

September 13, 2013

Government Funding on Hold in the House as the New Fiscal Year Approaches

On September 11th, the House Committee on Appropriations unveiled a draft Continuing Resolution (CR) [H.J. Res. 59](#) for fiscal year (FY) 2014 that would keep the federal government running until December 15, 2013.

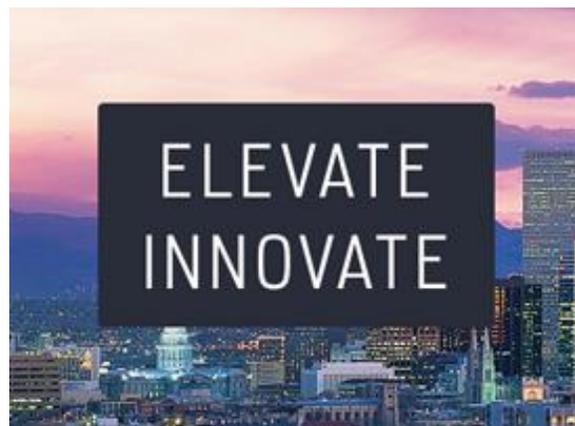
The proposed CR level would be slightly below the \$988 billion post-sequestration level of spending for FY 2013. The Discretionary spending level in the CR is set at an annualized \$986 billion. This reflects the FY 2013 post-sequestration spending level, plus additional funding for certain areas, including judicial services, wildfire management, and veterans' disability claims processing. The CR also contains a few policy provisions and would extend funding for several programs, which are set to expire on September 30th.

House Leaders delayed a September 12th vote on the CR, which would have been accompanied by a separate measure aimed at forcing the Senate to take a largely symbolic vote on eliminating funding for President Obama's health care law, the Affordable Health Care Act. While House Majority leaders have said the vote was only postponed to provide additional time to garner support, House Majority members said eliminating health care funding or delaying the requirement that individuals be covered by health insurance was a significant issue and should be attached the continuing resolution.

With the new Fiscal Year beginning on October 1st, most of the federal government would shut down by that time unless Congress approves the continuing resolution. In addition, by mid-October, the debt ceiling must be increased. Otherwise, the Treasury Department will lose its borrowing authority to finance the government and pay its debts.

NASWA to Host 77th Annual Conference Next Week in Denver, CO

Next week, NASWA and the Colorado Department of Labor and Employment will welcome stakeholders in the public workforce system to the Grand Hyatt in Denver, Colorado for the [77th NASWA Annual Conference](#). This year's conference will be held in conjunction with the National Governors Association's (NGA) annual workforce meeting of its National Association of State Workforce Board Chairs and the National Association of State Liaisons for Workforce Development Partnerships. NASWA members, along with Governors' private sector appointees, who chair state workforce boards, their directors and the governors' workforce liaisons from across the country, will gather in Denver to discuss the future of the workforce system given the budgetary constraints and increasing demands for skilled workers.



As reported in last week's edition of *Bulletin*, Secretary of Labor Thomas Perez will be speaking to the NASWA membership at the Conference on Wednesday, September 18th, and will be joined by Colorado Governor John Hickenlooper to discuss the vital role state workforce agencies play in nation's economy.

McKinsey & Company Director [Lenny Mendonca](#) will serve as the keynote speaker for this year's Conference, with his remarks focusing on the U.S. economy, labor market and the future role of the workforce system. Mr. Mendonca is a co-founder of the Public Sector Practice for McKinsey & Company and is the Director for McKinsey's Washington, D. C and San Francisco offices.

The 77th NASWA Annual Conference also will feature a wide range of plenary and workshops panels on topics currently facing the workforce and unemployment insurance systems. Several plenary and workshop topics include: the future of the workforce system, states' ability to cope with budget challenges, taking innovations to scale to improve workforce services, and information on the latest developments in unemployment insurance information technology modernization.

For more information about the Conference agenda as well as attendees, sponsors, exhibitors and vendor registration, please visit the Conference website at www.naswadenver.com.

