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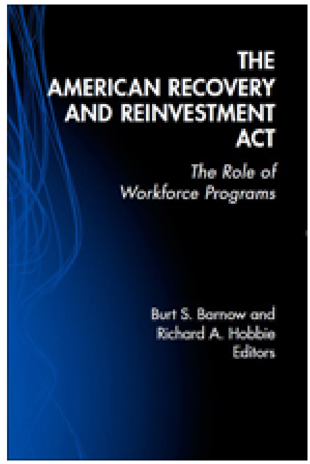
Background, Purpose, and Methodology



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BACKGROUND AND PURPOSE

The American Recovery and Reinvestment Act of 2009 (Recovery Act, or ARRA) was a response to the Great Recession, which began in December 2007. The legislation, signed into law in early 2009, was an economic stimulus measure designed to "save and create jobs immediately" (whitehouse.gov 2009).[1] Other objectives were to provide aid to individuals affected by the recession and to invest in improving schools, updating infrastructure, modernizing health care, and promoting clean energy. State workforce agencies faced important and serious policy challenges in response to the severe economic recession, and while the provisions in the Recovery Act offered opportunities for relief, implementing some of the programmatic provisions presented challenges to states and local areas in expanding eligibility and services, adding staff to meet the increased demands, and making appropriate program modifications expeditiously and efficaciously. Additionally, before the Recovery Act was enacted, governors and state workforce agencies began taking actions to adjust their Unemployment Insurance (UI) systems to meet economic needs.

This book is intended to provide useful information about the nature of the workforce development and UI policy decisions made nationwide in response to the recession, state and local administrators' perspectives on the policy developments and economic challenges, and implementation of key Recovery Act provisions.[2] The majority of the book's chapters, as well as Appendix A, focus on workforce development initiatives in the Recovery Act, and Chapter 8 focuses on the Recovery Act's UI provisions.

At the time of its passage in February 2009, the cost of the Recovery Act was estimated by the Congressional Budget Office (CBO) to be $787 billion over the period 2009–2019, through a combination of tax and spending provisions. By February 2012, the CBO had revised the estimate to $831 billion. That month, it reported that "close to half of that impact occurred in fiscal year 2010, and more than 90 percent . . . was realized by the end of December 2011" (CBO 2012). Table 1.1 is a list of agencies receiving the majority of the Recovery Act funding. Only two agencies received more funding than the United States Department of Labor (USDOL). The Employment and Training Administration (ETA) at the Department of Labor was the primary recipient of the USDOL funds.

Table 1.2 summarizes the formula allocations for the major USDOL workforce development programs in Program Year 2009 (July 1, 2009, through June 30, 2010), and the additional funds provided for these programs through the Recovery Act.[3] States had two years—through June 30, 2011—to spend the Recovery Act allocations. Among these programs, the Workforce Investment Act (WIA) Dislocated Worker Program received the largest increase in funding through the Recovery Act, both in relative and absolute terms, with over $1 billion in additional funding. The unrestricted Wagner-Peyser Act (W-P) funds were

Table 1.1 Agencies with the Most Recovery Act Funds ($ billions)

Agency	Amount
1. Department of Health and Human Services	122.9
2. Department of Education	90.9
3. Department of Labor	66.0
4. Department of Agriculture	39.4
5. Department of Transportation	36.3
6. Department of Energy	26.8
7. Department of the Treasury	18.9
8. Social Security Administration	13.8
9. Department of Housing and Urban Development	12.7
10. Environmental Protection Agency	6.8
Total	434.7

NOTE: Categories do not sum correctly because of rounding.
SOURCE: http://www.Recovery.gov, updated 07/27/2012.

