Upjohn Institute Press

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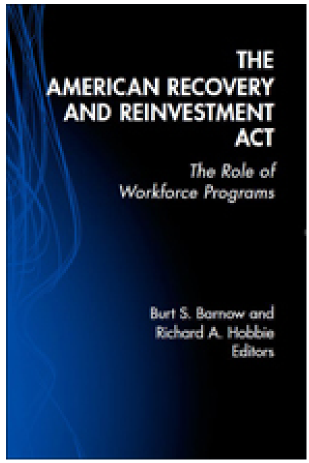

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Chapter 2 (pp. 21-34) in:
The American Recovery and Reinvestment Act: The Role of Workforce Programs
Burt S. Barnow and Richard A. Hobbie, eds.
Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 2013

2
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This chapter examines the general approach that states and local workforce agencies took in planning and initiating workforce investment activities with Recovery Act funding. As will be discussed in the chapter, states and localities were strongly encouraged by the USDOL to begin spending Recovery Act funding quickly after they were notified of their allocation—and to make certain that expenditures adhered to Recovery Act requirements and provided long-term benefits to worker and employer customers of the public workforce system (i.e., through the WIA, Wagner-Peyser/ES, and TAA programs). The chapter describes early planning and start-up of Recovery Act–funded activities, organizational and staffing responses to the availability of Recovery Act funding, training approaches and technical assistance activities involved in initiating Recovery Act–funded employment and training activities, early patterns of states' expenditures of Recovery Act funds, and changes made while the Recovery Act funds were being spent.

EARLY PLANNING AND START-UP

All state and local workforce agencies mentioned that the time they had to plan and initiate Recovery Act–funded activities, from the time the president signed the Recovery Act into law in February 2009 until they first began spending Recovery Act resources on employment and training services (as early as April 2009), was very short. States had to move quickly to begin spending Recovery Act funding within a matter of weeks after being notified of their Recovery Act funding allocation in March 2009. There was strong pressure on states and local workforce agencies to spend Recovery Act funding rapidly (if possible, front-loading expenditures into the first year of the two years available) and, at the same time, to spend the resources wisely. In particular, states and local areas indicated that they were under intense pressure to plan and implement WIA Summer Youth Programs, which in many localities either had not been operational or served small numbers of youth because of a lack of program funding. These programs had to ramp up and be fully operational (and capable of serving thousands of youth in some urban areas) within a few months (by no later than June 2009). For many states and localities, this meant recruiting large numbers of organizations (government agencies, nonprofit organizations, and for-profit firms) willing to hire youth temporarily for the summer, as well as reaching out to youth and certifying their eligibility to participate in the programs. As is discussed later, when asked about their greatest early accomplishments with Recovery Act funding, many state and local officials pointed to their rapid start-up of the WIA Summer Youth Program and their ability to place hundreds or thousands of youth in summer jobs so quickly.

While states and local workforce agencies were pushing quickly to initiate or expand their WIA Summer Youth Programs, they were also digesting the rules and regulations for spending Recovery Act funds in other programs (e.g., the WIA Adult and Dislocated Worker programs, the Wagner-Peyser Employment Service Program, Reemployment Services [for UI claimants], Trade Adjustment Assistance, and the UI Program). For example, workforce programs were exploring ways to do five things: 1) increase the number of customers receiving training, 2) offer new and innovative training options in high-demand occupations, 3) expand services available to unemployed and underemployed customers, 4) respond to a surging volume of customers in One-Stop centers, and 5) improve data systems to track Recovery Act expenditures and produce better reports on program results. Table 2.1 provides several accounts from states of their quick responses to the sudden availability of Recovery Act funding. However, as noted later, some states expressed concern that in a few instances guidance from the ETA was slower than they would have liked.

One reason states were able to respond quickly is that they had heard that Recovery Act funding might become available in early 2009, and governors and state workforce agency staff proactively began planning how to react if funding did become available. Second, as soon as the legislation was enacted, state workforce agencies immediately identified agencies and staff (generally, existing administrators) to be involved in planning the state's response, and they formed steering committees to help with planning and overseeing Recovery Act implementation. As discussed later in this chapter, states also relied upon and sought out training and technical assistance provided by the ETA national and regional offices, as well as guidance provided by national workforce associations.