House Committee on Ways and Means Holds Hearing on UI Integrity

On Wednesday, September 11th, the House Committee on Ways and Means Subcommittee on Human Resources held a hearing to improve the integrity of the Unemployment Insurance (UI) system, with specific consideration of a bill proposed by Subcommittee Chairman Rep. Dave Reichert (R-WA), the [Permanently Ending Receipt by Prisoners \(PERP\) Act](#) (H.R. 2826). The PERP Act would direct state unemployment insurance programs to implement systems to prevent those who are in jail or prison from receiving unemployment benefits, primarily through accessing the Social Security Administration's database of individuals in jail or prison. The bill would also direct state unemployment insurance programs to implement any other cross match systems it would find necessary to prevent incarcerated individuals from receiving unemployment benefits.



Pennsylvania Secretary of Labor and Industry Julia Hearthway and Indiana Department of Workforce Development Scott Sanders testified before the House Committee on Ways and Means on efforts in their states to promote UI integrity.

Two state administrators -- Julia Hearthway, Secretary of Labor and Industry, Pennsylvania, and Scott Sanders, Commissioner, Department of Workforce Development, Indiana, testified at the hearing. Also testifying were Doug Holmes, President, UWC, – Strategic Services on Unemployment & Workers' Compensation; Valerie Melvin, Director, Information Management and Technology Resources Issues, Government Accountability Office (GAO); and Sharon Dietrich, Managing Attorney, Community Legal Services. Copies of testimony can be found on the House Committee on Ways and Means [website](#).

Secretary Hearthway in her testimony cited the enhancements matching the lists of those in Pennsylvania claiming unemployment benefits with the Pennsylvania Justice Network (JNET), which houses information on individuals incarcerated in the state. Secretary Hearthway indicated the Commonwealth of Pennsylvania expects to save approximately \$100 million in 2013 alone from the implementation of this cross match. Other integrity initiatives underway in Pennsylvania cited by Secretary Hearthway included the creation of an Office of Integrity, specifically directed to address, waste, fraud and abuse, and an UI amnesty program in an effort to recoup lost revenue from delinquent employers and claimants.

Commissioner Sanders spoke to the Subcommittee about efforts in Indiana to prosecute individuals who have committed UI fraud, by partnering with county prosecutors' offices and to highlight convictions through the media and the agency website. Commissioner Sanders also shared with the Subcommittee Indiana's plan to implement reemployment eligibility assessments (REAs) for UI claimants in their fourth week of a claim to provide unemployed

workers in Indiana an array of services in Indiana’s WorkOne Centers to expedite the return to work and reduce costs for the state UI program.

Throughout the hearing many Subcommittee members cited figures from USDOL indicating the UI program has made [\\$58 billion](#) in improper payments since 2008, and that state and federal UI payments were made with an error rate consistently above 10 percent over the same period. While States agree that only “correct payments” should be made to unemployed workers who are seeking employment, USDOL’s Benefit Accuracy Measurement (BAM) system is driving the figures USDOL uses to report improper payments. Unfortunately, the improper payment figures USDOL provides are not actual overpayments, but extrapolations from the BAM data and based on very small sample sizes. Coding problems with BAM cases also might be inflating the estimated overpayment amounts in some states.

USDOL Offers Funding to Help Offset Sequestration Costs for Fiscal 2014 EUC Benefits

On Monday, September 9th, the U.S. Department of Labor (USDOL) issued [Unemployment Insurance Program Letter \(UIPL\) 27-13](#) announcing the opportunity for states to submit Supplemental Budget Requests (SBRs) to help offset costs associated with the implementation of sequestration for Emergency Unemployment Compensation (EUC) benefits for fiscal year (FY) 2014, which begins on October 1st. States must reduce their EUC benefit amounts by 7.2 percent.

Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1998 (BBEDCA), the President issued a Sequestration Order for FY 2014 on April 10, 2013, accompanied by an OMB Sequestration Preview Report to the President and Congress for FY 2014 and an OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2014. The required percentage reduction for mandatory programs outlined in these reports for FY 2014 was determined to be 7.2 percent.

In its UIPL, USDOL indicated SBRs would be awarded to cover the costs of: programming of reductions to EUC entitlement, benefit redeterminations, Web site and Interactive Voice Response systems updating, and claimant notification of benefit amount changes including postage. Supplemental Budget Request funds are also available for staff training and other activities related to the implementation of sequestration in FY 2014.

