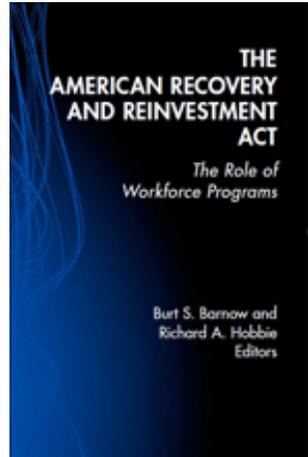

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Challenges and Accomplishments: States' Views

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Challenges and Accomplishments

States' Views

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This chapter summarizes the visited states' views on the most significant challenges and greatest achievements in implementing the Recovery Act workforce and UI provisions. During the two rounds of site visits (workforce development programs) and the teleconference interviews (UI programs), UI and state and local workforce agency officials were asked their views on their greatest overall challenges and accomplishments in dealing with the Recovery Act, as well as challenges and achievements for specific programs. The previous chapters summarized challenges and accomplishments for specific programs or provisions, and this chapter describes the challenges and accomplishments most frequently noted by states visited.

CHALLENGES AND ACCOMPLISHMENTS—WORKFORCE DEVELOPMENT PROVISIONS

Challenges

An important objective of the site visits involved identifying challenges that states and local workforce areas encountered in planning and implementing Recovery Act requirements. During two rounds of site visits, states and local workforce areas were asked to identify

and discuss their greatest challenges and major accomplishments with respect to the Recovery Act. The most commonly cited challenges are listed in Table 10.1.

The most commonly cited challenge, mentioned by 17 of the 20 states visited, was *dealing with the Recovery Act reporting requirements*. Many of the comments by state workforce agencies focused on the need to set up, with little notice, new reports that were different from their regular reports in terms of schedule and, in some instances, content. The frequency of reporting—monthly rather than quarterly—also was viewed by some states as burdensome. One state official indicated that reporting on jobs “saved” or “created” was challenging because it was difficult to know which jobs really fit into that category. Several state officials commented that they did not have enough time to complete the software programming to generate required reports; some of the initial definitions of data items were unclear to some states (Illinois and Montana); and, at least in the case of TAA, a few states believed that ETA did not issue guidance sufficiently in advance of when the reports were due (Colorado, Michigan, and Ohio). Several of the specific concerns identified by states with regard to reporting are illustrated below:

- **Colorado.** Reporting on Recovery Act expenditures has proved to be burdensome for the state. The state workforce agency had to scramble to set up a separate set of financial reports to meet Recovery Act requirements. This was because the timing for Recovery Act reporting was not the same as for reporting on other expenditures. The fiscal period for the state workforce agency cuts off 10 days after the end of the quarter. However, for Recovery Act fiscal reporting, the state had to develop an expenditure report for Recovery Act funds as of the last day of the month at quarter’s end. This meant that the timing for producing the Recovery Act fiscal reports did not match with the timing of what the state normally uses for its regular reporting on other programs, such as the WIA programs. There also was not enough time to validate the data used to meet Recovery Act reporting requirements, as is normally the case with the regular reporting system. In addition, it was burdensome for the state to report on Recovery Act expenditures by county and congressional district. The state had to move very quickly with existing IT staff to meet the Recovery Act reporting requirements. This effort was fur-

Table 10.1 Challenges Most Commonly Cited by States

Challenge	No. of states citing
Recovery Act reporting requirements	17
Time issues	13
Funding issues	12
Staffing issues	12
The bad economy	11
Guidance	10

SOURCE: Site visit interviews conducted in states.

ther complicated because guidance from the ETA on reporting requirements came very late. For example, guidance on financial reporting was issued in mid-September (of 2009), and the report was due to the USDOL about two weeks later (September 30).

- **Michigan.** One of the larger and more burdensome aspects of TAA reauthorization was the new reporting requirements. The USDOL issued final guidance on reporting only a few weeks before reports were due, which made it difficult for states to meet the new requirements. One of the most burdensome reporting elements was the need to report accrued expenditures on training per participant per quarter—this necessitated the entry of accrued and actual expenditures for each TAA participant into the system each quarter.
- **Nevada.** Reporting was a nightmare. More state participation in the development of reporting requirements would have been useful. States could have provided information on current data collection and systems in place to see if existing reports could be modified to meet ARRA data requirements. Reporting on jobs created and saved was essentially impossible. Reporting on a monthly basis was a shift from the traditional quarterly reporting system, and given that there had been no investment in data collection mechanisms this was a serious burden. The sheer volume of applicants also made reporting a major burden at the local level.
- **North Dakota.** Reporting was a particular concern and burden—the state often found itself operating Recovery Act–funded

programs and activities before it knew what it would have to report on. Additionally, the need to separately report on Recovery Act–funded activities (from regular formula–funded activities) was burdensome (and in the view of state administrators and staff unnecessary).

- **Ohio.** State workforce officials observed that guidance on reporting requirements was delayed and, in some cases, issued after reports were due to the ETA. There were new data items to report on—in particular, there was quite a bit more of a burden to report on the TAA. In addition, the state had to move quickly to make changes to its automated data systems to meet ETA reporting requirements. At times, IT resources were strained in making changes to systems to meet ETA requirements in a timely manner (especially for the TAA).
- **Wisconsin.** The monthly reporting required under the Recovery Act meant double reporting for the state—continued reporting on its regular funds and separate reporting on Recovery Act activities, accomplishments (e.g., job creation), and expenditures. According to state officials, Recovery Act reporting differed somewhat from WIA Common Measures reporting: Recovery Act reporting was more process- than outcome-oriented—e.g., reporting on numbers served, services provided, and expenditures. In some instances, ETA provided last-minute instructions on reporting requirements. For one-time funding, the reporting burden for the Recovery Act was considerable. Also, within the state, the TAA, Wagner-Peyser, and WIA programs are linked by a common data system, since any changes in reporting requirements for one program will affect data collection/reporting for the other programs.

Second, *time issues* were mentioned as a challenge in 13 states, often in conjunction with staffing and reporting issues. Some states felt that the pressure to spend Recovery Act funds quickly was more difficult because of changes in ETA implementation of waiver authority, which states previously used to transfer funds from the WIA Dislocated Worker Program to the WIA Adult Program. As discussed below, some states had problems in hiring the staff needed to run the programs (including Illinois, Colorado, and New York). The TAA was cited by a

number of states for timeliness issues (for example in Wisconsin, New York, and Michigan) regarding publishing regulations and providing guidance (especially related to reporting) and approving TAA petitions in a timely manner. Finally, with respect to timeliness, several states mentioned the WIA Summer Youth Program, because they did not have long to mount the program and many states (and local areas) had not run a summer program for many years (Ohio and Pennsylvania). The following bulleted paragraphs provide several illustrations of the strain that state and local workforce agencies were working under to quickly mount, administer, and report on Recovery Act–funded activities:

- **Ohio.** A key overall challenge was that the planning period was very short, particularly with respect to getting the Summer Youth Program up and running. Many local areas did not have an active Summer Youth Program, and so it was considerable work to get programs up and running. The state was under a lot of pressure to spend quickly and wisely. There was little time available for planning—and so the state had to work with existing programs and structures. It was not possible to be exceedingly creative at times because of the very short time period for implementation and the temporary nature of the funding. As one agency official noted, “The federal government gave us the money and then expected it to be spent immediately—there was no time to really spend it! There was a focus on expenditure rate. We were under the microscope to prove this was successful, but you cannot have success in 24 hours!”
- **Pennsylvania.** State workforce administrators noted that the implementation of the Summer Youth Program was a challenge, as they had not operated this program since the JTPA years. They needed to start from scratch, and it took two months of intensive work to pull the Summer Youth Program together at the state level. More broadly with respect to the Recovery Act, the expectation that additional resources and infrastructure would be immediately implemented was a persistent challenge at the state and local levels. Agency officials indicated that the regulatory processes required by the funding commitment were at times at odds with the requirement to exhaust the funds within a short time period. The focus on exhausting the funds to avoid penalty stunted opportunities for innovation and restructuring.