Table 1.2 Summary of Baseline and Recovery Act Allocations for Adult Workforce Programs ($ millions)

Program and time period	Allocation
WIA Adult	
PY 2009	859.4
Recovery Act	493.8
Total	1,353.1
WIA Dislocated Worker	
PY 2009	1,183.8
Recovery Act	1,237.5
Total	2,421.3
Wagner-Peyser (unrestricted)	
PY 2009	701.9
Recovery Act	148.1
Total	850.0
Wagner-Peyser Reemployment Services	
PY 2009	0.0
Recovery Act	246.9
Total	246.9
Total, WIA and Wagner-Peyser	
PY 2009	2,745.1
Recovery Act	2,126.3
Grand total	4,871.4

NOTE: States had two years (from July 1, 2009, through June 30, 2011) to spend Recovery Act allocations.
SOURCE: USDOL (2013b).

increased by the smallest amount, $148 million, but an additional $247 million in Recovery Act funds were included for Reemployment Services (RES), which had received no funding since 2005.

By far, the UI provisions of the Recovery Act account for most of the Department of Labor's Recovery Act stimulus expenditures. The Recovery Act included several major UI program tax and spending provisions, which at the time of passage were estimated to result in federal outlays totaling approximately $45 billion over 10 years, with most outlays occurring in fiscal years 2009 and 2010 (see Table 1.3). Note that the estimates in this table were made in the early months of 2009, well before the depth and duration of the Great Recession were widely

Table 1.3 Estimated Budget Effects of the UI Provisions of the Recovery Act

Recovery Act provision	Explanation of provision	Estimated budget effects, FY 2009–2019 ($ billions)
Interest-free loans	Temporarily waived interest payments and the accrual of interest on federal loans to states through December 31, 2010.	1.1
Administrative funding	Transferred $500 million to the states for administration of their unemployment programs and staff-assisted reemployment services for claimants.	2.6
UI modernization	Provided up to a total of $7 billion as incentive payments for states to “modernize” state UC benefit provisions. Payments were available through September 30, 2011, and states could use them for UI benefits or UI or ES administration.	
Benefit extensions	Extended the Emergency Unemployment Compensation program for new claims from March 31, 2009, to December 31, 2009 (subsequently extended through the end of 2012). Provided 100% federal financing of the Extended Benefits (EB) program for weeks of unemployment beginning before January 1, 2010 (subsequently extended through the end of 2012).	27.0
Benefit increase	Provided a temporary $25 per week supplemental unemployment benefit, known as the Federal Additional Compensation (FAC) program, for weeks of unemployment ending before January 1, 2010 (subsequently extended through beginning of June 2010); prohibited states from reducing average weekly benefit amount for regular compensation below level of December 31, 2008.	8.8
Suspension of federal income tax	Temporarily suspended federal income tax on the first $2,400 of unemployment benefits (per recipient) received in 2009.	4.7
Total		44.7

NOTE: Figures do not sum to total because of rounding.
SOURCE: U.S. Joint Committee on Taxation (2009); votesmart.org (2009).

understood, and substantially underestimate actual costs. The estimates also do not include later benefit extensions related to the Great Recession. Estimates of all benefit extensions subsequently totaled more than $200 billion for the 2008–2012 time period.

Many other spending provisions in the Recovery Act also relate to workforce investments and were designed to provide investments in areas in great need to improve infrastructure, accelerate the development of a range of energy-efficient "green" sectors, and increase the supply of trained and skilled workers needed in high-growth sectors such as clean energy and health care.

Also, there are three Recovery Act provisions that involve state or local workforce agencies and One-Stop Career Centers but are not the primary focus of this report: 1) use or expansion of tax credits for hiring particular workers such as veterans or disadvantaged youth, 2) WIA Youth programs, and 3) designing or implementing major parts of subsidized employment programs that could be funded with the Temporary Assistance for Needy Families (TANF) Emergency Fund, although Chapter 7 briefly describes some of the states' involvement with the TANF Emergency Fund. The role of the workforce investment system in the TANF-subsidized employment initiative is in addition to the roles states and local workforce agencies may already have for the work program components of TANF (i.e., in many states, the TANF agency contracts with the workforce agency to operate the TANF employment program or parts of it). Other grant programs included in the Recovery Act also fund job training. Most notable are these three: 1) the Trade Adjustment Assistance for Communities Grant Program ($56.25 million, administered by the Department of Commerce), 2) the Community College and Career Training Program ($90 million, administered by the ETA), and 3) the Sector Partnership Grants Program ($90 million, administered by the ETA).

