

May 19, 2011

## WHAT'S IN THE MAYOR'S PROPOSED FY 2012 BUDGET FOR WORKFORCE DEVELOPMENT?

The Department of Employment Services (DOES) is a major source of employment training programs for unemployed or underemployed adult District residents<sup>1</sup>, as well as for DC youth. The agency's programs are particularly important to the one in 10 District residents who are unemployed and actively searching for work.

DOES has three broad program responsibilities: unemployment insurance, labor standards, and workforce development. This toolkit focuses on the agency's workforce development programs, which include four major categories and 11 activities overall:

- **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 is found within the "program performance" activity line. These local dollars are designated to train District adults for high-demand jobs and are designed to be allocated through a competitive bid process to qualified training organizations.
- **One-Stop Career Centers** are designed to provide career counseling, career planning, resume assistance, and job training and placement. Funding for one-stops predominantly comes from federal dollars.

### SUMMARY

#### Mayor's Proposed Budget

- FY 2012 is the fourth year in a row that overall workforce development spending would decline from the previous year. The proposed FY 2012 gross budget — \$55 million in combined local and federal funds — is 13 percent lower than the approved FY 2011 after adjusting for inflation. The cut is primarily due to a downsizing in locally funded youth workforce programs.
- Mayor Gray's proposed budget would maintain—but not increase—local funding for adult workforce development. The FY 2012 budget would keep funding stable for adult job training and the Transitional Employment Program. One Stop Career Centers, which are funded through federal dollars, would see a 20 percent reduction and will likely see a further decline to an anticipated cut in the FY 2012 congressional appropriation for Workforce Investment Act dollars.
- The FY 2012 proposed budget continues a four-year reduction in local spending on youth workforce programs, primarily due to a major scaling back of the Summer Youth Employment Program. Mayor Gray's proposal expects participation of 9,000 youth at a cost of \$12.1 million in 2012, compared 12,000 participants at \$16.3 million in 2011.

<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.