State and local workforce agencies felt a great deal of pressure to plan carefully their responses to the Recovery Act. The pressure built for three reasons. The first stemmed from the magnitude of the Recovery Act funding received. For example, WIA Adult and Dislocated Worker funding under the Recovery Act often nearly matched the formula funds that agencies received for an entire year. Adding to the pressure was a second reason—the agencies' awareness of the scrutiny that this funding was likely to receive. And third, the speed with which Recovery Act funding was to be spent meant that the agencies felt pressure to hit the ground running, despite the need for careful planning.

ORGANIZATIONAL AND STAFFING RESPONSE

All of the visited states indicated that they worked within their existing organizational structure to plan and implement Recovery Act activities. As noted above, states did not have the time to develop new or elaborate organizational structures in response to Recovery Act funding. And because Recovery Act funding was temporary, states were reluctant to change their organizational structures, add new units or permanent staff, or build new infrastructure (except for modernizing information systems), all of which would have required funding when Recovery Act support was no longer available. In addition, states already had the substantive experience within existing organizational units and programs to plan and implement Recovery Act–funded employment

Table 2.1 Examples of Start-Up and Planning Efforts Undertaken by States in Response to Recovery Act Funding

State	Overview of state start-up and planning response
Arizona	Arizona began planning for Recovery Act funds before the signing of the law. Arizona Department of Economic Security (DES) officials maintain good relationships with USDOL officials at the national and regional levels. In addition, the then-head of Arizona's Employment Administration served on a number of advisory committees and was active in NASWA. These connections helped the state to stay on top of Recovery Act legislation and to begin planning in advance. Officials noted that since the funding flowed through the governor's office rather than directly to DES, there was some delay in receiving the funds while the governor completed strategic planning processes and prepared a Web site to track the funds. Arizona officials participated in a number of informational and technical assistance forums, including webinars and conference calls. There were statewide meetings with local boards to discuss plan modifications and other requirements.
Colorado	The start-up time was very short for the state with regard to learning about and beginning to spend Recovery Act funds. The agency learned about funding under the Recovery Act in TEGL 1-08 (issued by USDOL in late February 2009). Recovery Act WIA and W-P funds were allocated and made available to the workforce regions within the state on March 6, 2009, and, with the exception of RES funds, were targeted for total expenditure by June 30, 2010. Recovery Act–funded Summer Youth Employment Programs were launched between May 1 and July 1, with 70 percent of WIA Youth funds targeted for use by September 30, 2009. Local workforce areas were encouraged to spend their youth funds during the first summer in which Recovery Act funds were available.
Florida	As soon as discussion began about the federal stimulus effort, Florida officials knew that the key was to move quickly and to get the local WIBs involved. The day following receipt of the funds from USDOL in March 2009, the funds were distributed to the local WIBs. State staff also attended many meetings in Washington, with NASWA and with the USDOL, and communicated everything they learned to the local WIBs. The state agency held regional meetings with the local WIBs, quickly set up a Web site and posted Q&As on the site, and set up a separate Web site for the "Florida Back to Work" program. They established several teams (e.g., for RES, Summer Youth, Workforce Florida, and agency and regional workforce boards) to make sure the information got out and to convey the urgency to spend funds wisely. Through conference calls and lots of communication, the local WIBs knew everything the state knew. Out of this process, the state developed extensive plans, program guidance, and training. State officials had an experienced workforce investment system that was prepared to deliver services, and they had no need for additional training. They pushed the local WIBs to

