. Also, transportation subsidies that were first offered in FY 2015 would be expanded to help ensure participants have assistance throughout the six-week program.

The budget suggests that the number of SYEP participants will remain at 14,000, despite the expansion to older youth. It is not clear why participation will not increase.

- **Year-Round Youth Employment:** The proposed FY 2016 budget for the youth employment program that operates year-round is \$12 million, up from \$10 million in FY 2015. It is worth noting that this program has spent far less than its available funding in recent years. Expenditures totaled roughly \$4 million in both FY 2012 and FY 2013 and \$7 million in FY 2014, which were far below budgeted levels. This means that the proposed FY 2016 budget of \$12 million would represent a substantial program expansion, if all funds are used, but it is not clear if this level of growth will be achieved.
- **Marion Barry Youth Leadership:** Funding for the Youth Leadership program, which helps 250 students during the year and 500 during the summer with leadership and self-development, will be funded at \$1.2 million, up from \$1 million in FY 2015.

Adult Job Training Programs Would Be Cut in 2016

The proposed budget reduces funding for workforce development services targeted on adults by 10 percent, to \$31 million in FY 2016, down from \$34 million in FY 2015.² Even with this reduction, however, the budget for adult employment in the FY 2016 budget is higher than the \$25 million spent in FY 2014. (See **Table 1**.)

² 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.

Table 1			
Local and Federal Funding For Workforce Development In the DC Department of Employment Services			
	Actual FY 2014	Approved FY 2015	Proposed 2016
Total Gross Funding	\$52,945	\$66,788	\$66,842
Adult Workforce Funding	\$25,477	\$34,166	\$31,138
Senior Services	\$586	\$1,153	\$566
Local Adult Training	\$7,056	\$12,205	\$8,293
Office of Apprenticeship Info & Training	\$770	\$835	\$818
Transitional Employment	\$8,998	\$9,322	\$9,142
Veteran's Affairs	\$97	\$678	\$603
One-Stop Operations	\$7,971	\$9,973	\$11,716
Youth Workforce Funding	\$22,572	\$23,544	\$28,880
Summer Youth Employment	\$14,527	\$12,364	\$5,334
Year-Round Employment	\$7,130	\$10,145	\$12,333
Mayor's Youth Leadership	\$915	\$1,034	\$1,233
Other Workforce Activities	\$4,896	\$9,078	\$6,904
Program Performance Monitoring	\$1,224	\$1,447	\$1,361
Labor Market Information	\$850	\$1,525	\$1,162
Statewide Activities	\$340	\$1,184	\$882
First Source	\$762	\$1,156	\$1,132
Employer Services	\$1,721	\$3,766	\$2,367
* Figures in thousands, adjusted for inflation to equal 2016 dollars			

The FY 2016 budget includes changes in funding for a number of programs.

- **Adult Job Training:** Funds for the “Local Adult Training” program, would be cut by one-third, from \$12 million in FY 2015 to \$8 million in FY 2016. This activity is authorized to fund a variety of services, including training vouchers that jobseekers can use with private training providers. In recent years, this program has faced administrative and implementation problems and has not fully spent its budgeted funds. This means that the cut in allocated funding may not result in a large reduction in services.
- **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, primarily returning citizens. The proposed budget is roughly the same as the FY 2015 budget.
- **American Job Centers (“One-Stop” Centers):** The FY 2016 budget includes \$12 million to operate the city’s employment centers. This is up from \$10 million in FY 2015. The one-stop centers are funded largely with federal funds, but the FY 2016 budget also includes \$2 million in local funds.
- **Senior Employment Services:** The budget includes \$600,000 for senior employment services, down from \$1.1 million in FY 2015. It is not clear what impact this reduction will have.

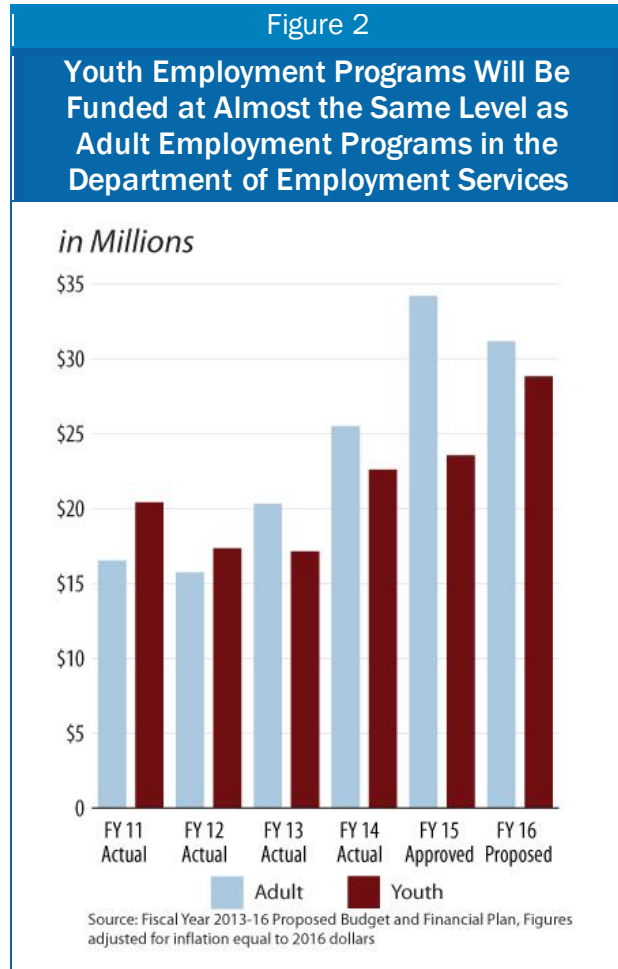
With the proposed reduction in funding for employment programs targeted on adults and the proposed increases in youth employment programs, funding for these two categories will be roughly the same in 2016 -- \$29 million for youth and \$31 million for adults. In FY 2015, by contrast, funding for adult employment programs was far higher than for youth programs. (See **Figure 2.**)