- **Wisconsin.** An initial challenge for both the state and local workforce areas was that the Recovery Act represented a sizable infusion of new funding and that the state and especially the local areas had to ramp up services and spend Recovery Act resources over a relatively short period. It was necessary to ramp up services and serve more customers without making long-term commitments to hiring staff. There was a need to manage staff and increases to services (especially training offered under WIA), while recognizing that these services would need to be ramped down.

The next most frequently identified challenge with respect to the Recovery Act implementation was *funding issues*, mentioned by 12 of the 20 states visited. The specific challenges identified varied among the states. One state (Colorado) said that its procurement requirements led to delays in spending some of its Recovery Act funds. The state's workforce officials observed that the state's procurement process can be long and cumbersome and that trying to get Recovery Act funds out quickly and meeting procurement requirements can (in some cases) be a great difficulty. Two states (Colorado and Florida) stated that they had experienced difficulties spending Recovery Act funds because the ETA adjusted their waivers and limited the amount by which they could transfer their WIA Dislocated Worker funds to the Adult Program.

Many of the states during both the initial and follow-up site visits expressed serious concerns about what would occur once the Recovery Act funds were spent. Some states mentioned that if customers were enrolled in long-term training, they might not be able to continue, or the following year's enrollment would drop dramatically. Even a state like North Dakota, with the lowest unemployment rate in the nation, was concerned about the "funding cliff." A common refrain across states was that it was likely that demand for employment and training services would remain elevated for at least several years after Recovery Act funding was dissipated and that One-Stop Career Centers would not have sufficient staffing and funding to provide the training and other services needed by unemployed and underemployed customers. This is reflected in the following examples from site visits:

- **Louisiana.** State workforce officials were concerned about whether the program systems and processes they had developed in whole or in part with Recovery Act funds would be continued

once Recovery Act funds were exhausted. Newer state priorities funded by the Recovery Act, such as employer-based training, OJT, Summer Youth employment, long-term training, and developmental education could be dropped. Some local areas were concerned about whether they would have enough funds to continue standard workforce development services. A few, for example, were considering incorporating with another LWIB. The 60 staff members hired as a result of the Recovery Act were all temporary employees. Recovery Act funds postponed the staff reductions the state was going to have to make because of its shrinking WIA and Wagner-Peyser funding, but the increasing fiscal pressure in the state was likely to require more staff cuts.

- **Michigan.** After the first summer, the state (and local Michigan Works! agencies) had nearly exhausted Summer Youth funding. This program was a key accomplishment under the Recovery Act—providing valuable skills development, experience, and wages for youth involved—and according to state administrators it was unfortunate that a second year of funding was not made available for Summer Youth activities. The state's welfare agency did not elect to use Recovery Act funding the second summer to support the Summer Youth Employment Program—and so Michigan Works! agencies were left with only year-round Youth money to use for Summer Youth activities (if they chose to use funding for this purpose).
- **Montana.** Prior to receipt of Recovery Act funding, Montana's WIA allocations had fallen by more than half, from \$15 million in PY 2000 to about \$6 million by PY 2008. The additional WIA dollars received through the Recovery Act (almost \$6 million for Adults, Dislocated Workers, and Youth), when added to the annual allocation, just began to approach earlier levels. Montana officials were particularly worried about having to “close the front door” to new registrants (whose numbers had yet to slow), as a larger percentage of available funds would be needed to continue to support those already registered and receiving training (and who were often staying in services longer than in the past). An official observed, “We're concerned about what happens come July 1, when we have folks currently enrolled in training

and will have to carry them, which may mean we have to take fewer numbers at the front end.”

- **Ohio.** From the beginning, state workforce officials feared that Recovery Act funding would be fully spent but that economic conditions would not turn around quickly enough in the state to dent Ohio’s very high unemployment rate. In addition, as state administrators looked forward, they saw that not only would Recovery Act funding end, but the state’s allocation for formula funds (particularly for WIA Dislocated Worker funds) would likely be cut. There was a lot of concern in the state that there would still be surging unmet demand for employment and training services at many One-Stop Career Centers. As noted by one workforce official, “Stimulus dollars are gone before the needs are gone—public perception is that the money is still there, but it’s gone already, given time constraints to spend the funds.”

Tied with funding issues as the third most identified challenge with regard to the Recovery Act—mentioned by 12 of the 20 states—was *staffing issues*, particularly related to bringing on new staff and providing necessary training. For example, Louisiana workforce officials indicated that it was a challenge to train state and local staff on new procedures resulting from the Recovery Act, particularly because there was a change in state administration. One state indicated it had run into hurdles in bringing on new staff because of issues with the state human resources department. Several states indicated that hiring was slowed because of civil service hiring procedures at the state or local level (New York and Colorado experienced problems at the local level, and Virginia at the state level). Although not noted as a major challenge, Illinois could only hire intermittent staff for Wagner-Peyser positions (i.e., within the constraints of working no more than 1,500 hours per year). Finally, several states reported hiring freezes or staff furloughs that complicated efforts to bring on new staff—for example, Pennsylvania had a hiring freeze and had to get an exemption to use Recovery Act funding to hire new staff. Several illustrations of the specific staffing issues encountered by states follow:

- **Florida.** According to state workforce officials, the real challenge since receipt of Recovery Act funding was that every local WIB had to increase staff because the One-Stops were over-

whelmed with customers. They had to find and train new staff and find space (there was not sufficient funding to open new One-Stop centers) to increase services. They had to retrain existing staff in order to change the skill sets of workers to address the needs of new UI claimants and long-term claimants who often had higher-level skills and higher incomes than many past customers.

- **New York.** While the “functional alignment” of workforce programs helped to alleviate the issue of handling the increased volume of customers, it could not solve logistical issues such as having enough space and One-Stop staff to serve everyone. Customers at some centers experience lengthy wait times to access computers in resource rooms and for appointments with counselors, as well as sometimes-crowded orientation sessions. Some locations were able to secure donated space or short-term leases for temporary extra space, but in some areas of the state such arrangements were not possible. Hiring new permanent staff also required changes to budgets and a lengthy process if the position had to be approved through government channels.
- **Rhode Island.** The Recovery Act funds arrived when the state was in the throes of major staff downsizing. Because state hiring rules required that all hires be handled by a centralized Human Resources system, there were also delays in filling the positions created using Recovery Act funds. Interagency dynamics between WIA and UI were further complicated because the classifications for UI and workforce positions were the same and UI staff began applying for Recovery Act jobs in WIA.
- **North Dakota.** Given the state of the economy in North Dakota, hiring temporary ARRA workers to staff the Job Service North Dakota (JSND) was more difficult because workers had other employment options in North Dakota, and some were not interested in temporary work when permanent work was available. In addition, if staff resigned late in the program year, it was not possible to find new people and get them trained in time to be of assistance.
- **Virginia.** The speed with which the state had to ramp up for the Recovery Act was considerable, and the staffing and facili-

ties issues were critical because the Virginia Employment Commission (VEC) had closed offices, in part because the Wagner-Peyser program had been flat-funded for more than a decade. Hiring with Recovery Act funding meant mainly bringing back laid-off agency employees, but challenges were encountered in staffing up because of delays in the civil service hiring procedures and the need to train new or returning staff while local offices were responding to surging customer volumes brought on by the recession.

