

May 11, 2012

WHAT'S IN THE FISCAL YEAR 2013 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 residents¹, 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 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 monitoring" activity line. It is unclear reading the budget exactly how many of the dollars in "program performance" go toward adult training. These 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.

SUMMARY

MAYOR'S PROPOSED BUDGET

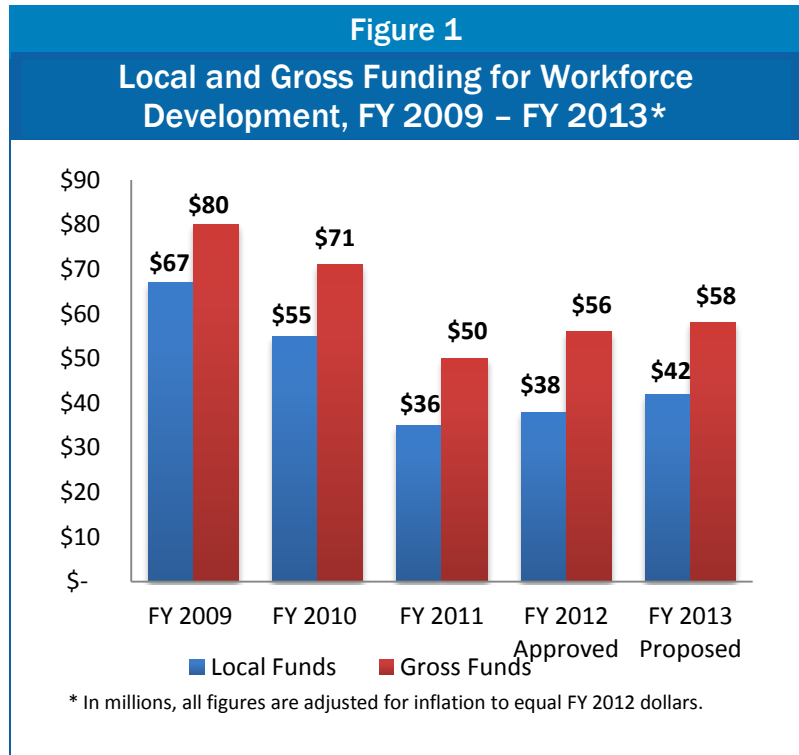
- Maintains overall spending on workforce development despite a decrease in federal grants. The proposed FY 2013 gross budget — \$57.5 million in combined local and federal funds — is three percent higher than the approved FY 2012 budget after adjusting for inflation. The increase is primarily due to a replacement of local dollars for declining federal Workforce Investment Act funds and a \$2 million federal payment.
- Mayor Gray's proposed budget would increase local funding for adult workforce development. The FY 2013 budget replaces lost federal funds for DC Works! One-Stop career centers with \$4 million in local funding. It would also boost local spending on employer services.
- The FY 2013 proposed budget continues a five-year reduction in local spending on youth workforce programs, primarily due to a major scaling back of the Summer Youth Employment Program.

DC COUNCIL MARK-UP

- Creates new "Adult Job Training" budget line, shifting \$8.3 million from "Program Performance Monitoring"
- Directs \$2 million to be used for federal match in Supplemental Nutrition Assistance 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.

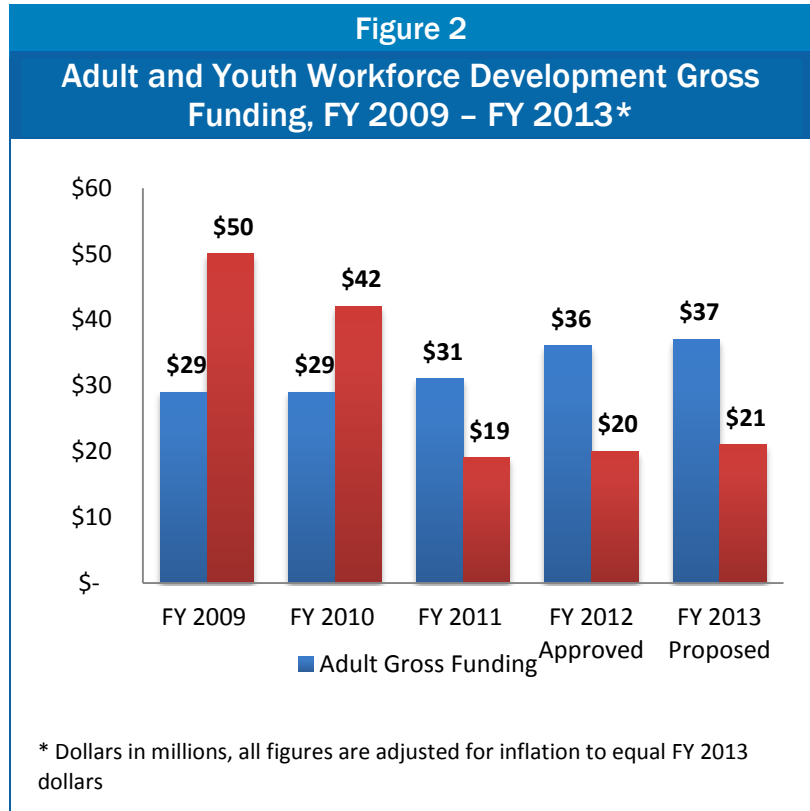
- DC Works! Career Centers** are designed to provide career counseling, career planning, resume assistance, and job training and placement. Funding for these facilities, known as “one-stop” centers, has predominantly come from federal dollars, though in FY 2013 Mayor Gray offsets decreasing federal funds for one-stop operations with local dollars.
- 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 2013 DOES Workforce Development Budget