	spend as much money in the first year as possible and required all local WIBs to submit their plans for implementing the Recovery Act by late August. They also required all local WIBs to submit a plan modification for the Recovery Act, just as the USDOL required of the state. The state distributed funds in March 2009.
Louisiana	State officials heard about the Recovery Act as soon as the president signed the bill. Within a few days, state officials were informed of their funding amounts by USDOL regional office (RO) officials. These regional officials inquired about Louisiana's plan, and the state officials started planning immediately, before the funds were in fact awarded. Similarly, the state officials initiated conversations with the local WIBs in order to get their planning started. The state in turn provided some training to the LWIBs; this consisted of one major meeting and weekly conference calls, principally focused on the WIA Summer Youth Program. For example, state staff helped one LWIB develop its recruitment approach.
Wisconsin	The start-up time was very short for the state with regard to learning about and beginning to spend Recovery Act funds. The timeline was as follows: 2/09—The Recovery Act passes. 3/09—The USDOL informs states about funding, rules, and regulations for the Recovery Act. 4/09—Wisconsin plans for and begins to expend Recovery Act funds. 6/09—The state makes substantial expenditures of Recovery Act funds on the WIA Summer Youth Program. Prior to the Recovery Act enactment, the governor pulled together his cabinet to initiate planning for activities and rapid start-up (and expenditure) of stimulus funds; a statewide committee was also formed, the Office of Recovery and Reinvestment (ORR), which met beginning in December 2008 to plan Recovery Act activities and spending so the state could hit the ground running. Two state staff persons were assigned to work full-time to help plan and coordinate Recovery Act activities. The Department of Workforce Development established a cross-divisional steering committee with various internal work groups, which planned activities and aimed at both maximizing funding and getting funds out the door as quickly as possible.

SOURCE: Table is based on site visits conducted in states between December 2009 and June 2010.

and training activities. A further impetus to maintaining organizational structure was that the Recovery Act did not create any new programs, so funding flowed directly to existing programs.

Despite making no discernible changes to the organizational structures of their workforce systems, all states—and to varying degrees local workforce agencies—used Recovery Act funding to add new staff to respond to the legislation's mandate to provide additional or enhanced services (e.g., expansion or creation of Reemployment Services) or to meet the rapidly rising tide of newly unemployed and underemployed workers flooding One-Stop Career Centers. Because Recovery Act funding was temporary in nature, the main staffing strategy implemented by states and local agencies was to bring on temporary staff to fill new positions. Hiring occurred at both the state and local levels. For example, states distributed much of the WIA Recovery Act funds by formula to local workforce investment areas, where hiring did occur—much of it by LWIBs or contractors (e.g., to staff resource rooms in One-Stops or to provide intensive/training services). The number of staff hired at the local level—particularly those hired by contractors—could generally not be estimated by state workforce agencies. Some hiring of new, usually temporary, staff also occurred at the state level. Often this staff was hired to augment state staff involved in administering Wagner-Peyser/ES activities, Reemployment Services, and Trade Adjustment Assistance (TAA). Much of these temporary, Recovery Act–funded state Wagner-Peyser/TAA staff operated out of One-Stop Career Centers, providing direct customer services—staffing resource rooms, conducting a wide variety of workshops (e.g., orientations, job readiness workshops, RES sessions, job clubs, etc.), and providing staff-assisted (case-managed) services.

Several state and local workforce agencies indicated they experienced some difficulties or delays in bringing on new staff (even temporary staff hired with federal funding) because of state or local hiring freezes, which sometimes occurred despite ETA requests to exempt from hiring freezes the positions funded with federal Recovery Act dollars.

Also, in some states, as hiring was occurring using Recovery Act funding, regular staff may have been experiencing furloughs or layoffs. State and local workforce officials were in agreement that given the very sizable increase in the volume of One-Stop customers, the availability and use of Recovery Act funding to hire additional staff to meet escalating demand for services at all levels (i.e., unassisted, staff-assisted, intensive, and training services) was critical. In some local areas, workforce agencies indicated they needed even more staff than Recovery Act funding would permit to meet the surging number of customers. Additionally, some state and local workforce agencies indicated that mandates to spend WIA Recovery Act funding primarily on training limited their flexibility to add staff to work in the resource room and provide assessment and other intensive services required before individuals could enter training. Table 2.2 provides estimates (at the time when site visits occurred) of staff added by the states with Recovery Act funding. Table 2.3 provides detail to illustrate the approaches that states and local agencies took toward staffing with added Recovery Act resources.