- **Washington.** State workforce officials reported the most difficult aspect related to the Recovery Act was hiring staff, given the state's existing civil service system and ongoing hiring freeze. Administrators noted it was easier to get approval to hire front-line staff than human resources staff, even though the HR staff was needed to help bring the front-line staff on board. Washington added some direct-service staff to provide reemployment services to UI claimants, using both Recovery Act and UI contingency funds. In addition, the state added business outreach managers in each local area to develop job leads. Washington also hired three Summer Youth managers on a temporary basis and one MIS person. The challenge was in retaining these temporary hires. One issue was that the state workforce agency wanted to focus on hiring high-quality applicants, but many workers with high-quality skills did not want temporary employment. If they took a position, the newly hired workers often continued to look for regular employment and moved on when they found it.

Eleven states mentioned that the *bad economy* was a major challenge to effectively mounting program activities funded by the Recovery Act. For example, Nevada and Michigan, with among the worst unemployment rates in the nation, were concerned that they would have trouble placing people into jobs once they had completed training. Florida workforce officials also expressed general concerns about the state's economy. With leading industries such as tourism and housing in decline and a weak economy overall, it was very hard to place customers in jobs.

Finally, half of the 20 states visited found *guidance from the ETA* to be a challenge. Issues included timeliness of guidance and getting

responses in a timely manner that addressed specific questions states and local workforce agency staff had with respect to implementing workforce provisions of the Recovery Act. As noted earlier, guidance on the TAA was considered to be late in coming. The states recognized that the ETA had very little time to develop and disseminate guidance, and they expressed the view that the ETA did quite well given how rapidly the guidance to states had to be issued. Some specific examples of challenges with respect to guidance were the following:

- **Ohio.** At times, the state had to plan Recovery Act spending and activities based on what the ETA said rather than formal written documentation. Guidance on reporting requirements was delayed and in some cases was issued after reports were due to the ETA. There were new data items to report on—in particular, there was quite a bit more burden in reporting on the TAA. In addition, the state had to move quickly to make changes to its automated data systems to meet ETA reporting requirements. At times, IT resources were strained in making changes to systems to meet ETA requirements in a timely manner (especially for the TAA).
- **Rhode Island.** There were conflicting concerns that the state workforce agency needed to move quickly to allocate the funds but also to move cautiously in the absence of detailed guidance from the DOL national and regional offices. For example, state officials cited the lack of clarity and instructions on how to allocate costs between regular funds and the Recovery Act and how to “count” which customers were Recovery Act versus regularly (through the WIA formula) funded individuals. Around the SYEP, there were restrictions on work sites and paying wages versus stipends, and on interpretation of needs-related payments.
- **Wisconsin.** In planning for ARRA implementation, the state reviewed TEGs as they were released by DOL. These were very helpful, though not always released in a timely manner and sometimes later clarified or revised. State officials also sat in on DOL webinars—which they found to be extremely useful initially but over time less helpful and, at times near the end, repetitive. The state issued administrative memos to pass on information to local workforce areas (similar to TEGs issued by the

ETA). Overall, given the extremely tight time constraints on Recovery Act rollout, state agency officials credited the ETA with doing a “good job given the circumstances” of issuing directions and guidance to states on implementing the Recovery Act.

- In conclusion, it is important to note that although state and local workforce agencies faced significant challenges, for the most part states were able to achieve their goals and serve their customers with Recovery Act funding. Ideally, they would have liked more time, more flexibility, and better guidance, but states and local workforce areas generally recognized that the ETA was under intense pressure to get things going, and they did not view the challenges faced as fatal flaws in moving forward with rapid and effective implementation of Recovery Act requirements and activities.

Accomplishments

During the two rounds of site visits, state and local workforce agency officials were asked to discuss their major accomplishments with Recovery Act funding. As is covered in this section, there were a number of accomplishments commonly identified across states and local areas, particularly with regard to mounting (or expanding) the WIA Summer Youth Program, enhancing training and other services, expanding the number of customers served, and improving information and reporting systems. Table 10.2, below, lists the major accomplishments cited by the states visited, and Table 10.3, following this section, provides an overview of the accomplishments identified by each state.

Table 10.2 Accomplishments Most Commonly Cited by States

Accomplishment	No. of states citing
Successful development and administration of the WIA Summer Youth Program	17
Serving more customers	16
Changes to the state’s training programs	15
Significant service enhancements	13
Reemployment services and enhanced relationships between the Employment Service and UI	10

SOURCE: Site visit interviews conducted in states.

The most prevalent major accomplishment in the states visited was the *successful development and administration of the WIA Summer Youth Program*, identified by 17 of the 20 states visited. That so many cited the Summer Youth Program as a major accomplishment is impressive because the site visits were not intended to cover the WIA Youth programs, so this program was not the subject of questions asked during site visits. Because Recovery Act funds were not available until March 2009 at the earliest, states had to act quickly to implement their Summer Youth Programs (for the summer of 2009). Many states and localities had not operated Summer Youth Programs in recent years (or if they had, programs were operated on a small scale), so setting up a large program in a short period was considered a major accomplishment. Several states indicated they had greatly expanded their Summer Youth Programs and that the programs had produced increases in work readiness and job skills. For example, Illinois workforce officials noted that 17,000 youth were served, and the program produced increases in work readiness and job skills. Louisiana workforce agency officials referred to the Summer Youth Program as the “hottest thing in the Recovery Act,” as it had provided many youth with their first paid work experience. Workforce officials in Michigan observed that the program provided much-needed income for the youth and their families in a state with very high unemployment. And finally, Wisconsin workforce officials noted they used the Summer Youth Program to promote green jobs and training—e.g., by initiating projects to eliminate invasive species in Wisconsin lakes and streams. Below are several illustrations of the ways in which Recovery Act funding made a critical difference with regard to enabling states to substantially expand Summer Youth enrollment and employment experiences:

- **Florida.** The highlight of the Recovery Act spending in Florida was \$42 million for its Summer Youth Program, which employed 14,000 youth in the summer of 2009. The state had not been able to fund a summer program since the Job Training Partnership Act (JTPA) in the 1990s. It was a challenge, requiring local WIBs to start from scratch to redevelop partner relationships. For the summer of 2010, the state used unspent funds from 2009 as well as some state funds for a modest program. State officials moved some funds (about \$1 million in WIA Youth funds and \$1

million in WIA Adult funds) to jump-start a program for the five or six regions that requested it. About half the WIBs had funds to run a program for the summer of 2010.

- **Louisiana.** One of the main accomplishments under the Recovery Act, according to state officials, was the implementation of the Summer Youth Program in 2009. It was done well and had a substantial impact on the economy of the state by investing in students who might not have otherwise had this type of experience. In addition, many working in the workforce investment system had been frustrated and discouraged with so many unemployed, and introducing the Summer Youth Program and the momentum needed to implement it increased morale.
- **Ohio.** Perhaps one of the greatest accomplishments under the Recovery Act, according to state officials, was successfully mounting a Summer Youth Program that served a total of 18,000 youth. Local areas implemented programs in a timely and effective manner, even in areas where there had not been Summer Youth Programs for years.
- **Wisconsin.** Many youth were served (4,400) in the WIA Summer Youth Program. This program was mounted quickly and featured green job activities and training. The state used Recovery Act discretionary funds to conduct two special projects, one in energy conservation and the other in aquatic invasive species. The “energy auditors” initiative provided 19 WIA youth in five communities across the state with 40 hours of training on going into homes to conduct energy audits to identify ways in which homeowners could conserve energy. Under an “invasive aquatic species” initiative, a total of 49 WIA youth received training and then accompanied Department of Natural Resources staff at lakes around the state to advise boat owners about how to take precautions to halt the spread of invasive aquatic species in Wisconsin’s lakes. An estimated 5,000 recreational boats were inspected across the state as they were pulled from the water—and, when appropriate, youth helped to clean off mud from the bottom of boats that could be harboring invasive species.