States should submit proposals, including appropriate cost estimates, to obtain adequate funding for any sequestration-related activities in one SBR package no later than September 18, 2013, and awards will be made by the end of September. Supplemental funding will be subject to the 5.1 percent sequestration reduction required for FY 2013. For more information on how to apply for additional supplemental funding, please see the above mentioned UIPL.

CBO Projects \$753 Billion 11-Month Budget Deficit – Smaller Shortfall for FY 2013

The nonpartisan Congressional Budget Office (CBO) said Monday, September 9th, that it projects the U.S. Department of Treasury to report a \$753 billion budget deficit for the first 11 months of fiscal 2013, but the final shortfall for the full year will be less.

In its monthly budget review released Sept. 9, the CBO projected a \$146 billion budget gap for August, down from about \$191 billion in August 2012, a \$45 billion decline.

In May, the CBO said it projected the FY 2013 deficit to total \$642 billion,

Budget Totals, October–August (Billions of dollars)			
	Actual, FY 2012	Preliminary, FY 2013	Estimated Change
Receipts	2,188	2,472	284
Outlays	3,352	3,225	-127
Deficit (-)	-1,164	-753	411

Sources: Congressional Budget Office; Department of the Treasury. Based on the *Monthly Treasury Statement* for July 2013 and the *Daily Treasury Statements* for August 2013.

while in July the White House's Office of Management and Budget projected a larger deficit of \$759 billion, if President Obama's proposals were put in place.

Either amount would mark the first annual deficit below \$1 trillion since fiscal 2008 and reflect a slowing in spending and a boost in revenue as the U.S. economy has continued its gradual recovery from the Great Recession.

The CBO said, through August, federal revenue was up about 13 percent, in part, to double-digit percentage gains in individual income tax receipts, payroll taxes and corporate tax revenue. "Taxes withheld from workers' paychecks rose by \$160 billion (or 10 percent), mainly because of the expiration of the payroll tax cut in January 2013, higher wages and salaries, and increases (beginning in January) in tax rates for income above certain thresholds," the CBO said.

Meanwhile, spending has stayed relatively flat. Outlays for the first 11 months of fiscal year 2013 were \$127 billion less than spending during the same period last year, CBO estimated. Adjusted for shifts in the timing of certain payments and collections, mostly because the scheduled dates for some payments fell on a weekend, that decrease amounts to \$129 billion, or 4 percent, the agency said.

NASWA Hosts Webinar on UI Resource Justification Model with USDOL

Last month, on August 20th, NASWA hosted a webinar with states and officials from the U.S. Department of Labor (USDOL) on the Resource Justification Model. The Resource Justification Model (RJM) is a data collection system that collects Unemployment Insurance (UI) administrative expenditures, from the most recently completed fiscal year (FY), used by state agencies to operate their respective UI programs. The Resource Justification Model's objectives are to demonstrate states' true funding need, obtain data to allow for fair and equitable allocation of available funds, replace Cost Model data, reflect all required activities, ensure service with acceptable quality and allow for technological change. For a complete recording of the webinar, click [here](#).



The webinar between NASWA members and USDOL was spurred by the initial efforts of a RJM Workgroup formed earlier this year between NASWA's Administration and Finance and Unemployment Insurance Committees. The purpose of the Workgroup is to develop a clear understanding of the RJM including its intended purpose, current utilization status and ways states and USDOL can clarify issues and concerns surrounding the model.

As part of this effort to promote a better understanding among states of the RJM, several officials from USDOL's Office of Unemployment Insurance provided an overview of the RJM objectives, structure, how to report state financial information in less burdensome manners, and also how the information submitted by states is used to allocate UI administrative funding to state UI programs. NASWA's RJM Workgroup will continue its work surrounding the RJM and will continue to engage USDOL on this issue.

National Labor Exchange Launches New Microsite in Massachusetts: Mass-Creative.Jobs

The National Labor Exchange (NLX) earlier this week launched [Mass-Creative.Jobs](#) on behalf of the Massachusetts Executive Office of Labor and Workforce Development's state job bank system, Massachusetts JobQuest. [Mass-Creative.Jobs](#) is a site specifically geared to those job seekers seeking positions in the "creative" field, which is based on the U.S. Department of Labor's O*NET codes. Some occupations included in the "creative" field include graphic designers, writers and web developers.