Mayor Gray’s FY 2013 budget proposes to spend \$57.5 million in gross funds — which includes both local and federal funds — for workforce development. This would represent a three percent, or \$1.6 million, increase from FY 2012, after adjusting for inflation (see Figure 1). Unless noted, all figures here are adjusted for inflation equal to FY 2013 dollars.

The increase is due primarily to a boost in local dollars put toward one-stop operations to offset reductions in federal Workforce Investment Act funds used for the



same purpose. The agency is also budgeted to receive a \$2 million federal payment, which Gray has chosen to put toward adult job training.

The proposed FY 2013 local budget increases funding in one-stop operations, which offsets a significant decline in federal funding. The proposal also gives a significant local increase to employer services, which is helpful to Gray's One-City One-Hire job matching initiative. The proposed budget also funds the Workforce Investment Council, which oversees federal Workforce Investment Act monies, at \$500,000.

Table 1			
Gross Funding For Workforce Development (Figures in Millions, Adjusted for FY 2013 Dollars)			
	Actual FY 2011	Approved FY 2012	Proposed FY 2013
Total Gross Funding	\$50,058	\$55,904	\$57,500
Adult Workforce Funding	\$30,797	\$35,900	\$36,625
Senior Services	\$783	\$657	\$0
Program Performance Monitoring	\$7,888	\$12,239	\$12,488
Office of Apprenticeship Info & Training	\$799	\$703	\$688
Transitional Employment	\$8,659	\$11,466	\$11,377
Employer Services	\$4,392	\$2,907	\$2,775
One-Stop Operations	\$5,336	\$6,464	\$7,716
Labor Market Information	\$879	\$1,167	\$1,349
Statewide Activities	\$2,094	\$297	\$232
Youth Workforce Funding	\$19,227	\$20,004	\$20,874
Summer Youth Employment	\$13,196	\$11,733	\$11,371
Year-Round Employment	\$5,361	\$7,509	\$8,741
Mayor's Youth Leadership	\$670	\$762	\$762

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 14,000 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 2013 budget would fund SYEP at \$11.4 million, a 54 percent reduction from only three years ago.

Adult Job Training

Local funding for adult workforce development in the proposed FY 2013 budget is \$25.8 million (see table 2). This increases funding for adult workforce programs by 26 percent, or \$5.3 million, from FY 2012. Gray's budget maintains funding for the Transitional Employment Program, the largest recipient of adult local funds. The proposed FY 2013 budget for the program is \$11.4 million. TEP provides work-readiness training and short-term subsidized employment that is designed to lead to unsubsidized employment.

Mayor Gray has made workforce development a significant focus, and his administration has put a great emphasis on his One-City-One-Hire initiative. This job matching effort primarily uses existing tax credits and other incentives to match unemployed District residents with employers. Though One-City-One-Hire is not listed as an activity, employer services—which has been the main outreach activity by DOES to employers — is increased in his proposed budget. Also of note is Mayor Gray's creation of a Workforce Intermediary, although it is under the Deputy Mayor for

Planning and Economic Development. The intermediary, which will be a pilot, is also designed to help streamline the job matching process. Under Gray’s proposal, the intermediary would receive \$1.6 million in FY 2013.

Local dollars for adult job training, which are within the “Program Performance Monitoring” activity line item (see Tables 1 and 2), would be flat-funded. According to the agency, \$7.6 million of the \$8.3 million in local dollars allocated to this activity are designated for adult job training, as shown in Table 2. This information came directly from the agency and is not specified in budget documents.