TECHNICAL ASSISTANCE AND TRAINING IN RESPONSE TO THE RECOVERY ACT

With states and local workforce agencies under tight time constraints and intense pressure to plan responses and begin spending Recovery Act funds, they sought help in understanding Recovery Act requirements and in planning Recovery Act–funded activities from a variety of sources. In particular, states looked to the ETA—both its national and its regional offices—for guidance and technical assistance. In planning for Recovery Act implementation, states carefully reviewed the ETA's Training and Employment Guidance Letters (TEGLs) and Training and Employment Information Notices (TEINs, now called Training and Employment Notices, or TENs) as they were released. States also participated in a series of ETA-sponsored webinars that provided technical assistance on the Recovery Act guidelines (e.g., they were tied to the issuance of a TEGL). Of particular interest early on were the guidance and technical assistance provided on implementation of the Recovery Act–funded Summer Youth Employment Program. Some states reported that it was difficult to get clear guidance on countable activities as well as guidance on how to assign customers and activities to Recovery Act or formula funding.

Table 2.2 Estimates of State-Level Hiring with Recovery Act Funds

State	Estimates of state full-time-equivalent staff added because of the Recovery Act (including WIA-Adult, WIA-DW, WIA-Youth, and W-P)
Arizona	ES/RES temporary and seasonal staff positions peaked at 160 under ARRA; 60 permanent positions have been retained.
Colorado	1 FTE (full-time green jobs coordinator).
Florida	9 FTE (full time/temporary).
Illinois	53 FTE—RES/ES (full-time/intermittent/temporary).
Louisiana	11 FTE (for Youth, RES, WIA) + 60 FTE (RES for Career Centers), all temporary. (Note: state hiring freeze includes federally funded positions.)
Maine	1.5 for coordination, leadership; 18 FTE (RES).
Michigan	2 FTE (full-time green jobs specialist and Summer Youth coordinator).
Montana	23 FTE—W-P/ES.
Nebraska	10 WIA; 32 ES/RES—permanent FTE.
Nevada	RES 16.5 and 10 unknown; WIA staffing 21.5—no breakdown by program available.
New York	194 FTE (new staff for RES and rapid response activities).
North Carolina	Employment Security Commission (ESC) hired about 450 temporary FTEs for UI and ES activities; there were 2–3 permanent hires for its labor market information (LMI) office.
North Dakota	Added temporary staff: 5 RES, 8.7 ES, and 4.6 WIA staff.
Ohio	W-P—300–400 temporary.
Pennsylvania	153 FTE (permanent hires in state's planning, monitoring, fiscal, rapid-response, grants, and performance-management units). 50 FTE (permanent hires for RES using UI Recovery Act funds).

Rhode Island	30–35 temporary staff (10 W-P, 2 WIA, ~6 RES, + TANF).
Texas	Added 325 ES staff.
Virginia	18 FTE (state-level ES/UI temporary, some rehires may be made permanent); 75–80 FTE (local ES/UI).
Washington	36 FTEs were hired, primarily for reemployment services and business services activities.
Wisconsin	50 FTE (W-P/RES; temporary) and 21 FTE (TAA).

NOTE: In Colorado and Michigan, the hiring of ES staff was at the local level. The figures in the table are estimates provided during interviews and may not be precise.

SOURCE: Table is based on site visits conducted in states between December 2009 and August 2010.