Microsites use search engine optimized pages designed to improve a state's ranking on individual search results. As a result, microsites will gradually rank higher on search engine (Google) results pages, substantially increasing jobseeker traffic back to state job banks, and ultimately facilitating a more efficient labor exchange. This is an increasingly important resource for states as there are on average over 338 million job related searches performed on Google every month.



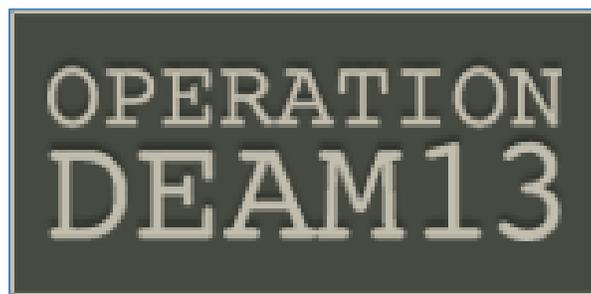
The NLX offers state workforce agencies up to ten no-cost .Jobs microsites. These websites can be customized in each state based on specific occupations, locations, industry initiatives and specific job seeker populations. Currently there are 10 states (AZ, IA, IL, KS, MA, NV, NY, OR, SD and TX) taking advantage of this no-cost service from the NLX. To view the list of microsites being used in these states, please visit <http://naswa.org/nlx/?action=micro>.

In addition, NLX microsites are mobile-enabled and social media integrated, allowing job seekers to search for jobs on their mobile devices and share positions via social media. To learn more about microsites and mobile functionality for your state job bank, please contact Charlie Terrell, NLX Operations Manager, NASWA, at cterrell@naswa.org or 202-434-8045.

NASWA Members Invited to Attend 2013 DirectEmployers Annual Meeting and Conference

DirectEmployers Association (DirectEmployers) has invited NASWA members to attend the 2013 DirectEmployers Annual Meeting & Conference (DEAM13), scheduled to take place, October 21-24, 2013, in San Diego, California.

The 2013 DirectEmployers Annual Meeting & Conference is an opportunity for state workforce agency staff to interact with over 200 HR professionals from Fortune 1500 companies; learn about recruitment and hiring best practices; hear from thought-leaders in the HR industry, and participate in discussions on issues impacting employer recruitment, veterans' compliance and disability regulations.



Due to the large military presence in the San Diego area, DEAM13 will boast a military-focused theme, where attendees will find an emphasis on veteran/military hiring, programs, and regulations. Through this theme, DirectEmployers is

hoping to assist employers to align recruitment and hiring practices to changing federal regulations as well as provide real opportunities for those who made so many sacrifices for our freedom. In an effort to provide an opportunity for employers and veterans to connect on employment opportunities, DirectEmployers and the California Employment Development Department (EDD) will be hosting an onsite career fair for veterans in the San Diego metro area during the Meeting.

Attendance to the 2013 DirectEmployers Association Annual Meeting & Conference is available at a 50 percent discount for state workforce agency employees, with hotel rooms available for \$205 per night. For more information about the 2013 DirectEmployers Association Annual Conference including hotel location, conference registration and agenda items, please visit <http://deam13.directemployers.org/>

DirectEmployers is a nonprofit HR consortium of leading global employers formed to improve labor market efficiency through the sharing of best practices, research and the development of technology. In 2007, NASWA and DirectEmployers created the National Labor Exchange (NLX) providing state workforce agencies' job banks with thousands of unduplicated, current jobs from vetted employers. Today all state workforce agencies, including those in DC, Puerto Rico and Guam, have signed participation agreements. The NLX contains over one million jobs on average. For more information on the NLX, visit www.naswa.org/nlx.

If you plan to attend or send state staff, please inform Tim Griffith, Project Specialist, NASWA at tgriffith@naswa.org.