In sum, the Recovery Act provided the workforce system with a large increase in resources to improve its structure, increase capacity, and provide additional economic support and services. ETA stated that spending under the Recovery Act should be guided by four principles, described in Training and Employment Guidance Letter (TEGL) 14-08 (USDOL 2009):

1) Transparency and accountability in the use of Recovery Act funding

2) Timely spending of the funds and implementation of the activities
3) Increasing workforce system capacity and service levels
4) Using data and workforce information to guide strategic planning and service delivery

The purpose of this project is to measure progress and challenges in implementing the workforce and UI provisions of the Recovery Act, to highlight new and promising practices, and to provide guidance to the ETA, the states, and local workforce investment areas. The ETA received monthly reports from the states on their expenditures and activities, but it did not receive systematic in-depth information about the implementation of the workforce components of the Recovery Act. This project is intended to help fill this gap by providing feedback to the ETA based on document review, on-line surveys, and in-depth field visits to and teleconferences with officials in selected states and sub-state areas.

COMPONENTS OF THE PROJECT

Several approaches were used to monitor Recovery Act implementation. First, the National Association of State Workforce Agencies (NASWA) independently financed and conducted five surveys of all states (many through the Internet), related to their experience with the Recovery Act. NASWA staff analyzed the data from the surveys on workforce and UI programs and produced reports on the findings (NASWA 2010).

The second major component of the project included two rounds of site visits to 20 state workforce development agencies, as well as teleconference discussions with UI officials in the same 20 states. The site visits included meetings not only with state agency officials but also officials of two local areas in each state, and one round of visits was conducted in each year of the project. Because the research plan for the UI portion of the project differed in approach and timing, it was decided that the UI provisions of the Recovery Act would be best studied centrally, and so teleconference interviews instead of site visits were held. The site visits and teleconference interviews were conducted by researchers from the Trachtenberg School of Public Policy and Public Administration at George Washington University, Capital Research Corporation, the Ray Marshall Center at the University of Texas, the Urban Institute, and NASWA.[4] During the site visits and teleconference interviews, researchers probed in-depth into topics such as how states used stimulus funds, how spending and policy decisions were made, and challenges and accomplishments of the Recovery Act activities. Note that although the WIA Youth Program was an important component of the stimulus program, this report does not cover the WIA Youth Program to a substantial degree because the ETA had another research organization document its Recovery Act experience.

DESCRIPTION OF THE 20-STATE SURVEY

This section describes how the 20 states were selected, lists the 20 states, and shows how the states in the sample vary on key characteristics. States for the site visits and UI teleconference interviews were chosen from the 50 states and the District of Columbia. The states were selected purposively, to create a sample balanced on several key attributes. To expedite the site visits, three of the 20 states, New York, Texas, and Wisconsin, were visited first; their good working relationship with NASWA allowed for quick traveling arrangements to obtain feedback on the survey instrument. The 20 states were selected to achieve the desired distribution based on the following characteristics:

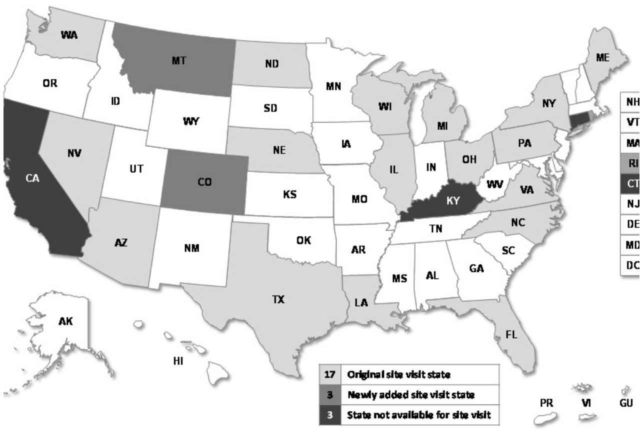
- **Population.** It was decided to emphasize more populous states so that a larger proportion of the total U.S. population would be covered by the site visits. The sample included 12 of the 17 most populous states, four of the next most populous 17 states, and four of the least populous states.
- **Co-Location of Employment Service offices.** The presence of the Employment Service (ES) in One-Stop Career Centers varies significantly among states. Because some Recovery Act activities might take different forms when the ES is more isolated from the One-Stop system, a mix of relationships between

the ES and One-Stops was obtained. We used the taxonomy developed by the Government Accountability Office to classify these relationships and selected states roughly in proportion to their prevalence (USGAO 2007).