Sixteen of 20 states visited cited *servicing more customers* as a major accomplishment. During state and local interviews, agency officials

often observed that One-Stops in their state were “overwhelmed” or “swamped” with unemployed and underemployed customers in need of employment, education, training, and a range of supportive services. For example, officials at one state, Colorado, responded, “The Recovery Act provided extra resources to hire and deploy additional staff to One-Stop resource rooms to deal with the surge in customers.” In Montana, state workforce officials said One-Stops were able to expand staff and the number of customers served with added Recovery Act funding. State officials in Nevada indicated that they had been able to use the extra resources provided by Recovery Act funding to eliminate lines in the One-Stops. With Recovery Act funding, Ohio was able to hire 100 intermittent Wagner-Peyser staff to help deal with the surge in customers at the One-Stops and to expand RES to a much larger number of UI claimants than would have been the case without Recovery Act funding.

Fifteen states cited *changes to their training programs* as a major accomplishment of the Recovery Act. For example, Florida used Recovery Act and other funding for its Employ Florida Healthcare Initiative, which included employer-driven models for assessment and training. Illinois used Recovery Act funds to develop “bridge programs,” which helped low-income workers gain basic skills and other skills to move into better occupations. Nevada issued an RFP for new service providers to serve as intermediaries and expand opportunities for customers to obtain training more quickly and conveniently. Finally, in Wisconsin, Recovery Act funding brought training and other services to many adults, dislocated workers, and youth who might otherwise have not received services. A state requirement in Wisconsin that at least 70 percent of Recovery Act WIA Adult and Dislocated Worker funds be spent on training (versus 35 percent for regular WIA formula funds) helped to ensure that a high proportion of Recovery Act WIA funds allocated to local workforce boards was dedicated to training and upgrading worker skills.

Thirteen states cited *significant service enhancements* as a major accomplishment made possible with the availability of the Recovery Act resources. These service enhancements came in a variety of services offered to One-Stop customers. For example, Wisconsin was able to use Recovery Act RES funds to pursue its goal of providing a rich array of reemployment services using WorkKeys and KeyTrain that helped claimants work toward the National Career Readiness Certifi-

cate (NCRC). North Dakota used Recovery Act funds to purchase software (TORQ) to develop skills transferability reports for occupations affected by layoffs. These reports were provided to One-Stops to be used in rapid response services. Florida used Recovery Act funds to fund Florida Back to Work, the state's return-to-work program, enabling TANF recipients to get subsidized employment and improve their prospects for an unsubsidized job. Montana used discretionary Recovery Act grant awards to pursue strategies to advance the state's renewable energy strategy. And finally, in Nevada, Recovery Act funding was used to make major improvements in the state's UI system.

Half of the 20 states visited cited *RES or improved UI/ES relationships* as a major accomplishment. Colorado workforce officials stated that the Recovery Act activities helped to bring UI and workforce staff closer together. Staff members on both sides are now more knowledgeable about the each other and more willing to collaborate. Several states, including Florida and Illinois, said that Recovery Act funds enabled them to reinstate RES. As noted earlier, Wisconsin conducted a major upgrade of its RES services, which the state hopes to make available to an increasing share of its customers. Two more detailed illustrations of the ways in which RES services have been expanded or UI/ES relationships improved are highlighted below (and in Table 10.3):

- **Colorado.** The efforts implemented under the Recovery Act helped to bring the UI and workforce systems closer together. Staff members on both sides are more knowledgeable about the other's programs and are more willing to collaborate. One-Stops and workforce regions had reached near-crisis levels in responding to UI claimant concerns (e.g., delayed checks, could not get through on the telephone to a call center, etc.). The Recovery Act funding helped the state to conduct special UI workshops in various regions (referred to as "road shows") that helped to alleviate stress on the One-Stop system to address UI claimant concerns.
- **Wisconsin.** One of the biggest changes in the workforce system that resulted from the Recovery Act was the substantial expansion in RES services for UI claimants. Wagner-Peyser Recovery Act funds (\$7.2 million) and UI Recovery Act administrative funding (\$3.6 million)—for a total of nearly \$11 million—were used to expand and fundamentally change the way in which UI

claimants are served by the One-Stop system. The state was able to vastly expand the number of UI claimants attending orientation services, as well as the number receiving one-on-one services. Having experimented with the “Career Pathways” model for several years under a Joyce Foundation–funded grant, Recovery Act funding provided an opportunity to take this model and apply it to UI claimants.

While states and local areas were able to identify various short-term accomplishments made possible with Recovery Act funding, some of the effects of the Recovery Act may not be fully felt or known for some years to come—particularly with respect to investments that have been made in long-term training and in work experiences provided through the Summer Youth Programs, efforts to expand RES to unemployment insurance claimants and to better connect the One-Stop system with the UI system, and technological upgrades to improve tracking of services and employment outcomes for individuals served by workforce development programs.

After the Recovery Act

During the second round of site visits, state and local workforce agencies were asked to reflect on the differences that the Recovery Act had made, as well as their plans and priorities after the Recovery Act funds were spent. By the time the second round of visits under this study was completed, states had exhausted or nearly exhausted their Recovery Act funds and had already entered a post–Recovery Act period. According to both state and local workforce agency staff across virtually all 20 of the states visited, despite returning to pre–Recovery Act funding levels in their WIA and Wagner-Peyser programs, demand for workforce services at One-Stop centers remained at elevated levels, approximating (or just below) those experienced during the 2007–2008 recession. This was because local economies across many states had not as yet recovered from the deep recession and remained stressed by stubbornly high unemployment and underemployment levels (e.g., particularly with regard to some workers who had joined the ranks of the long-term unemployed).

According to many state and local agencies in the 20 states visited, the Recovery Act had provided a temporary (and desperately needed)

Table 10.3 Major Accomplishments with Recovery Act Funding as Identified by State Workforce Agencies

State	Major accomplishments
Arizona	<ul style="list-style-type: none"> • Recovery Act funding helped to retain, improve, and expand services during the initial shock waves of the economic crisis and restructure service delivery to more efficiently serve the large numbers and various employability profiles of job seekers. • The state reinstated an RES program using Recovery Act funds. Three Reemployment Centers were opened in areas of high unemployment. RES was incorporated as a regular feature of One-Stop local service delivery—ARRA resulted in enhanced coordination between the One-Stop and UI systems through such practices as ES and WIA coenrollment for UI claimants and more open access for claimants to work-readiness workshops held at One-Stops. • The workforce system has adapted and become more responsive to a broader client base including incumbent workers, long-term and skilled/semiprofessional workers displaced by the recession who have had little or no prior contact or knowledge of the public workforce system, and the rising tide of unemployed seeking employment assistance. • The state used ARRA-ES funds to improve the infrastructure of One-Stops, including redesigning lobbies and resource rooms, increasing the size of resource rooms in some locations, and adding new television screens for videos and looped information.
Colorado	<ul style="list-style-type: none"> • The Summer Youth Employment Program was a big effort because local workforce areas had either not run programs in the recent past or had very small programs. Statewide, with Recovery Act funding, over 3,000 low-income youth participated in subsidized work experience slots under this initiative. • ARRA provided a big increase in funding that was used to increase substantially the number of unemployed receiving WIA-funded training. Additionally, the Recovery Act provided extra resources to hire and deploy additional staff to One-Stop resource rooms to deal with the surge of job seekers coming into One-Stops for assistance.