Underspending on Employment Programs Continues to be an Issue

The Department of Employment Services has spent less than its available funding for the past three years, raising concerns about its ability to meet the needs of unemployed and underemployed residents. In 2014, for example, the department spent \$52 million on employment services, compared with \$62 million in available funding. This actually reflects improvement from the prior two years, when underspending was even greater. (See **Figure 3.**)

The underspending has been concentrated in a few areas.

- **Adult Job Training:** The program, first authorized in 2013, underspent its appropriation in both 2013 and 2014. As noted above, funding for the program is cut in the proposed FY 2016 budget, in apparent recognition of its inability to spend its allocated funds in prior years.
- **American Job Centers:** These job centers are supported largely with federal funds. It is not clear why spending has been below allocated levels.
- **Year-Round Youth Program:** These services are also supported largely with federal funds. The under-spending in part reflects challenges enrolling a sufficient number of participants. In FY 2015, out-of-school providers were able to fill 108 of 60 funded slots, while providers serving youth in school filled 124 of 240 slots.³ Providers cite low literacy levels of youth as the main barrier to enrollment, according to the DC Alliance of Youth Advocates.



³ This information was provided by DOES to the DC Council in response to questions at FY 2015 performance oversight hearing.

Addressing the under-spending should be an important priority for the Bowser administration. Changes in federal job training law – the Workforce Innovation and Opportunity Act – give the District more flexibility to meet the needs of residents with severe barriers to work. The District should make full advantage of these changes to fully utilize federal funding. In addition, Mayor Bowser created a new deputy mayor position to oversee the Department of Employment Services –the Deputy Mayor for Greater Economic Opportunity – which should focus on these issues.

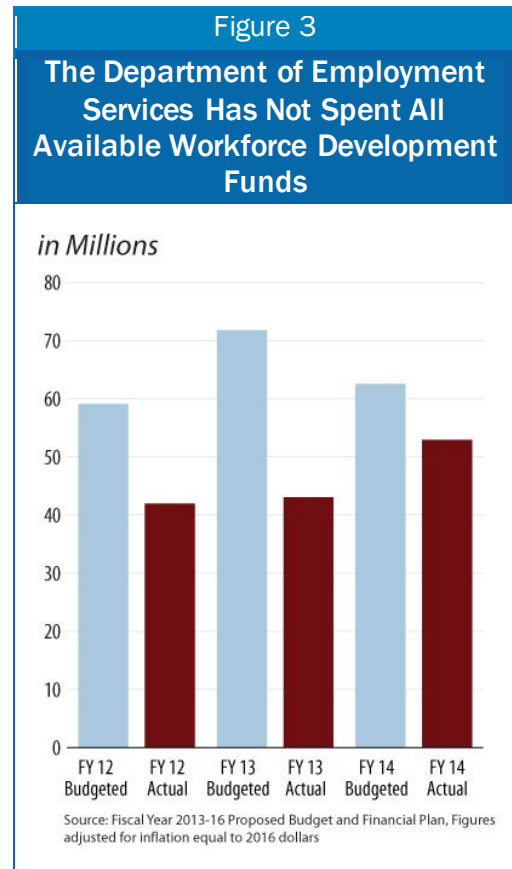
Budget Does Not Include New Funds to Enforce Minimum Wage and Other Changes

The District enacted a number of laws in recent years to improve wages or benefits of people who work in the District. However, the changes were adopted without providing new funds to ensure that they are enforced, and the FY 2016 budget does not provide any new enforcement funds. This will make it hard to ensure that all workers truly benefit.

The new worker-directed legislation includes:

- **Minimum Wage:** Legislation adopted in 2013 raised the minimum wage over stages to \$11.50 in 2016, with the first step implemented in July 2014. The minimum wage will be adjusted for inflation annually after 2016.
- **Paid Sick and Safe Leave:** The requirement that employers provided paid leave to deal with illness or domestic violence was expanded in 2013, primarily by extending this benefit to tipped workers and by enabling workers to accrue benefits starting with their first day of work.
- **Wage Theft:** Legislation adopted in 2014 increases penalties for employers who fail to pay workers fully what they are obligated to pay.
- **Protecting Workers from Discrimination:** Recently adopted legislation prevents employers from asking about an employee’s criminal record until they have made a job offer, and prevents employers from rescinding the job offer unless there is a clear rationale for doing so. In addition, the District has adopted protections against discrimination for workers who are unemployed or pregnant.

Because they reflect new wage and benefit rules and new protections, the laws need to be communicated to employers and workers. In addition, the District is likely to need added staff capacity to respond to worker concerns about employers’ failure to follow the new laws. However, the budget includes no increase in staffing or funding for the division within the Department of Employment Services that educates employers and enforces wage laws, and it includes no new funding for administrative law judges to hear cases of employment law violations. The lack of



additional funding may make it hard to conduct comprehensive education on the new worker protections and to ensure that businesses comply.