- **Total unemployment rate.** States with relatively high unemployment rates are of more interest, so a disproportionate share of states with high rates of unemployment were selected. The sample of 20 includes nine states in the upper third in terms of the unemployment rate, seven in the middle third, and four in the bottom third, based on the unemployment rate at the time of state selection.
- **Reserve ratio multiple (RRM).** The RRM is a measure of UI trust fund solvency, with a higher multiple indicating a greater ability to avoid borrowing during a severe economic downturn.[5] We wanted to oversample states with insolvency problems to better observe how states under stress dealt with the UI reforms and other Recovery Act provisions. States were arrayed according to their RRM, and we selected five states from the upper third, six states from the middle third, and nine states from the bottom third.
- **Region.** We wanted to achieve rough geographic balance among the four broad census regions. The sample included four states from the Northeast, six from the Midwest, six from the South, and four from the West.
- **UI recipiency rate.** This variable measures the proportion of the unemployed that are receiving UI. We wanted to achieve a balanced sample on this variable. The sample included seven states in the upper third, seven states in the middle third, and six states in the bottom third.

Overall, the sample of states selected appears to do a good job of meeting the criteria we identified. Figure 1.1 shows a map of the 20 selected states. Three of the originally selected states declined to participate—California, Connecticut, and Kentucky. They were replaced with Colorado, Montana, and Rhode Island. Adding Montana provided a second single-WIB state (in addition to North Dakota). Colorado added a second state (in addition to Michigan) that was permitted to

Figure 1.1 Map of States Selected for Recovery Act Study



provide Wagner-Peyser services through local merit staff rather than through state merit staff employees. Table 1.4 contains a listing of the codes used to categorize states by key characteristics and the number of sample states in each category. Table 1.5 shows the states selected (shaded) and the other states, and includes data on their characteristics. When the interim report was prepared, 19 state site visits had been completed, but four of the states (Rhode Island, North Carolina, Maine, and Nebraska) had been visited too recently for their findings to be reflected in the report. This later report, here published in book form, reflects findings from both rounds of site visits to all 20 states, as well as the UI teleconference interviews, which were conducted after the interim report was prepared.

As mentioned, for each state in the sample, visits to workforce development programs were conducted at the state level and at two local sites.[6] Local sites were selected to provide variation in the types of areas visited and, to a lesser extent, geographic convenience. Meetings

Table 1.4 Listing for the Coding of States According to Key Characteristics, and Distribution of 20 Visited States

Region		Number
1	Northeast	4
2	Midwest	6
3	South	6
4	West	4
Population		
1	High third (from TN at 6,214,888 to CA at 36,756,666)	12
2	Middle third (from UT at 2,736,424 to MO at 5,911,605)	4
3	Low third (from WY at 532,668 to NV at 2,600,167)	4
ES/One-Stop relationship (USGAO 2007)		
1	Category A	3
2	Category B	3
3	Category C	1
4	Category D	13
Total unemployment rate (at the time of site selection)		
1	High third (from WA at 9.3% to MI at 15.2%) (9)	9
2	Middle third (from TX at 7.5% to MO at 9.3%) (7)	7
3	Low third (from ND at 4.2% to MD at 7.3%) (4)	4
Reserve ratio multiple		
1	High third (from VT at 0.71 to NM at 1.60)	5
2	Middle third (from TN at 0.30 to IA at 0.68)	6
3	Low third (from MI at −0.02 to MA at 0.28)	9
UI recipiency rate		
1	High third (from HI at 0.359 to CT at 0.553)	7
2	Middle third (from NE at 0.278 to MN at 0.358)	7
3	Low third (from SD at 0.153 to SC at 0.277)	6

SOURCE: Authors of the NASWA (2013) study.