- With its Recovery Act funds, UI initiated a road show of UI staff that conducted in-person sessions with UI claimants at local workforce centers to respond to questions that claimants had about their claims and resolve outstanding issues in an expedited manner. In addition, UI trained key workforce center staff in basic UI on-line functions so that the local staff could handle basic on-line needs for claimants.
 - The Colorado Department of Human Services (DHS) created a subsidized employment program (HIRE Colorado) with \$11,200,000 in ARRA supplemental TANF Reserve Funds that provided a safety net for individuals who had exhausted their UI benefits. The funds were given to workforce centers to implement the program.
 - Recovery Act funding was very helpful in terms of modernizing data systems, particularly in handling extended benefits under the UI program.
- Florida
- ARRA provided critical funding for the state’s Summer Youth Employment Program (SYEP), which provided temporary subsidized summer jobs for 14,000 youth.
 - The state used Recovery Act and other funding for the Employ Florida Health Care Initiative, featuring employer-driven new models for assessment, training, and job placement. Additionally, ARRA funds were used to expand participation in Microsoft’s Elevate America training vouchers initiative, using competitive awards to LWIBs for digital access and to foster community college collaborations.
 - The state used Recovery Act funds to staff the Florida Back-to-Work/TANF subsidized employment program.
 - The state improved RES services, with more emphasis on intensive staff-assisted reemployment services targeting many more UI claimants.
 - Using ARRA funds, a major LMI expansion was undertaken—bandwidth and storage capacity expansions, and software to enhance real-time information for front-line staff.
- Illinois
- With ARRA funding, the state was able to place 17,000 youth in subsidized jobs through the Summer Youth Program (in the summer of 2009).
 - WIA state discretionary dollars were used for bridge programs for low-income workers in key sectors.
 - The state reinstated Reemployment Services (especially via Reemployment Workshops) that had been discontinued in 2005.

(continued)

Table 10.3 (continued)

State	Major accomplishments
Louisiana	<ul style="list-style-type: none"> <li data-bbox="369 238 1519 319">• SYEP was the “hottest thing in Recovery Act spending”—it was a learning experience and implementation success, placing 5,000 in Summer Youth jobs the first year; 50% of participants were out of school and most had never worked before. Also, ARRA helped in connecting older youth with services. <li data-bbox="369 336 1519 416">• Interdepartmental collaboration was a direct result of the Recovery Act; departments had to scramble to spend money, find partners, and push in same direction. “Before, there were silos; now there is more cooperation,” one official said. <li data-bbox="369 433 1519 483">• “ARRA kept us afloat,” allowing state and local areas to retain staff that would have otherwise been lost through attrition, cuts and office closures, said another source.
Maine	<ul style="list-style-type: none"> <li data-bbox="369 502 1519 583">• Maine did not have a pre-existing WIA Summer Youth Program, and as a result of the Recovery Act, brought partners together and was able to quickly get its Summer Youth Program up and running, reaching almost 1,000 youth across the state. <li data-bbox="369 600 1519 649">• Maine made a clear commitment to training and supportive services, designating 80% of Recovery Act WIA Adult and Dislocated worker funds for this purpose and keeping administrative costs down. <li data-bbox="369 666 1519 778">• Maine maximized the influx of resources via coordination across agencies and funding streams. One example is the weatherization program; another was a combined LMI and U.S. Department of Education effort to create a longitudinal student database of resident educational experiences including K-12 and postsecondary education and training in the state—allowing policymakers to track the effect of training and education on earnings over time. <li data-bbox="369 795 1519 904">• Maine used LMI and other analyses to really target where the jobs are and are likely to be. “One of the things that folks have really been paying attention to is, ‘Where are the jobs?’ Maine is a participant in the Northeast Labor Market Information consortium. We’ve been looking at real-time data on vacancies and seeing how it can be used to adjust our 10-year projections.”

Michigan

- Many youth (21,000) were served across the state in the WIA Summer Youth Program as a result of ARRA funding. The Summer Youth Program was mounted quickly and provided much-needed income and work experience for youth enrolled in the program (at a time when there were few available Summer Youth jobs in the state). Also, the ability to use private employers under the program for the first time was a big plus, as was the ability to serve youth up to age 24 (instead of 21, as had been the case in past years).
- WIA Dislocated Worker and Adult Recovery Act funding about doubled as a result of ARRA. This added funding was particularly helpful with regard to expanding training (and especially longer-term training) opportunities for an increased number of adults, dislocated workers, and youth. A high proportion of the Recovery Act WIA funding went to training, which has helped to boost skills of the workforce and prepare them for new jobs.
- ARRA provided a total of \$7.8 million in funds allocated across the state's 25 Michigan Works! agencies (MWAs) to provide expanded and intensified RES for UI claimants. MWAs across the state used funding to expand temporary staffing to provide RES orientations and case management services for UI claimants. Additionally, MWAs had considerable latitude to use RES funding to better serve and connect UI claimants to One-Stop Career Centers and other services available through the workforce system, including: providing comprehensive assessments and one-on-one case management services, development of individual service strategies, orientation to training available under Michigan's "No Worker Left Behind Initiative," and targeting white-collar UI claimants.
- ARRA funding made it possible for MWAs across the state to respond flexibly to an onslaught of unemployed and underemployed workers as a result of the deep recession. ARRA funding was used by MWAs to pay overtime and hire temporary (limited-term) staff at One-Stop Career Centers, to expand hours of operation, and to lease additional space to respond to heightened demand for services. Without ARRA funding, local workforce areas would have been seriously challenged to respond to the overwhelming demand for workforce services.
- ARRA-ES funding provided \$2.2 million (allocated by formula to all MWAs within the state) to pay for costs associated with implementing National Career Readiness Certificates (NCRCs) statewide. With availability of ARRA funds, the state policy was changed to require all program participants using MWAs across the state (including those receiving services under WIA, W-P, and TAA) to complete NCRC testing. This resulted in thousands of WIA, ES, and UI claimants receiving NCRC certifications. Without ARRA funding, it would not have been possible to expand NCRC testing across the state.

(continued)

Table 10.3 (continued)

State	Major accomplishments
Montana	<ul style="list-style-type: none"> <li data-bbox="371 242 1529 353">• ARRA funding permitted a major expansion of services without increasing the “size of the business.” According to state agency officials, “We doubled the number of people served and helped a whole bunch of people.” With ARRA funding, the state was able to identify efficiencies in the delivery of services (cross-training staff, strengthening use of software, developing new tools and coordinating efforts). <li data-bbox="371 368 1529 422">• Recovery Act funding provided an opportunity to redesign and reprioritize workforce services to incorporate a one-on-one client-focused approach for all ES and UI customers. <li data-bbox="371 437 1529 491">• At the local level, ARRA funding made additional training possible; an infusion of ES and RES funds allowed additional staffing during a time when Job Service Centers were experiencing a huge crush of the newly unemployed. <li data-bbox="371 506 1529 525">• With ARRA funding, it was possible to mount a Summer Youth Program involving 800 youth.
Nebraska	<ul style="list-style-type: none"> <li data-bbox="371 546 1529 629">• ARRA provided supplemental financial support to hire additional staff to serve those in need of assistance because of the recession; ARRA provided an enhanced ability to provide access to training services for Nebraskans who could benefit. <li data-bbox="371 644 1529 663">• RES ARRA funding supported the expansion of RES as an ongoing feature of service design. <li data-bbox="371 678 1529 789">• The state was able to expand virtual services with ARAA funding. The state was able to restructure the business services model of the workforce system to use technology and limited resources to serve more clients better and increase the capacity of individuals to engage the labor market. ARRA provided funding for technological upgrades, and improved and expanded computer labs in the career centers. <li data-bbox="371 804 1529 858">• The state has been able to restructure the public image of the workforce system as a prime source of information, provider of job-search skills, and employment and training access. <li data-bbox="371 873 1529 927">• With added resources, the state and local workforce areas were able to provide more focused employer outreach, stronger employer contacts, and more employer workshops. <li data-bbox="371 942 1529 966">• ARRA provided resources to mount a successful Summer Youth Program.