USDOL Awards Self-Employment Assistance Grants to NY and MS

On Wednesday, September 11th, the U.S. Department of Labor awarded grants totaling \$2,335,270 to Mississippi and New York to develop and enhance Self-Employment Assistance programs for eligible individuals. Participants in this voluntary program will receive: entrepreneurial training; access to resources to help to help launch their own businesses and financial assistance, which will be equal to what qualified participants would otherwise receive under their Unemployment Insurance benefit eligibility.

Mississippi will receive a grant of \$356,271 to develop, implement and administer a permanent Self-Employment Assistance program for individuals who are eligible for regular state Unemployment Insurance. The state will partner with businesses, nonprofits and government organizations to establish and launch a Self-Employment Assistance program that offers training and services to Unemployment Insurance-eligible individuals to start their own businesses.

New York State will receive a grant of \$1,978,999 to enhance the operation and administration of the state's existing Self-Employment Assistance program for individuals who are eligible to receive regular state Unemployment Insurance and federal Emergency Unemployment Compensation. The funding also will allow for expansion of the program to serve those individuals eligible for Extended Benefits. New York plans to use these funds to improve customer service and increase the efficiency and effectiveness of operations by teaching participants how to complete applications, certifications, benchmark forms and surveys online.

Funding for expanding Self-Employment Assistance programs is part of a series of innovative reforms to the federal Unemployment Insurance program made possible through the Middle Class Tax Relief and Job Creation Act of 2012. For more information about Self-Employment Assistance programs, read the Unemployment Insurance program letter at http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3919.

Federal Hiring Declines to Six-Year Low Point

With fiscal pressures continuing to force spending cuts, federal government agencies made fewer than 90,000 new hires last year, the smallest number in six years and a 37 percent drop since 2009, according to federal data.

The federal government hired 89,689 new employees in 2012, many of whom eventually will move into leadership positions at their agencies. They include the largest number of veterans in recent years (44.7 percent), and three out of four are filling jobs at defense and security-related agencies.

Notices, Advisories and Reports

September 12, 2013: USDOL released [Training and Employment Guidance Letter No. 24-12, Change 1](#) providing state workforce agencies information on the nomination extension process for Work Opportunity Tax Credit Empowerment Zones, and the date when SWAs can start processing certification requests for the two target groups, which require its members to reside in Empowerment Zones.

September 12, 2013: USDOL issued [Training and Employment Notice No. 07-13](#) announcing the availability of funds for the 2013 ETA Research Papers Program. This initiative will provide approximately \$80,000 in funds, for up to 10 projects, to doctoral and post-doctoral students interested in writing scholarly, policy-relevant research papers on topics of interest to the public workforce investment system. These applications are due on November 11, 2013.

September 10, 2013: The Bureau of Labor Statistics (BLS) released its monthly [Job Openings and Labor Turnover Summary \(JOLTS\)](#) for the month of July 2013. According to the BLS report, there were 3.69 million job openings at the end of June, down slightly from the revised June 2013 figure of 3.87 million (seasonally adjusted). In July, the hires rate was unchanged from the previous month, holding at 3.2 percent. Separations were also relatively unchanged dropping to 3 percent from 3.1 percent in June.

September 9, 2013: USDOL released [Unemployment Insurance Program Letter No. 28-13](#) providing guidance on Benefit Accuracy Measurement (BAM) investigations and subsequent coding. The UIPL updates ET Handbook No. 395, 5th Edition, to include BAM standards for exhaustive attempts to obtain claimant information and to establish guidelines for coding errors when claimants fail to respond.

September 6, 2013: USDOL issued [Unemployment Insurance Program Letter No. 26-13](#) informing states of the extension of approval from the Office of Management and Budget (OMB) for the use of the form MA 8-7, Transmittal for Unemployment Insurance Materials, and to remind states to use it to transmit unemployment insurance materials.

BULLETIN CONTRIBUTIONS

Articles contributions were by Tim Griffith, Marc Katz and Brian Langley

FEEDBACK

For questions or comments, please contact NASWA Bulletin Editor Marc Katz at mkatz@naswa.org.

NATIONAL ASSOCIATION OF STATE WORKFORCE AGENCIES

444 North Capitol Street, N.W. | Suite 142 | Washington, D.C. 20001
(P) 202.434.8020 | (F) 202.434.8033 | www.naswa.org