Table 2.3 Examples of State Approaches to Hiring with Recovery Act Funds

State	State approaches to staffing using Recovery Act funding
Arizona	Before the Recovery Act, Arizona had adequate workforce development funds. State-level budget issues, however, restricted hiring, and the Department of Economic Security (DES) was not able to fill many permanent positions, particularly in the ES. The department was able to get UI positions exempted in order to handle the increased claims, but it had to request critical needs waivers from the state's Department of Administration to spend Recovery Act funds on other staffing. The waiver process added about one month to the hiring process. The DES was able to fill 20 seasonal ES positions that had been vacant. The department also added 25 temporary RES staff members for the reemployment centers; these workers were funded by formula ES funds when the Recovery Act expired. In addition, the department added seven trade counselors to the staff of five in order to handle the expected 35 percent increase in TAA activities. In all, the DES increased its staff by approximately 25 percent. The WIA program still had vacancies to fill but has not yet received a hiring freeze waiver.
Colorado	The state workforce agency did not add staff for Recovery Act planning and implementation; rather, the state used existing state staff members (who were required to work overtime in some cases). The one exception was that the state hired a green jobs coordinator with Recovery Act funds to oversee the many green jobs initiatives in the state. Staff members were overloaded at the state office for a while through planning and early implementation of the Recovery Act. Existing staff members charged part of their time to Recovery Act administrative funding, allowing more non–Recovery Act funding to be released to workforce centers. The state had several other new grants to absorb some additional staff costs. Most staff members with additional work demands were exempt from required overtime pay. Limited overtime was granted to nonexempt staff. The state (and some local areas) were involved in implementing the Recovery Act, but at the same time the state was cautious about making new hires and was furloughing workers. Recovery Act funding was dispensed to local workforce areas in the form of staffing grants. Local areas were encouraged to hire additional temporary staff to meet increased demand for services in the One-Stop centers.

Illinois	At the state level, the Department of Commerce and Economic Opportunity added one new staff member to coordinate state-level planning for and disbursement of WIA discretionary funds. LWIBs made staffing decisions, though they were encouraged not to increase permanent hires given the one-time nature of the funds. In the Illinois Department of Employment Security, 52 additional staff members were hired to help administer and carry out Reemployment Services. These staff members were hired in an "intermittent" category—a job classification that limits hours to 1,500 under an initial contract, with the possibility to move into a permanent position. Intermittent employees also can be rehired in a subsequent year for another 1,500 hours. RES hires were cross-trained to be able to provide ES services. No new ES, UI, or TAA staff members were hired.
Louisiana	The state was able to use some of the Recovery Act funds to hire additional staff members back who had been let go because of FY 2008 WIA budget rescissions. The state used Recovery Act funds to hire 11 staff members (for Youth Services, RES, and WIA programs). In addition, the state hired 60 new temporary staff members with Recovery Act funds to handle RES in the career centers. The governor instituted a freeze in hiring. Because of the previous year's reductions in WIA and W-P funds, Recovery Act funding permitted officials to postpone further reductions in staff or program funding.
Ohio	Most WIA Recovery Act funds were distributed by formula to local workforce areas. Local areas were encouraged to use funding to support training rather than building infrastructure or hiring new staff. Many local areas faced hiring freezes that limited their ability to hire new staff. The Recovery Act's Wagner-Peyser funding was used to hire 100 intermittent (temporary) ES/Wagner-Peyser staff members, who were deployed throughout the state at One-Stops to handle the increased volume of customers and to conduct Reemployment Services orientations. Some additional temporary staff members were hired by local areas to administer and staff the Summer Youth Program.
Wisconsin	Approximately 50 new full-time workers were hired for the state's Wagner-Peyser program to provide RES. A total of 21 new state ES workers were hired to provide TAA case management services. The state's approach to meeting staffing needs with Recovery Act funding was to hire temporary full-time staff and authorize overtime (especially for UI). The main challenge with regard to staffing was to get new staff members trained to perform on the job. After exhausting Recovery Act funding, the state expected few layoffs within the Department of Workforce Development. Finally, the state imposed furloughs for all state staff—eight days a year, which amounted to about a 3 percent annual work and pay cut.

SOURCE: Table is based on site visits conducted in states between December 2009 and August 2010.

Several state agency officials noted that ETA guidance related to reporting came out late in some instances, but they understood that the USDOL had very little time to produce this guidance given the short time frame between when the Recovery Act was enacted and when states and localities were to begin spending Recovery Act funding. State agencies also indicated that the guidance provided in TEGLs, TENs, "Questions and Answers" postings, and webinars was helpful. In addition, the ETA regional office staff was available (both in person and by telephone) to answer questions and provide additional guidance, and state workforce agencies, to varying degrees, relied upon these offices for help. State workforce agencies indicated that they had received useful guidance from national workforce associations (including the National Governors Association and NASWA) and, in some instances, from talking with other state workforce agencies. Overall, most states—particularly in light of the tight time constraints that the ETA (as well as the states) faced—believed that the provided training and technical assistance were useful for implementing the Recovery Act requirements. Nevertheless, some states mentioned technical assistance as one of the overall challenges in implementing the Recovery Act. Some states indicated they would have appreciated more timely guidance on fiscal reporting requirements.