- Nevada
 - Mounting a huge and successful Summer Youth Program on a moment’s notice was a major accomplishment.
 - With added ARRA resources, the state eliminated the lines and served many more people in the One-Stops.
 - The state continued its very successful RES/REA programs.
 - The state was able to direct Recovery Act resources into business services, which have the potential to enhance job opportunities.

- New York
 - ARRA funding provided resources for development and expanded use of technology tools to enable the state and LWIAs to manage workforce and UI programs and better serve customers. For example, the state’s Re-Employment Operating System (REOS) helped One-Stop center staff schedule and track UI claimant involvement in reemployment services.
 - Through its LMI efforts and improvements in its MIS and customer service tools (financed in part with ARRA funding), the state believes it is well-positioned to use data in real-time for planning services for UI claimants and other One-Stop participants.
 - Recovery Act funds provided resources for purchase and implementation of a new software tool (SMART, developed by Burning Glass Technologies Inc.) that automatically scans résumés of job seekers for worker skills and provides instantaneous and ongoing job matches.
 - NYSDOL built the Regional Business Service Teams with WIA and Wagner-Peyser Act partners to ensure that job development is conducted in a regional context instead of just for one local area. The state noted that businesses do not care where their workforce comes from; employers want to make sure they are getting workers with the appropriate skills. In the past two years, the governor has focused on regional economies. The Jobs Express site uses regions rather than local areas to help with job searches.

- North Carolina
 - The state was proud of its successful Summer Youth Program and its use of existing staff with experience in these programs to quickly deploy efforts.
 - State officials noted the success of the regional initiatives implemented. ARRA funding was able to support its ex-offender and juvenile offender initiatives and reinforced its commitment to better serving these populations. Staff believed that many of these initiatives would last beyond ARRA in some form.

(continued)

Table 10.3 (continued)

State	Major accomplishments
North Carolina (<i>cont.</i>)	<ul style="list-style-type: none"> • The state agency officials credited Recovery Act funding for initiating the RES program, which has helped to engage UI claimants with the One-Stop system. The state had an RES program in the late 1990s and tapped staff that had previous RES experience to coordinate programs in local offices and train staff. The state workforce agency hired about 450 full-time employees in local offices using ARRA and state funds, many of those to support RES. The state was also able to create a new position—“job coach”—to enhance its assessment and counseling services to UI claimants in 63 local workforce offices.
North Dakota	<ul style="list-style-type: none"> • The state mounted a successful Summer Youth Program. • The state purchased TORQ software and used this software to develop STA (Skills Transferability Analysis) reports for those occupations affected by layoffs. These reports were provided to One-Stop offices to be used at rapid response events and in working with laid-off workers. • With ARRA funding, the state began longitudinal studies of workers affected by major layoffs. • The state developed an improved database to store and analyze data from its Dislocated Worker Survey and began work on special research studies on births and deaths of businesses in North Dakota, the relationship between oil and gas prices and employment in that industry, veterans employment in North Dakota, tracking of WIA participants, etc.
Ohio	<ul style="list-style-type: none"> • Perhaps the greatest accomplishment with ARRA funding (according to state officials) was the successful implementation of the Summer Youth Program, which served 18,000 youth. The program was made possible with ARRA funding. The TANF emergency fund allowed some local workforce areas to continue to serve large numbers of youth the following summer (after ARRA funding had been spent the first summer). • The state and local areas were able to substantially increase the numbers of adults, dislocated workers, and youth served and enrolled in training as a result of ARRA funding. • The state hired 100 intermittent Wagner-Peyser staff to help One-Stops deal with the huge surge in customers in One-Stops and expand RES orientations for UI claimants.

- Ohio
- ARRA-provided funding allowed the state to systematically analyze green jobs and plan for future training of workers to fill green jobs.
 - ARRA funding (and particularly Project HIRE) enabled local workforce areas to test effectiveness of OJTs and to establish linkages with employers to sponsor OJTs. This “testing out” of OJTs and establishment of linkages with employers under ARRA has meant that the state and local areas were able to respond quickly and effectively to the new governor’s workforce policy that stresses OJTs (and short-term training).
 - The Recovery Act funded 4 training initiatives that have enhanced worker skills and employability: 1) Project HIRE, 2) Recovery Conservation Corps, 3) Urban Youth Works, and 4) Constructing Futures.
- Pennsylvania
- State and local representatives identified improved communication and partnership between state and local offices as a primary accomplishment. Interviewees said the increased collaboration “changed to whom anger was directed” at local and state workforce offices.
 - The availability of additional funding through ARRA enabled the state workforce system to evaluate the overarching system and determine where to introduce improvements. The system served a greater volume of customers and improved efficiencies in the service delivery infrastructure.
 - Local workforce officials indicated that the greatest achievement was serving more people through training and support services during the ARRA era. Additionally, they indicated that employer engagement and partnerships have continued to increase and solidify. In one local area, ARRA funds were employed to build a component of an integrated advanced manufacturing employment system and career opportunity partnerships.
 - The new competitive grant process refined for the Recovery Act state training grants allowed the state to issue local and regional grants using the Recovery Act funding more efficiently and fairly. Local representatives were able to use the funds to move the projects already in development to implementation and expansion. This would not have occurred in the absence of ARRA funding, as the local funding needed to focus on core activities that were demanded by an increased number of individuals.

(continued)

Table 10.3 (continued)

State	Major accomplishments
Rhode Island	<ul style="list-style-type: none"> <li data-bbox="369 233 1350 256">• The state was able to quickly mount a Summer Youth Employment Program (serving 1,200 youth). <li data-bbox="369 273 1489 382">• ARRA helped with creating a career tech program combining work readiness training and work experience in Year 1 of ARRA funding; this was expanded in Year 2 to include occupational exploration and internships for eighth-graders. Now there is a shared vision in the state regarding youth programs and moving funds quickly and strategically in partnerships with technical schools, which would not have been possible without ARRA. <li data-bbox="369 399 1506 422">• JobsNowRI/TANF Emergency Grant served 700–900 in 3 months, which had huge impact on low-skilled workers. <li data-bbox="369 439 1524 543">• ARRA funding enabled workforce system to serve about twice as many customers as would have been possible, expanding quality services (more one-on-one) to substantial numbers of unemployed and underemployed individuals who had not previously interacted with the workforce system. ARRA funding also substantially increased the numbers of individuals entering training.
Texas	<ul style="list-style-type: none"> <li data-bbox="369 565 1359 588">• The state served more than 25,000 Summer Youth, about 10 percent of all youth served nationwide. <li data-bbox="369 606 1515 629">• Recovery Act funding allowed Texas to put more money and people into training and has increased training options. <li data-bbox="369 646 1498 726">• ARRA provided additional resources to expand the number of customers served through One-Stops. Texas opened new One-Stop centers in Dallas, Tarrant County, and Alamo (San Antonio) workforce areas with Recovery Act funds. <li data-bbox="369 743 1524 852">• Texas Workforce Commission (TWC) staff noted ARRA-related accomplishments in working with the state’s Health and Human Services Commission to draw down TANF Emergency Contingency Funds to provide subsidized employment for economically disadvantaged youth and UI claimants who previously earned less than \$15/hour (the Texas Back to Work program). <li data-bbox="369 870 1524 947">• TWC also worked with the state’s Libraries and Archives agency on a broadband technology grant from the National Telecommunications Administration. The grant provided funds to train library staff and upgrade library equipment to better serve job seekers using public library resources.