were held at the state and local levels with key officials responsible for workforce programs affected by the Recovery Act—WIA Adult, WIA Dislocated Worker, Wagner-Peyser funded activities, Trade Adjustment Assistance, and the agency responsible for Reemployment Services. Each state and local site visit required approximately one day, for a total of three days per state in each round. The site visits were conducted using semistructured guides for the state and local levels. The guides

Table 1.5 Characteristics of Selected and Unselected States

State	Region	Population size	ES/One-Stop relationship	Unemploy-ment rate	Reserve ratio multiple	UI recipiency rate
Connecticut	1	2	1	2	3	1
Maine	1	3	4	2	1	2
Massachusetts	1	1	4	2	3	1
New Hampshire	1	3	4	3	2	3
New Jersey	1	1	4	2	3	1
New York	1	1	4	2	3	2
Pennsylvania	1	1	4	2	3	1
Rhode Island	1	3	4	1	3	1
Vermont	1	3	4	3	1	1
Illinois	2	1	2	1	2	2
Indiana	2	1	4	1	3	2
Iowa	2	2	1	3	2	1
Kansas	2	2	3	3	1	2
Michigan	2	1	4	1	3	1
Minnesota	2	2	4	2	2	2
Missouri	2	2	4	2	3	2
Nebraska	2	3	4	3	1	2
North Dakota	2	3	4	3	1	2
Ohio	2	1	4	1	3	3
South Dakota	2	3	4	3	3	3
Wisconsin	2	2	4	2	3	1
Alaska	4	3	4	2	1	1
California	4	1	2	1	3	1
Hawaii	4	3	1	3	1	1
Oregon	4	2	4	1	1	1
Washington	4	1	4	1	1	1
Alabama	3	2	4	1	2	2
Arkansas	3	2	2	3	3	2
Delaware	3	3	2	2	2	1
District of Columbia	3	3	4	1	1	2
Florida	3	1	4	1	2	3
Georgia	3	1	4	1	2	3
Kentucky	3	2	1	1	3	2
Louisiana	3	2	4	3	1	3
Maryland	3	2	4	3	2	3
Mississippi	3	2	4	2	1	3

(continued)

Table 1.5 (continued)

State	Region	Population size	ES/One-Stop relationship	Unemploy-ment rate	Reserve ratio multiple	UI recipiency rate
North Carolina	3	1	2	1	3	2
Oklahoma	3	2	1	3	1	3
South Carolina	3	2	3	1	3	3
Tennessee	3	1	2	1	2	2
Texas	3	1	4	2	2	3
Virginia	3	1	1	3	2	3
West Virginia	3	3	1	2	2	2
Arizona	4	1	3	2	2	3
Colorado	4	2	4	2	2	3
Idaho	4	3	4	2	2	1
Montana	4	3	1	3	1	2
Nevada	4	3	4	1	2	1
New Mexico	4	3	1	3	1	3
Utah	4	2	4	3	1	3
Wyoming	4	3	4	3	1	3

NOTE: Shaded states are those selected for site visits. See Table 1.4 for codes.
SOURCE: Author's compilation.

were tested in the first three states, Wisconsin, Texas, and New York, and then revised for the later site visits. Prior to each site visit, the site visit team obtained key documents from Internet sites and from the state and local staff.

COMPARISON OF SAMPLE STATES TO THE NATION

The 20 states in our sample can be compared with each other as well as with the country as a whole. In this section, the sample states are compared on the basis of their unemployment situation in recent years prior to the Recovery Act and their funding levels. Table 1.6 shows the seasonally adjusted unemployment rates for the 20 states in the sample and the United States as a whole for May 2008, May 2009, and May 2010. For the nation as a whole, the unemployment rate surged between

Table 1.6 Seasonally Adjusted Unemployment Rates for the United States and Sample States for May 2008, May 2009, and May 2010

State	May 2008	May 2009	May 2010
Arizona	5.2	9.7	10.6
Colorado	4.5	8.4	8.9
Florida	5.7	10.2	11.2
Illinois	6.1	9.9	10.7
Louisiana	4.0	6.8	7.3
Maine	4.9	8.2	8.0
Michigan	7.6	13.6	13.0
Montana	4.3	5.9	6.8
Nebraska	3.2	4.7	4.7
Nevada	6.4	11.3	13.7
New York	5.0	8.3	8.7
North Carolina	5.8	10.5	11.0
North Dakota	3.0	4.2	3.8
Ohio	6.2	10.3	10.1
Pennsylvania	5.0	7.9	8.6
Rhode Island	7.3	10.6	11.7
Texas	4.6	7.4	8.2
Virginia	3.7	7.0	7.0
Washington	5.0	9.4	9.9
Wisconsin	4.4	9.0	8.6
United States	5.4	9.4	9.6

SOURCE: BLS (2013); USDOL (2013a).