Once state workforce agencies had received ETA guidance and attended training workshops, they provided guidance to local workforce areas. State workforce agencies passed along ETA guidance (e.g., TEGLs and TENs) and made certain that local workforce agencies were aware of their existence and content. States also generally conducted webinars of their own for local workforce agencies, and they issued state policy guidance letters to local workforce areas on fiscal reporting, the WIA Summer Youth Employment Program, and other related Recovery Act issues of importance. States also conducted technical assistance sessions with the One-Stop directors and operations managers, financial managers, and management information system (MIS) coordinators, as well as the youth program coordinators. Finally, like the ETA, state workforce agency officials were available at any time for technical assistance.

PLANS FOR SPENDING RECOVERY ACT FUNDS AND EARLY EXPENDITURES OF THOSE FUNDS

During site visits, states discussed their plans for spending Recovery Act funds and provided assessments of expenditure patterns. As noted previously, the initial site visits were spread over a fairly long time span—December 2009 through July 2010—which was relatively early in the Recovery Act period. Almost one-half of the states interviewed, nine of 20 states, experienced some delay in spending Recovery Act funds. Delays resulted from a variety of factors, including hiring freezes put in place at the state level (as in Arizona) or at the local level (as in Colorado), delays by the legislature in approving spending of Recovery Act funds (as in Illinois and Montana), civil-service hiring processes (as in Colorado, Illinois, and North Dakota), and changes in ETA implementation of waiver authority, which states had previously used to transfer funds from the WIA Dislocated Worker Program to the WIA Adult Program (as in Colorado and Florida).[1] During the site visits, state and local agencies were generally optimistic about their ability to spend the Recovery Act funds rapidly once they overcame the barriers mentioned above. In tracking spending of the Recovery Act funds, the Department of Labor found that 18 of the 20 states in the research sample were projected to achieve federal outlays of 70 percent or more of their WIA Adult funds by September 30, 2010, and that 14 of the states were projected to have outlays of 70 percent or more of their Dislocated Worker funds by September 30, 2010.

Note

1. ETA staff indicated that waivers to transfer WIA funds from the Dislocated Worker Program to the Adult Program were subject to greater scrutiny because of congressional intent for the funds, the severe economic climate, and the large increase in dislocated workers.

The American Recovery and Reinvestment Act

The Role of Workforce Programs

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Editors

2013

W.E. Upjohn Institute for Employment Research
Kalamazoo, Michigan

Library of Congress Cataloging-in-Publication Data

The American Recovery and Reinvestment Act : the role of workforce programs / Burt S. Barnow, Richard A. Hobbie, editors.
pages cm
Includes bibliographical references and index.
ISBN 978-0-88099-471-2 (pbk. : alk. paper) — ISBN 0-88099-471-1 (pbk. : alk. paper) — ISBN 978-0-88099-473-6 (hardcover : alk. paper) — ISBN 0-88099-473-8 (hardcover : alk. paper)
1. Manpower policy—United States. 2. Labor policy—United States. 3. United States—Economic policy—2009- 4. Economic development projects—United States. 5. Economic stabilization—United States. 6. Recessions—United States. 7. United States. American Recovery and Reinvestment Act of 2009. I. Barnow, Burt S. II. Hobbie, Richard, 1945-
HD5724.A58145 2013
331.12'0420973—dc23
2013041953

W.E. Upjohn Institute for Employment Research
300 S. Westnedge Avenue
Kalamazoo, Michigan 49007-4686

Cover design by Alcorn Publication Design.
Index prepared by Diane Worden.
Printed in the United States of America.
Printed on recycled paper.