- Virginia
 - The Summer Youth Program served 4,000 youth.
 - The state implemented the Community College “On Ramp” pilot for new training and career pathways in areas of highest unemployment.
 - New VEC and UI express offices opened with ARRA funding, significantly increasing access points and a return to one-on-one assessments.
 - New Business and Economic Development Specialists (BEDs) were hired with ARRA funding to provide one-on-one services to employers and UI claimants.
 - ARRA motivated thinking, strategies, logistics, improved coordination/collaboration, and data-sharing.
- Washington
 - Washington offered a Summer Youth Program for the first time in 10 years and put 5,600 youth in work experience.
 - The Recovery Act funds enabled the state to increase its capacity to meet the greater volume of customers during the recession. The state invested ARRA funding in front-end processes, business services, and staff training—all of which will continue to pay dividends in the post-ARRA period. The Recovery Act also promoted collaboration within the broader workforce system.
- Wisconsin
 - Many youth were served (4,400) in the WIA Summer Youth Program—this program was mounted quickly and featured some “green” jobs and training. While this was described as a “godsend” for the state and local areas, it was a one-time provision of funds—and post-ARRA, little funding has been available within the state to provide subsidized summer jobs for youth.
 - ARRA funding brought training and other services to many adults, dislocated workers, and youth who might otherwise not have received services. Recovery Act funding in the WIA program was particularly concentrated on training—a state requirement that at least 70 percent of Recovery Act funds be expended on training (versus 35 percent for regular DW/Adult WIA funds) helped to ensure that a high proportion of Recovery Act funds were dedicated to training and upgrading worker skills.
 - ARRA funding helped to bring the Unemployment Insurance (UI) and workforce system program closer together. ARRA provided much additional funding to expand availability of RES workshops (conducted in local workforce centers) for UI claimants. This also helped to bring many more UI claimants into the local workforce centers for employment and training services.

(continued)

Table 10.3 (continued)

State	Major accomplishments
Wisconsin (<i>cont.</i>)	<ul style="list-style-type: none"> <li data-bbox="371 236 1525 351">• ARRA funding provided additional funding to enhance IT systems, better linking ES, WIA, and TAA programs. Also, the state made a variety of enhancements to IT systems in response to reporting changes required for the TAA program by USDOL; additionally, the emphasis on “transparency” under ARRA necessitated some IT changes (particularly to reports produced and tracking of expenditures). <li data-bbox="371 362 1525 445">• ARRA funding was critical to beef up staffing at One-Stops to meet demand for a variety of employment, training, and support services as a result of the deep recession. ARRA ES funding resulted in the ability to better meet the needs of job seekers through the call center and the ability to better staff workforce centers.

SOURCE: Table is based on site visit interviews conducted in states.

boost to WIA, Wagner-Peyser, and RES funding that helped states and local areas cope with the tide of newly unemployed and underemployed workers swamping One-Stops and other workforce programs. For example, the Recovery Act provided about twice the previous WIA funding available to local workforce agencies (largely expended during the first year that Recovery Act funding was available) and, in particular, provided a temporary source of new funding for WIA Summer Youth Programs across the country. Funding for the Summer Youth Program was largely exhausted during the first summer that Recovery Act funding was available (in line with USDOL directives), with some states able to continue the Summer Youth Program with TANF emergency funding the year following exhaustion of Recovery Act funding. Some states and local areas indicated a strong desire to continue their Summer Youth Programs once Recovery Act and TANF emergency funding had been exhausted, but generally they had to substantially cut back or eliminate Summer Youth initiatives because of a lack of alternative funding, although in some instances states and local workforce areas were able to identify sources of funding to continue Summer Youth initiatives.

Across states and local workforce areas, there was general consensus that Recovery Act funding had been particularly instrumental in providing much-needed funding to temporarily expand WIA, Wagner-Peyser, and RES staffing levels. In particular, Recovery Act funding was instrumental in expanding staffing levels at One-Stop centers across the country to meet surging demand for employment and training services. Once Recovery Act funding was exhausted, however, in most states and localities, staffing levels reverted to pre-Recovery Act levels, with temporary staff hired with Recovery Act funding either being let go or filling the vacancies of permanent staff leaving workforce agencies because of normal attrition.

Recovery Act funding also provided a temporary source of additional funding to expand training opportunities under WIA. This expansion in the numbers trained—like increases in staffing levels—was also a temporary phenomenon in most states; e.g., as discussed earlier, there was a substantial boost for several quarters in the numbers entering WIA Dislocated Workers and Adult training that can be directly attributed to the availability of Recovery Act funding, but the numbers entering training dissipated after several quarters and largely returned

to pre-Recovery Act levels in most states once Recovery Act funding had been exhausted.

Additionally, in some states and local areas, Recovery Act funding helped to expand the types of training provided—for example, providing states and local workforce areas with opportunities to expand and experiment with the following: greater employer involvement in structuring the types of training offered; targeting training on specific high wage/high growth industry sectors within a locality; targeting training and employment services on specific population subgroups (such as UI claimants, long-term unemployed, older workers, and white-collar workers); and expanding use of on-the-job training and other internship-type initiatives linked closely with employers. The Recovery Act also strongly encouraged states to develop and implement innovative training programs related to green occupations and other occupations that were projected to be in high demand or offering career ladders. Many of these training initiatives started with Recovery Act funding have continued in some form after Recovery Act funding was exhausted—though generally on a smaller scale. Several states expressed concern that WIA funding could remain flat or even be cut back in the future—with particular concern for WIA Dislocated Worker funding (which can fluctuate much more year-to-year because there is no “hold-harmless” provision, as there is under the WIA Adult Program). Several states indicated hope that other funding sources might fill the gap left by the loss of Recovery Act funding—for example, added funds from an ETA competitive grant or a National Emergency Grant (NEG), though in comparison to funding made available under the Recovery Act for the WIA program, grants made under such sources are quite small and often targeted on a locality or region of a state.

A substantial number of state and local workforce agencies were also able to open additional (temporary) overflow offices and to purchase new hardware and software with Recovery Act funds to cope with the extremely high levels of customer demand. States and local areas have had to cut back or close temporary offices as Recovery Act funding has been exhausted and funding levels have reverted to pre-Recovery Act levels, though in some instances states have secured additional resources to keep facilities open. The new hardware and software acquired with Recovery Act funding has continued to be deployed in One-Stop resource rooms, helping to expand availability of self-service

resources (versus mediated services) to the many unemployed and underemployed customers using resource rooms. Additionally, some states and local workforce areas used Recovery Act funding (particularly Wagner-Peyser and RES funding) to expand use of new assessment, credentialing, and social media tools (such as expanding use of the National Career Readiness Certificate and encouraging customers and staff to use social media and networking tools, such as Facebook, LinkedIn, YouTube, and Twitter). As Recovery Act funding wound down, states and local areas continued to emphasize and expand use of social media and other self-help tools, both with the intent of decreasing reliance on more costly staff-assisted services and because of the growing importance of the various social media and networking tools in mounting an effective job search.

At the time of the second visit to each state, in 12 of the 20 states visited, administrators expected that RES programs and staffing would be cut when the Recovery Act funding expired. Eight of those states indicated that cuts would likely be to pre-Recovery Act levels. Other states hoped to maintain RES programs (though perhaps on a smaller scale than during the Recovery Act) through trained staff, dedicated reemployment centers, state and local workforce agencies were asked to reflect enters, and LMI/IT investments. The investments made by states to improve LMI and IT systems and infrastructure were most often cited as a means of continuing some level of RES post-Recovery Act. For example, Maine planned to maintain its expanded RES program through staff cross-training and its LMI/IT investments. In Nevada, New York, and Pennsylvania, RES programs continue to operate post-Recovery Act, as these states provide state funds for RES. Nevada and New York have funded an RES program through employer taxes for a number of years. Pennsylvania has operated its Profile Reemployment Program (PREP) since 1995 using its regular Wagner-Peyser ES funding.