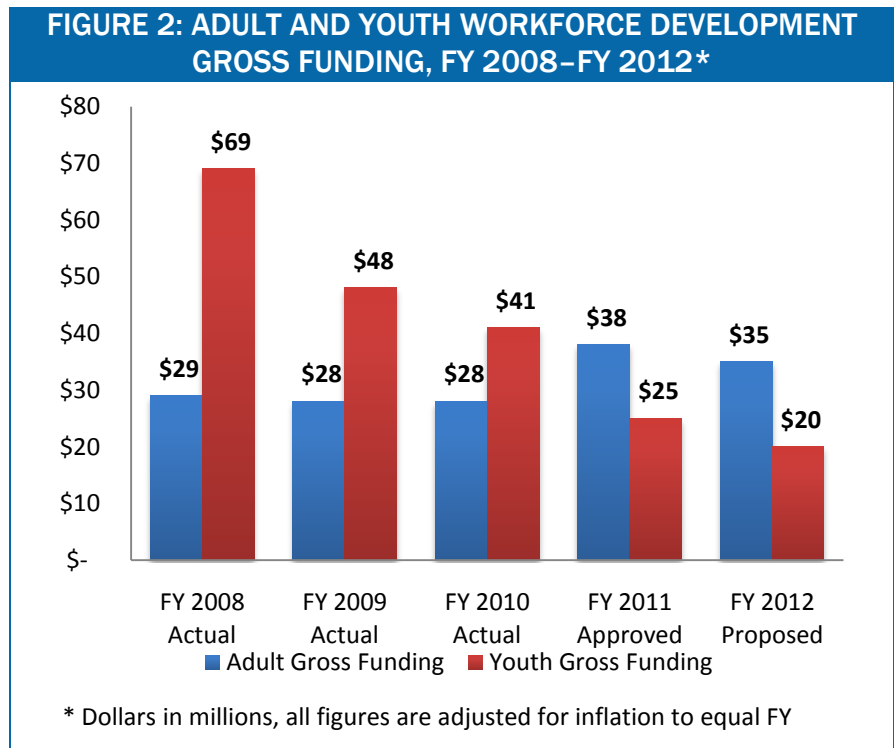
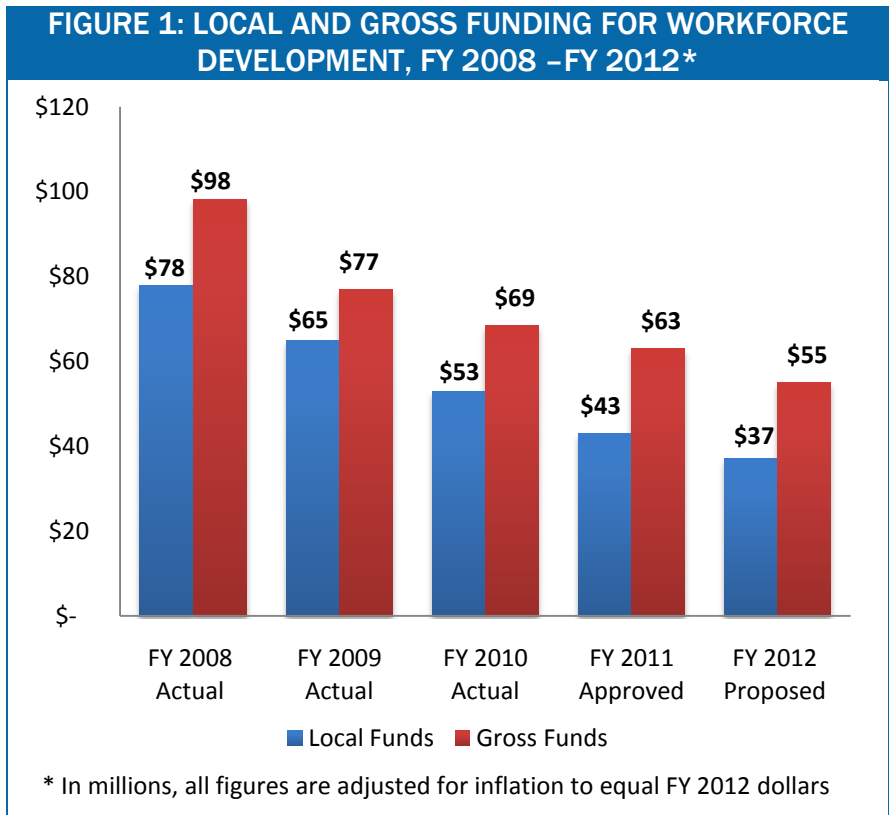
- The **Summer Youth Employment Program (SYEP)** for District residents between the ages of 14 and 21. The program provides subsidized employment during the summer months. A majority of funding for SYEP comes from local funds.

**Overview of the Proposed FY 2012 DOES Workforce Development Budget**

Mayor Gray’s FY 2012 budget proposes to spend \$55 million in gross funds — which includes both local and federal funds — for workforce development. This would represent a 13 percent, or \$8 million, cut from FY 2011, after adjusting for inflation (see figure 1). Unless noted, all figures here are adjusted for inflation equal to FY 2012 dollars.

The reduction is due primarily to cuts in local funding for youth workforce development (see figure 2), which fall by \$5.5 million primarily due to continued downsizing of the Summer Youth Employment Program, which had expanded significantly starting in 2008. The number of youth participating in SYEP in 2012 under the Mayor’s budget is less than half of the 2010 participation level.

The proposed FY 2012 local budget maintains funding from last year for adult job training, including



the Transitional Employment Program. The proposal also gives a slight local increase to employer services. However, gross funds for adult workforce development would drop, largely as a result of a \$1.6 million, or 20 percent, drop in federal funds for One-Stop Career Centers. Further reductions to federal funds, through the Workforce Investment Act, are anticipated when Congress passes the FY 2012 federal budget, though specific program and dollar amounts are not known at this time.

For youth, Mayor Gray's proposed budget continues a dramatic downsizing in the Summer Youth Employment Program in recent years. In 2010, approximately 21,500 youths aged 14 to 21 received paychecks. Mayor Gray proposes to have 9,000 youth participate in 2012 and would keep the program length at six weeks. (The length was extended to nine weeks from 2008-2010.) The FY 2012 budget would fund SYEP at \$12.1 million, a 60 percent reduction from only two years ago.