	Actual FY 2011	Approved FY 2012	Proposed FY 2013
Total Local Funding	\$36,459	\$37,628	\$42,146
Adult Workforce Funding	\$19,272	\$20,498	\$25,777
Senior Services	\$17	\$82	\$0
Program Performance Monitoring (Adult Job Training Funds)	\$7,365 (\$4,629)	\$7,704 (\$7,554)	\$8,299 (\$7,554)
Office of Apprenticeship Info & Training	\$714	\$703	\$688
Transitional Employment	\$8,380	\$11,466	\$11,377
Employer Services	\$2,796	\$543	\$1,425
One-Stop Operations	\$0	\$0	\$3,988
Labor Market Information	\$0	\$0	\$0
Youth Workforce Funding	\$17,187	\$17,130	\$16,369
Summer Youth Employment	\$13,038	\$11,587	\$11,158
Year-Round Employment	\$3,479	\$4,858	\$4,449
Mayor's Youth Leadership	\$670	\$685	\$762

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 2013 budget continues a significant reshaping of the Summer Youth Employment Program, which grew dramatically starting in 2008, to more than 21,000 participants. For the past two years, it has served 14,000 youth. SYEP accounts for approximately 70 percent of the youth employment local budget, and about half of combined federal-local spending on youth employment (see Table 2).

The mayor’s proposed FY 2013 budget reduces local spending on the year-round employment program for youth, although that is offset by an increase in federal funding. 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 see a slight increase.

Workforce Development Funds Now Weighted Toward Adults, Not Youth

DC's workforce development funds in the prior mayoral administration had 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 programs.

Local funding put into youth workforce has been dramatically cut from a high of \$65 million in

FY 2008. Mayor Gray proposes \$16.4 million in FY 2013. The reduction largely reflects cutbacks in the Summer Youth Employment Program. (See Figure 3.)

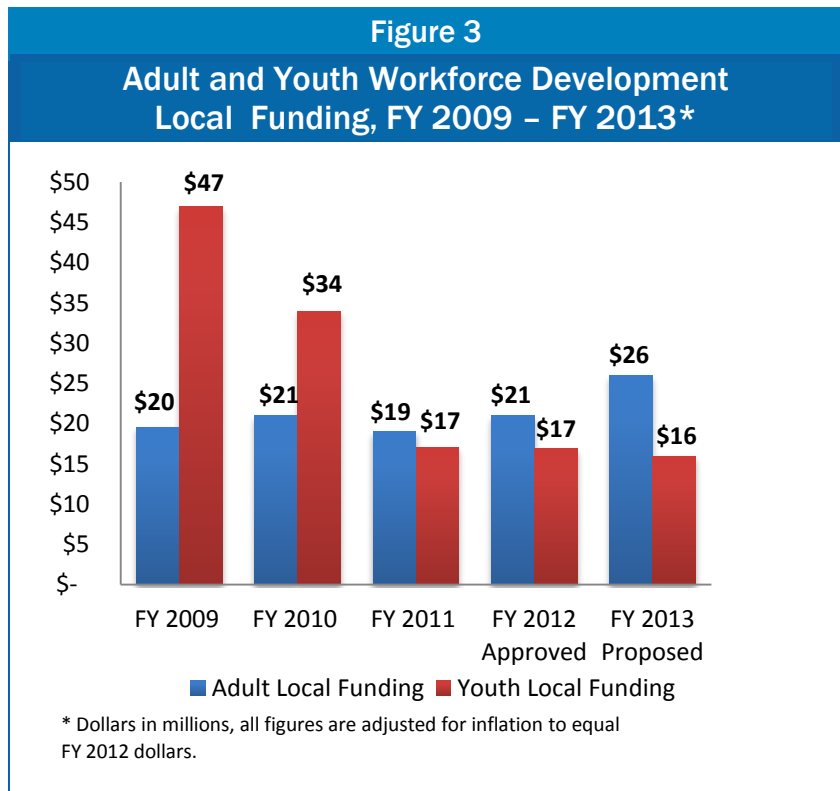
This means that adult programs now receive more local funding than youth programs. Adult programs would receive \$25.8 million, which includes program performance monitoring, office of apprenticeship, transitional employment and one-stop operations.

Performance Measures in the FY 2013 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 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.

The proposed DOES budget for FY 2013 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 three performance measures in workforce development, two for adults and one for youth. The adult measure records the "number of adult participants completing a workforce development training program" and the "percent of unemployed adult customers placed in full-time



unsubsidized employment.” The youth measurement records the “number of SYEP participants referred to summer jobs.”

None of the measures provide any data or insight into outcomes. For FY 2012 and FY 2013, both adult targets are labeled “TBD.” The youth measure only records the number of youth participants in SYEP. Mayor Gray and the agency need to create comprehensive, outcome-driven measurements to provide clear accountability and oversight over these important workforce programs.