As noted in the chapter on RES, ETA's Reemployment and Eligibility Assessment (REA) initiative is similar in some respects to RES, and states interested in maintaining RES activities that provide services to UI claimants to help them gain new employment can apply for REA grants to sustain them. The program funded activities in 33 states and the District of Columbia in 2010 during the Recovery Act period.¹ In May 2012, ETA awarded \$65.5 million in REA grants to 40 states, the

District of Columbia, and Puerto Rico. The funded states included 16 of the 20 states included in our study. One of our sample states, Pennsylvania, was a new REA grant recipient, and Montana did not apply for funding in this round; the other 15 states in our study had their REA grants extended with additional support; they received grants ranging up to \$10.3 million in one state (New York).

CHALLENGES AND ACCOMPLISHMENTS— UI PROVISIONS

At the conclusion of each teleconference interview, UI officials in the 20 interview states were asked to identify the most important agency accomplishments and successes of the 2008–2012 period. They also were asked to identify the most significant remaining challenges associated with current UI program administration. In their summaries, the states also identified administrative problems and bottlenecks caused by specific statutory provisions of the Recovery Act and later legislation that exacerbated their administrative challenges and that should be avoided in future recessions.

Challenges

In administering payments to claimants from 2009 through 2012, nearly all states mentioned two major challenges caused by the Recovery Act and follow-up legislation that extended the EUC and EB programs. The first was problems created by changes in program end dates that were modified by legislation extending both programs to later periods. This was especially problematic during 2010, when the programs lapsed on three different occasions and then were reinitiated with reach-back provisions to allow benefit payments during the break periods. If workers did not maintain active claims during the break periods, their eligibility had to be redetermined, greatly increasing workload and causing delays in payments. The states almost always advised workers to continue claiming during the break period, but many claimants did not follow this suggestion since no payments were currently being received. While the underlying reason for the benefit extensions

is understandable (continuing high unemployment), political disagreements caused legislative delays in the Congress, which exacerbated state administrative problems due to time pressures to make extension-related payments. These problems were more daunting in the majority of states because of the advanced age of their benefit payment IT systems.

The second challenge was posed by federal additional compensation (or FAC). This \$25 addition to weekly benefits was paid during most of 2009 and 2010. In previous recessions, the legislation that provided federal emergency benefits (like EUC) had increased potential entitlements by extending the maximum period for benefit receipt. Because FAC increased the weekly benefit amount, this posed serious challenges for many state benefit payment systems. Some states had delays caused by bottlenecks in reprogramming the benefit payment algorithms, while most developed “work-around” programs or systems that made FAC calculations separately from the regular and extended weekly benefit payments.

Four other administrative challenges were frequently mentioned by the states:

- Starting in November 2009, the states needed to keep records of payments for the four separate tiers of EUC benefits. This included adding a fourteenth week to the second tier of EUC. Partial weeks of entitlements at the end of individual tiers had to be accurately recorded. Keeping accurate records of these payment categories was difficult, especially if there was an intervening payment of EB because of a break in EUC intake.
- The availability of new quarters of earnings data meant that records for recipients of extended benefits had to be reviewed for possible reversion to regular UI payments.
- The optional weekly benefit amount (WBA) calculations first available to claimants in legislation of July 2010 introduced a new element into WBA determinations. Many states (at least initially) relied on manual processes to identify persons who would benefit from the new calculation (because their WBA would otherwise decrease by at least \$100, or by 25 percent under a new base period).

- After the passage of federal legislation extending benefit eligibility, federal guidance to the states interpreting the legislation was sometimes delayed, causing delays in informing agency staff and claimants of the implications for administrative procedures and benefit entitlements. Again, added pressures were experienced because the changes had to be implemented quickly to make timely benefit payments.

In short, the UI system exhibited a strong response to the recession, but benefit payments during 2009–2012 were made through a very complicated multi-tiered UI program. In making benefit payments, the UI administrators in the states faced and overcame a complicated set of challenges. Their administrative challenges would have been reduced if there were just a single program that paid extended benefits, no breaks in intake for extended benefit programs, no changes in the calculation of the WBA for individual recipients, and no add-on payment like the FAC payment. Most state administrators would agree that the presence of these four elements would help facilitate the timely and accurate payment of extended benefits during the next recession.

Accomplishments

The states were nearly unanimous in identifying their greatest administrative accomplishment during this difficult recessionary period. They noted with pride their success in delivering a huge volume of benefit payments to the unemployed, usually in a timely manner. Michigan officials, for example, relayed that the most important result of the incredible staff effort was the economic support provided to the community. Without the support, it was their view that entire Michigan communities would likely have been destabilized, because unemployment in some communities was so high. For nearly all states, the unprecedented growth in claims and payments after mid-2008 was not anticipated, and it occurred against a backdrop of staffing reductions caused by decreases in federal allocations for program administration. Between April–June 2008 and April–June 2009, the simple average of state-level growth rates in initial claims for regular UI benefits across the 51 state programs was 72 percent, for weeks claimed was 130 percent, for weeks compensated was 139 percent, and for benefit payments was 159 percent.

Payments of benefit extensions—both EUC and EB—started from zero prior to the downturn and grew by unprecedented amounts. During both 2010 and 2011, combined payments for EUC and EB actually exceeded payments of regular UI benefits. The states also delivered FAC payments of roughly \$20 billion in 2009–2010, after establishing on very short notice procedures to supplement weekly payments for all three tiers of UI benefits by \$25. Annual payments of all UI-related benefits during 2009 and 2010 (including FAC) averaged about \$140 billion (nearly 1.0 percent of GDP), about 4.5 times the \$32 billion total for the prerecession year 2007.

The 20 states in our interview sample participated fully in these increased payment activities. This is clearly illustrated in Table 10.4, which displays simple averages of state-level ratios for benefit-related activities between April–June 2008 and April–June 2009. The simple averages for the two groups of states are remarkably similar for all four benefits activities. The 20 states provide a good representation of state experiences for the UI system as a whole.

Table 10.4 Growth in Regular UI Benefit Payments, April–June 2008 to April–June 2009

No. of states	Initial claims	Weeks claimed	Total benefits
20 interview states	1.743	2.299	2.610
31 other states	1.698	2.300	2.560
51 states	1.716	2.299	2.585

NOTE: All entries are simple averages of state-level growth ratios: April–June 2009 divided by April–June 2008. Puerto Rico and the Virgin Islands not included.

SOURCE: ETA 5159 reports.

To accomplish these increases in payments-related activities, the state benefit payment systems implemented a host of modifications. The net effect of the changes was to greatly enlarge their capacity to service claims and make payments. Several of these changes resulted in a permanent expansion of administrative capacity, whose advantages will be noticeable in future recessions when claims increase.

The expansion of administrative capacity and services to claimants encompassed several dimensions. A detailed description of the changes was given in Chapter 8. To summarize, a listing of important adaptations follows:

- Enlarged staffing and an increase in the physical plant—adding call centers, hiring new staff, reassignment of existing staff to claims activities, rehiring retirees, increasing daily hours of office operations and adding Saturday hours, adding phone lines, using debit cards for benefit payments
- Load-leveling to reduce wait times for claimants—claims staggered by day of week, automated callback, virtual hold
- Improved routing of phone and Internet contacts—better separation of information requests from applications, improved phone IVRs for initial claims and continued claims, improved scripts for Internet claims
- Technology upgrades—these included installation of new tax or benefit systems, system add-ons or applications to streamline operations, movement to modern source languages, improved access to earnings and benefits data

Many of the changes represented permanent additions to the capacity of the agencies to make benefit payments. Many states plan further enhancements to administrative capacity through IT projects currently planned or underway. The supplemental \$500 million made available to the states by the Recovery Act is making an important contribution in financing some of these enhancements, but the limited availability of other funding, and other challenges, could affect progress.

Note

1. The ETA announced REA grants to 40 states, Puerto Rico, and the District of Columbia in May 2012 (USDOL 2012d).

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