### Adult Job Training

Local funding for adult workforce development in the proposed FY 2012 budget is \$20.2 million (see table 2). As noted, this maintains funding for adult workforce programs at the FY 2011 level. Local dollars for adult job training, which are within the "Program Performance" activity line item (see tables 1 and 2), would remain stable.

<b>TABLE 1: GROSS FUNDING FOR WORKFORCE DEVELOPMENT (FIGURES IN MILLIONS)</b>			
	<b>Actual FY 2010</b>	<b>Approved FY2011</b>	<b>Proposed FY 2012</b>
<b>Total Gross Funding</b>	<b>\$68.6</b>	<b>\$63.0</b>	<b>\$55.1</b>
<b>Adult Workforce Funding</b>	<b>\$28.0</b>	<b>\$38.2</b>	<b>\$35.4</b>
Senior Services	\$0.8	\$0.7	\$0.7
Program Performance Monitoring	\$5.8	\$12.1	\$12.1
Office of Apprenticeship Info & Training	\$0.8	\$0.8	\$0.7
Transitional Employment	\$10.0	\$11.4	\$11.3
Employer Services	\$2.7	\$3.0	\$2.9
One-Stop Operations	\$7.3	\$8.0	\$6.4
Labor Market Information	\$0.6	\$1.1	\$1.2
Statewide Activities	0	\$1.3	\$0.3
<b>Youth Workforce Funding</b>	<b>\$40.7</b>	<b>\$24.8</b>	<b>\$19.7</b>
Summer Youth Employment	\$28.9	\$16.4	\$12.1
Year-Round Employment	\$10.5	\$7.6	\$6.8
Mayor's Youth Leadership	\$1.3	\$0.7	\$0.8

<b>TABLE 2: LOCAL FUNDING FOR WORKFORCE DEVELOPMENT BY ACTIVITY (FIGURES IN MILLIONS)</b>			
	<b>Approved FY 2010</b>	<b>Approved FY 2011</b>	<b>Proposed FY 2012</b>
<b>Total Local Funding</b>	<b>\$52.7</b>	<b>\$42.5</b>	<b>\$37.1</b>
<b>Adult Workforce Funding</b>	<b>\$20.2</b>	<b>\$20.2</b>	<b>\$20.2</b>
Senior Services	\$0	\$0.003	\$0.08
Program Performance Monitoring	\$6.8	\$7.6	\$7.6
Office of Apprenticeship Info & Training	\$0.9	\$0.8	\$0.7
Transitional Employment	\$12.1	\$11.4	\$11.3
Employer Services	\$0.4	\$0.4	\$0.5
One-Stop Operations	0	0	0
Labor Market Information	0	0	0
<b>Youth Workforce Funding</b>	<b>\$32.5</b>	<b>\$22.3</b>	<b>\$16.9</b>
Summer Youth Employment	\$23.4	\$16.3	12.0
Year-Round Employment	\$7.9	\$5.2	\$4.2
Mayor's Youth Leadership	\$1.3	\$0.7	\$0.7

According to the agency, \$7.6 million is allocated in this activity, though it is unclear how many of those dollars will be made available for training.

Though overall funds remain stable, the agency proposes a major change in the training dollars attached to each adult who participates in a training program. In FY 2012, individual training accounts will be reduced in half, from \$8,000 last year to \$4,000 this year. The agency says that this amount conforms to amounts offered by the surrounding jurisdictions in Maryland and Virginia.

By reducing the training dollars to each individual in half, the agency expects to increase the number of adults who can receive job training. It is unclear what the impact of the reduction will be on adults receiving training, and whether certain providers or programs will no longer participate due to the reduction.

### **Additional Highlights:**

**One-Stop Career Centers:** The proposed budget would reduce funding for One-Stop Career Centers by \$1.6 million, due to a reduction in federal funding for the Workforce Investment Act.

**Transitional Employment Program:** TEP provides work-readiness training and short-term subsidized employment that is designed to lead to unsubsidized employment. The proposed FY 2012 budget for the Transitional Employment Program is \$11.3 million. Funding remained stable from FY 2011, yet the FY 2012 proposed budget represents a cut since FY 2009, when \$14.8 million was spent on this program.