May 2008 and May 2009, rising from 5.4 percent to 9.4 percent. In the subsequent 12 months, the national rate increased slightly to 9.6 percent.

Tables 1.7, 1.8, and 1.9 show formula and Recovery Act funding for the WIA Adult, WIA Dislocated Worker, and Wagner-Peyser/RES programs for the 20 site-visit states and the entire country for Program Years (PY) 2008, 2009, and 2010. The tables provide some important context for the general observations that follow:

- Overall formula funding for all three programs was flat for PY 2008, 2009, and 2010. The changes for the 20 sample states in total were small (under 5 percent).

Table 1.7 WIA Adult Formula and Recovery Act Allocations for Sample States, PY 2008, 2009, and 2010

State	PY 2008	PY 2009	Recovery Act	PY 2010
Arizona	14,729,041	13,256,136	7,616,346	15,202,194
Colorado	9,267,816	8,341,034	4,792,362	10,012,034
Florida	26,037,659	33,848,953	19,448,002	43,930,907
Illinois	38,269,186	44,888,169	25,790,612	40,332,578
Louisiana	16,831,051	15,147,944	8,703,290	13,610,616
Maine	3,100,278	3,146,947	1,808,086	3,270,719
Michigan	54,246,181	53,707,324	30,857,680	48,256,699
Montana	2,148,466	2,148,465	1,234,406	2,277,572
Nebraska	2,148,466	2,148,465	1,234,406	2,144,914
Nevada	4,541,567	5,904,037	3,392,179	7,662,562
New York	53,779,185	54,853,314	31,516,111	51,212,616
North Carolina	17,815,089	17,991,679	10,337,165	23,350,524
North Dakota	2,148,466	2,148,465	1,234,406	2,144,914
Ohio	45,226,257	40,703,627	23,386,373	36,572,714
Pennsylvania	29,938,257	28,797,617	16,545,744	28,986,240
Rhode Island	2,820,312	3,666,405	2,106,542	3,913,058
Texas	66,418,400	59,776,554	34,344,771	53,709,977
Virginia	8,520,288	9,098,617	5,227,634	11,808,652
Washington	18,747,476	16,872,727	9,694,268	16,535,738
Wisconsin	10,024,911	9,022,419	5,183,854	11,709,758
Study states	426,758,352	425,468,898	244,454,237	426,667,520
All states	859,386,233	859,386,233	493,762,500	857,965,710

NOTE: Program Year 2010 figures include the impact of a rescission enacted as part of Fiscal Year 2011 appropriations legislation.
SOURCE: USDOL (2013b).

- Although the overall formula funding was flat over the three years, there were substantial changes in individual states. For example, Florida's WIA Adult formula funding increased by 30 percent between 2008 and 2009 and by an additional 30 percent between 2009 and 2010. Texas, however, lost 10 percent of its WIA Adult funding each year, while Rhode Island and Nebraska remained virtually unchanged for all three years.
- Year-to-year changes for individual states were small for the Wagner-Peyser formula allocations. Changes from one year to

Table 1.8 WIA Dislocated Worker Formula and Recovery Act Allocations for Sample States, PY 2008, 2009, and 2010

