

TRAINING AND EMPLOYMENT NOTICE	NO.	1-13
	DATE	July 26, 2013

TO: AMERICAN JOB CENTERS
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FROM: ERIC M. SELEZNOW
Acting Assistant Secretary

SUBJECT: Release and Availability of Employment and Training Administration
Occasional Paper: *Implementation of the American Recovery and
Reinvestment Act: Workforce Development and Unemployment Insurance
Provisions*

1. Purpose. To announce the release and availability of Employment and Training Administration (ETA) Occasional Paper: *Implementation of the American Recovery and Reinvestment Act: Workforce Development and Unemployment Insurance Provisions.*

2. Background. The American Recovery and Reinvestment Act (Recovery Act) provided the workforce system with a large increase in resources to increase capacity, improve its structure, and provide additional economic support and services in response to the most recent recession. United States Department of Labor (USDOL) programs were a major part of the Recovery Act. At the time of the bill's passage, USDOL Recovery Act funding was estimated at \$66 billion, ranking third among Federal agencies. Actual USDOL funding was greater than the early estimates suggest, however, both because the recession was deeper and longer than anticipated, which increased the outflow of Unemployment Insurance (UI) funds, and in larger part because the UI provisions were extended numerous times in subsequent recession-era legislation.

The Recovery Act added \$2.1 billion (an increase of about 77 percent) to the Department of Labor's appropriations in program year 2009, to provide additional job search assistance, training, and other workforce services to eligible dislocated workers, disadvantaged adults, and other jobseeker. The Recovery Act investment in UI benefits and UI system improvements was

much larger than the investment in workforce services. At the time of passage of the Recovery Act, UI outlays were estimated at \$45 billion, but final estimates of UI outlays grew to \$200 billion taking into account subsequent UI benefit extensions.

In the spring of 2009, the ETA awarded a grant to the National Association of State Workforce Agencies/Center for Employment Security Education and Research (NASWA/CESER) to support and expand its efforts to document the actions of the public workforce system under the Recovery Act. The purpose of this study was to provide intelligence to state and local workforce organizations on the situation then facing state workforce development agencies and programs, and the steps taken by states (and local workforce investment areas) to meet the challenges of Recovery Act implementation and the economic downturn. It also provides critically important information to policymakers and administrators about the implementation of the Recovery Act workforce development and UI provisions, and identifies potential needs for additional federal and state policies. This information will inform future state decisions in areas of policy formation and program improvements.

NASWA/CESER obtained this information through state surveys and structured fieldwork, summary profiles of state policies and actions, and a series of case studies to learn about how states assessed their situation, identified the actions they took, examined the potential for additional policies to be implemented, and addressed other issues as they arose.

3. Description. This is a comprehensive narrative report on the Public Workforce System's implementation of the Recovery Act. ETA has already received and Web-posted an interim report which summarizes five surveys of states conducted by NASWA/CESER and the first round of site visits to 20 states: Early Implementation of the American Recovery and Reinvestment Act: Workforce Development and Unemployment Insurance Provisions Interim Report.

This final report includes the following sections:

- Introduction
- State Approaches to the Recovery Act's Workforce Development provisions
- Workforce Investment Act (WIA) Adult and Dislocated Worker Programs
- Wagner-Peyser Employment Services
- Wagner-Peyser Act Reemployment Services
- Trade Adjustment Assistance
- Other Related Initiatives (LMI, Green Jobs, and Subsidized Employment)
- Unemployment Insurance
- Data Analysis of the Implementation of the Recovery Act
- Challenges and Accomplishments: States' Views

Findings related to job search assistance, training, and other workforce services are:

- States spent the additional resources in a timely manner, and were able to expand capacity quickly to provide more workforce services.

- States were encouraged by USDOL to increase the amount of training provided to the unemployed. All twenty states in the study followed through by encouraging local workforce areas to increase training, and half of these states required a minimum percentage of WIA funds (some as high as 70 percent) be spent on training.
 - Nationally, the *number* of WIA program entrants receiving training more than doubled between the third quarter of 2008 and the third quarter of 2009. Despite heavy new demand for services, the *share* of customers receiving intensive and training services increased also.
- The increase in workforce system customers was much greater than the increase in funding. Even with the Recovery Act funding, many customers received only core services, and there was a substantial decline in average per-participant spending.
- States invested in new technologies and tools to promote more self-service and lower the cost of services. They also implemented many program innovations. These interesting or innovative changes and initiatives are captured in a 28-page appendix.
- The Recovery Act's investment in reemployment services (RES) for UI claimants was a major change in emphasis for the workforce system nationally, and the majority of the states in the study considered RES implementation a major accomplishment. Nevada's RES program, which was supported by Recovery Act funds, was evaluated and found to have a four-to-one return on investment.
- States hired mostly temporary workers with Recovery Act funds, and states expected staffing levels to return to pre-Recovery Act levels as funds are exhausted. Most states and local areas visited indicated they would revert to prior levels of service in spite of the lingering recession. Many states indicated a continuing interest in providing reemployment services to UI claimants, but without permanent funding this will be difficult in many states.

Findings related to the Unemployment Insurance program are:

- The rapid increase in claims volume caused by the recession (weekly initial claims more than tripled between July 2008 and January 2009) posed a number of difficulties for state UI agencies. But states successfully increased the volume of benefit payments to the unemployed and provided other services. For example, annual benefit payments in the regular state UI program increased from \$32 billion in 2007 to \$78 billion in 2009, or by 143 percent.
- The payment of long-term benefits was a major element of income support provided by UI following enactment of the Recovery Act. In fact, during 2010 and 2011, total long-term benefits exceeded regular state UI program benefit payments for the first time in the history of UI.
- State UI agencies responded to the record-high claims volume with a number of innovative administrative adaptations. Major staffing adjustments were required, including hiring new (mostly temporary) employees, rehiring retirees, transferring staff from other areas, and increasing work hours. Administrative capacity also was increased by adding call centers and phone lines. And states added new technologies and tools, and improved business processes, to increase self-service over the internet and promote program efficiencies. The report captures many examples of these adjustments, improvements and sustainable technology upgrades.

- States faced significant challenges with old (average age is 25 years old) and inflexible information technology (IT) systems, and also communicating the complicated law changes to claimants, many of whom were confused and frustrated, which added to call volumes in the call centers.
- Several areas of administrative performance suffered, which is typical during recessions, most notably in the appeals and nonmonetary determination functions. In most states, however, payment timeliness held up relatively well during and after the recession.
- Many features of the UI legislation posed administrative difficulties. Just two examples:
 - Ten separate pieces of Federal legislation affected UI benefits between June 2008 and February 2012, and three times there were lapses before new legislation was enacted, requiring states to halt intake. States had to restart benefit payments, and this posed administrative problems and had negative impacts on customer experiences.
 - A \$25 supplemental weekly payment, called Federal Additional Compensation, required many states to devise new procedures and caused significant difficulties for reprogramming state IT systems.

4. Inquiries. To view an abstract of this publication, as well as to download the full report as a PDF, visit the ETA Research Publication Database Web site at: <http://wdr.doleta.gov/research/keyword.cfm>.