**Employer Services:** Proposed local funding for Employer Services is \$535,000, compared with \$395,000 in FY 2011.

### **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.

Mayor Gray's proposed FY 2012 budget continues a significant reshaping of the Summer Youth Employment Program, which grew dramatically starting in 2008, to more than 21,000 participants. Mayor Gray proposes to dramatically downsize the program to serve 9,000 youth in FY 2012.

SYEP accounts for nearly 75 percent of the youth employment budget, or \$16.3 million of the proposed \$22.3 million gross funds budget in FY 2012 (see table 2). The cut in SYEP accounts for 78 percent of the decline in spending on youth programs from FY 2011.

The mayor's proposed FY 2012 budget also reduces local spending on the year-round employment program for youth, by \$1 million from last year. 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 remain stable.

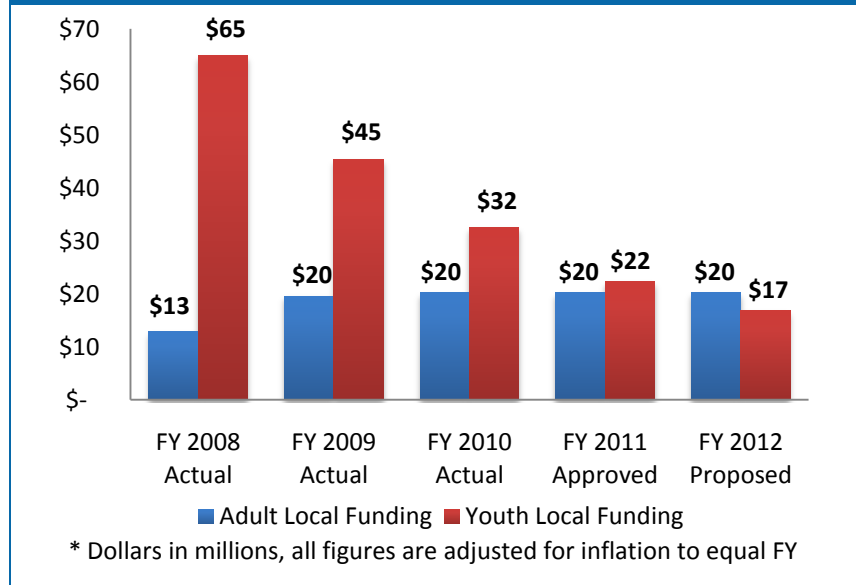
## Workforce Development Funds Now Weighted Toward Adults, Not Youth

DC's workforce development funds in prior budgets have been heavily weighted toward youth employment programs, especially in the allocation of local tax dollars. In FY 2008, for example, more than four out of every five dollars in DOES local workforce development funds went to youth (see figure 3).

For FY 2012, the mayor's proposed gross funds budget for youth programs (SYEP, year-round youth programs, and the Mayor's Youth leadership program) would be \$19.7 million, compared with \$35.4 million for adult activities, which includes senior services, program performance monitoring, office of apprenticeship, transitional employment and one-stop operations (see figure 3).

In local funds, adult programs now receive more funding than youth programs. Adult programs would receive \$20.2 million, a funding level that has remained constant over the last four years. In contrast, local dollars put into youth workforce funding has been dramatically cut from a high of \$65 million in FY 2008. Mayor Gray proposes \$16.9 million in FY 2012.

**FIGURE 3: ADULT AND YOUTH WORKFORCE DEVELOPMENT LOCAL FUNDING, FY 2008–FY 2012\***



## Performance Measures in the FY 2012 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 woefully inadequate. 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.<sup>2</sup>

The proposed DOES budget for FY 2012 has three broad objectives, one of which relates to workforce development: "Develop a prepared workforce and improve employment opportunities." (A second objective addresses the Unemployment Insurance program, and the third objective addresses collection of back wages and the Worker's Compensation program.)

<sup>2</sup> 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](#).

There are only two performance measures in workforce development, one for adults and one for youth. The adult measure records the “number of adult participants completing a workforce development training program.” The youth measurement record the “number of SYEP participants referred to summer jobs.”

Both measures do not provide any data or insight into outcomes. Mayor Gray and the agency need to create comprehensive, outcome-driven measurements to provide clear accountability and oversight over these important workforce programs.