State	PY 2008	PY 2009	Recovery Act	PY 2010
Arizona	11,442,222	16,648,405	17,403,029	22,761,022
Colorado	11,038,608	13,837,694	14,464,916	14,493,167
Florida	31,390,061	77,059,075	80,551,937	82,926,540
Illinois	46,802,246	65,561,923	68,533,653	54,617,380
Louisiana	9,714,609	8,857,065	9,258,530	9,801,581
Maine	3,640,936	4,373,817	4,572,069	4,573,454
Michigan	130,811,617	75,050,239	78,452,046	64,477,068
Montana	1,584,735	1,679,893	1,756,038	2,172,390
Nebraska	3,186,136	2,478,758	2,591,113	2,425,657
Nevada	5,820,504	13,691,153	14,311,733	14,109,081
New York	50,790,224	63,490,356	66,368,188	65,461,775
North Carolina	33,828,640	42,493,181	44,419,273	43,990,709
North Dakota	1,171,809	876,713	916,452	689,396
Ohio	79,971,002	55,974,110	58,511,252	51,555,231
Pennsylvania	32,959,310	40,639,918	42,482,006	39,519,031
Rhode Island	4,600,258	7,601,362	7,945,909	6,090,031
Texas	57,630,386	51,436,825	53,768,305	61,307,760
Virginia	12,727,010	13,503,287	14,115,351	18,450,205
Washington	22,166,920	21,181,897	22,142,010	24,243,473
Wisconsin	25,748,373	15,363,236	16,059,607	19,910,847
Study states	577,025,606	591,798,907	618,623,417	603,575,798
All states	1,183,839,562	1,183,840,000	1,237,500,000	1,182,120,000

NOTE: Program Year 2010 figures include the impact of a rescission enacted as part of Fiscal Year 2011 appropriations legislation.
SOURCE: USDOL (2013b).

the next rarely exceeded 3 percent, with the exception of Florida, whose formula allocation saw the largest increase—7.85 percent—from PY 2008 to PY 2009.

- The WIA Dislocated Worker formula allocations were the most volatile. Florida and Nevada, which were hit particularly hard by the recession, had increases in their WIA Dislocated Worker formula funds between PY 2008 and PY 2009 of 145 percent and 135 percent, respectively. Michigan, which has had the highest or nearly the highest unemployment rate in the nation in recent years, had a decrease of nearly 43 percent in its WIA

Table 1.9 Wagner-Peyser Formula and Recovery Act Allocations and Reemployment Services Recovery Act Allocation for Sample States, PY 2008, 2009, and 2010

State	PY 2008	PY 2009	PY 2010	RES	Recovery Act; other W-P
Arizona	12,160,434	12,477,755	12,822,660	4,389,354	2,633,613
Colorado	10,962,418	11,037,674	10,944,825	3,882,771	2,329,663
Florida	36,484,397	39,347,985	40,350,319	13,841,612	8,304,967
Illinois	29,255,214	29,435,140	29,258,315	10,354,527	6,212,717
Louisiana	9,697,828	9,223,752	9,018,836	3,244,680	1,946,808
Maine	3,788,482	3,789,556	3,789,556	1,333,069	799,841
Michigan	25,087,225	24,621,640	24,475,871	8,661,262	5,196,757
Montana	5,206,014	5,207,490	5,207,490	1,831,862	1,099,117
Nebraska	6,256,606	6,258,380	6258380	2,201,537	1,320,923
Nevada	5,753,058	6,167,234	6,370,598	2,169,475	1,301,685
New York	41,433,656	40,607,026	40,405,589	14,284,511	8,570,706
North Carolina	19,216,352	19,706,162	20,093,605	6,932,122	4,159,274
North Dakota	5,301,280	5,302,783	5,302,783	1,865,383	1,119,230
Ohio	26,981,411	26,681,937	26,537,471	9,386,022	5,631,613
Pennsylvania	27,184,396	26,826,020	26,651,245	9,436,706	5,662,024
Rhode Island	2,550,164	2,661,374	2,652,902	936,203	561,722
Texas	49,518,743	48,305,269	48,080,415	16,992,555	10,195,533
Virginia	15,191,777	15,659,584	15,795,653	5,508,640	3,305,184
Washington	14,814,472	14,623,623	14,688,343	5,144,216	3,086,529
Wisconsin	13,355,215	12,954,947	12,881,393	4,557,218	2,734,331
Study states	360,199,142	360,895,331	361,586,249	126,953,725	76,172,237
All states	701,661,936	701,860,926	701,860,926	246,896,681	148,138,009

NOTE: Program Year 2010 figures include the impact of a rescission enacted as part of Fiscal Year 2011 appropriations legislation.
SOURCE: USDOL (2013b).

Dislocated Worker funds from PY 2008 to PY 2009 and a further decline of 14 percent the following year.[7]

- The Recovery Act funds represented a sizable increase for the states. As a percentage of PY 2008 formula funds, Recovery Act funds were 57 percent, 105 percent, and 56 percent for the WIA Adult, WIA Dislocated Worker, and Wagner-Peyser (including RES funds) programs. The Recovery Act funds could be spent in PY 2008, 2009, and 2010.

The widely varying experiences in economic conditions and funding allocations play an important role in the experiences of the sample states. For example, a few states in the sample are small and have low unemployment rates—Montana, Nebraska, and North Dakota. These three states received the minimum allocation for the WIA Adult Program in at least one program year. Thus, these states are likely to have more resources per eligible person than the other states. For the WIA Dislocated Worker Program, the Recovery Act added more funding than the states received in aggregate for each fiscal year, but the experiences of individual states varied significantly. For example, Wisconsin's WIA Dislocated Worker formula allocation dropped by 40 percent between PY 2008 and 2009, from $25.7 million to $15.4 million, and the Recovery Act WIA Dislocated Worker funds of $16.1 million largely served to replace the drop in formula funds.

OUTLINE OF THE REMAINDER OF THE BOOK

Chapter 2 of this book describes the general approach states have taken to administering the Recovery Act workforce development provisions. Chapter 3 describes how WIA Adult and Dislocated Worker Recovery Act funds were administered and used. Chapter 4 discusses the Wagner-Peyser Act's provisions. Chapter 5 provides an explanation of how the funds allocated for Reemployment Services for UI claimants were used. This is followed by a discussion in Chapter 6 of the Trade Adjustment Assistance program. Chapter 7 outlines state initiatives in other areas of interest, such as green jobs initiatives, labor market information, and TANF-financed jobs for low-income individuals. Chapter 8 provides analysis of the Unemployment Insurance system under the Recovery Act. Chapter 9 provides analysis of administrative data, showing how enrollments and expenditures were affected by the infusion of Recovery Act funds. Finally, Chapter 10 summarizes states' views on their most significant challenges and greatest achievements in implementing the Recovery Act's workforce development and UI provisions. Appendix A catalogues interesting or innovative changes and initiatives that were identified during the site visits and were fostered by Recovery Act funding.

Notes

1. Public Law 111-5 was signed by President Obama on February 17, 2009.
2. A version of this book was previously published as the National Association of State Workforce Agencies report *Implementation of the American Recovery and Reinvestment Act: Workforce Development and Unemployment Insurance Provisions* (NASWA 2013).
3. These data do not include amounts allocated to outlying areas, nor do they include National Emergency Grants from the WIA Dislocated Worker Program.
4. In the first year of the project, the Institute for Policy Studies at Johns Hopkins University also participated.
5. The reserve ratio multiple is an actuarial construct that incorporates the trust fund balance, the size of the state's economy, and the benefit payout rate. The denominator in the RRM is the highest-costing benefit payout period in the state's history, measured as total benefit payouts over a 12-month period and expressed as a percentage of covered wages for that period. The numerator of the RRM, termed the reserve ratio, is the year-end trust fund balance divided by covered wages for the year and expressed as a percentage. As the ratio of these two ratios, the reserve ratio multiple is thus a measure whose numerator incorporates information on the UI trust fund balance and on the scale of a state's economy (as approximated by covered wages), while the denominator is a measure of risk (the highest previous 12-month payout rate).
6. Information on the research plan for the UI teleconference interviews is presented in Chapter 8.
7. The large swings in funds to particular states are caused by the allocation formulas, which are based on the relative shares of people with characteristics used in the formulas, such as unemployment and low income. Thus, a state with high but steady unemployment will see its funding decrease if overall funding is flat and unemployment rises in other states. Also, the WIA Dislocated Worker formula does not have a "hold harmless" provision, making large swings in funding much more likely for that program.

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