

WORK INCENTIVE GRANTS

BUDGET AUTHORITY BEFORE THE COMMITTEE						
(Dollars in Thousands)						
	FY 2008 Enacted	FY 2009 Enacted	Diff. FY08 Enacted / FY09 Enacted	Recovery Act	FY 2010 Request	Diff. FY09 Enacted / FY10 Req
Activity Appropriation	14,393	17,295	2,902	0	0	-17,295

Introduction

The Employment and Training Administration (ETA) administers the Work Incentive Grant (WIG) program, a pilot program designed to increase the labor force participation, life-long learning opportunities, and career advancement of persons with disabilities. The WIG pilot program was developed to explore new approaches to improving accessibility of One-Stop services, with the intent for states to ultimately assume responsibility to provide these services through integration within the One-Stop Career Center system.

People with disabilities continue to be disproportionately underemployed, unemployed, and living in poverty. According to recent studies, in 2007, over 22 million people had one or more disabilities, representing 12.8 percent of the working age population (ages 21-64 years old). Only 36.9 percent of working age people with disabilities were employed, as compared to 79.76 percent of working age people without disabilities; representing a gap of 42.8 percent. 24.7 percent of people with disabilities were poor compared to 9 percent of working age people without disabilities. People with disabilities are disproportionately represented in the populations with multiple employment challenges that are increasingly seeking service at the One-Stop Career Centers, e.g., Temporary Assistance to Needy Families recipients, ex-offenders, older workers, homeless, limited English proficient, English as a Second Language, at-risk youth, etc.

ETA has worked to improve the One-Stop Career Center system services for job seekers with disabilities by establishing the Disability Program Navigator (DPN) Initiative. The DPN initiative grew out of joint coordination with the Social Security Administration (SSA) to fund, implement, pilot, and evaluate Navigator positions in the One-Stop Career Center system to ensure that people with disabilities would have ready access to information about work incentives, work support programs available at the One-Stop Career Centers, and the business community. DPNs promote meaningful and effective physical, programmatic, and communication access to the One-Stop Career Center system; conduct outreach to the disability community; establish linkages to employers to increase job and career opportunities; develop new, and maintain ongoing, partnerships to achieve a seamless integrated workforce system; and establish Integrated Resource Teams (IRT) across workforce and disability systems that address multiple employment needs of job seekers with disabilities.

In Program Year (PY) 2007, 45 states, the District of Columbia, and Puerto Rico were operating a DPN initiative and approximately 525 Navigators were established in local workforce investment areas. Currently, there are approximately 425 Navigators funded in PY 2008. Cooperative agreements will continue with 16 Round I, 13 Round II, and 16 Round III DPN

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states using the \$17,295,000 in PY 2009 WIG funds. States are asked to supplement their DPN initiative through other Federal or state resources in order to maintain current Navigator levels. There were four new Round IV DPN cooperative agreements awarded in March 2009 and funded through March 2011.

In response to a program assessment and to improve the program's performance, ETA is monitoring One-Stop Career Centers to assess access by and services provided to individuals with disabilities, reviewing annual data, and conducting an evaluation of program results.

To measure performance, the Work Incentive Grant program utilizes the three performance measures similar to the ones used for other employment and training programs. These measures describe how many people got a job, how many stayed employed, and what were their earnings. These measures are applied to those local workforce investment areas that received Work Incentive Grants. The definitions of the measures are as follows:

- *Entered Employment Rate* - Percent of exiters with disabilities employed after program exit;
- *Employment Retention Rate* - Percent of exiters with disabilities who retain employment after exit;
- *Average Earnings* - The average earnings six months after placement.

The program also captures results for the following measure:

- *Percent of Exiters with Disabilities*

Last year, the Work Incentive Grant program had 59.6 percent of exiters with disabilities enter employment; 79.6% percent retain employment after exit; and have average earnings of \$10,862. Targets for entered employment (66.0%) and retention (79.6%) were not met. Average earnings exceeded the target of \$9,955. The percent of exiters remained unchanged.

Funding Mechanism

ETA has issued Solicitations for Grants for Statewide Cooperative Agreements to identified states through several grant cycles since PY 2002, when the program was first funded. Invitations to initial states were conducted in coordination with SSA's projected initiatives or demonstrations. To date, ETA has invested \$112,000,000 and SSA has invested \$12,000,000 (over a three year period) into the DPN initiative.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2005	19,711	0
2006	19,514	0
2007	19,514	0
2008	14,393	0
2009	17,295	0

NOTE: Excludes Recovery Act Funding. See budget activity head table.

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FY 2010

The FY 2010 Budget proposes to terminate funding for the WIG program, given the nature of the pilot program, and the fact that the seven years of dedicated funding has accomplished the goal of demonstrating new approaches to improving the accessibility of One-Stop services for job seekers with disabilities. Separate grants are no longer needed to promote accessibility. States and localities can now implement these approaches as part of their regular One-Stop Career Center activities, particularly with the information available to date from the pilots. States may continue to use other Federal or state resources to aid those with disabilities obtain employment. ETA expects to continue to see a significant increase in workforce service levels to job seekers with disabilities in the One-Stop Career Center system, even with the termination of program funding.

FY 2009

The FY 2009 Budget allocates \$17,295,000 to fund the WIG/DPN grants. This will allow Rounds I, II, and III DPN state cooperative agreements to be continued at reduced funding levels. Due to the pilot nature of the program, funding has been gradually diminished to reflect anticipated state absorption of service provision for job seekers with disabilities through integration within the One-Stop Career Centers. Consequently, there are now approximately 425 DPNs throughout the country. Three states have dropped out of the DPN program and two states have declined to participate. Even with the funding reductions, the DPN initiative continues to effectively increase the capacity of the One-Stop Career Center system to provide comprehensive, integrated, and accessible services to customers with disabilities; connect one of the most disadvantaged, unconnected, unemployed, and underemployed populations to the One-Stop Career Center system for services; and promote quality employment outcomes of people with disabilities so that they can sustain a life of financial self-sufficiency.

FY 2008

States with DPN positions received continued funding through June 30, 2009. In addition to pursuing the overall Navigator role, state project activities are also focused on sustainability through coordination with other disability entities (e.g., participation in the Ticket to Work program), developing integrated resource teams to enhance service delivery for customers with disabilities, and identifying and disseminating promising practices.

Recent major activities include:

- issuing a Solicitation for Statewide Cooperative Agreements to expand the DPN program;
- facilitating the public workforce investment system's state and local Workforce Investment Boards and One-Stop Career Centers in becoming Employment Networks (ENs) and promoting alternative providers in the promotion of employment of people with disabilities receiving Social Security disability benefits;

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- supporting the Internal Revenue Service and National Disability Institute's Real Economic Impact Tour to promote financial literacy, economic self-sufficiency, and increase the use of the Earned Income Tax Credit for people with disabilities;
- providing ongoing technical assistance and training to the current 46 DPN grantees;
- linking the DPN initiative to the workforce investment system by incorporating promising practices and resources into ETA's best practices Web site, developing a community of practice on the employment of people with disabilities, developing resource toolkits, issuing training and employment notices, and conducting webinars; and
- working with Mathematica Policy Research, Inc. to complete the quantitative evaluation of the DPN initiative allowing matching of SSA disability beneficiary data with individual outcome data for WIA exiters and Wagner-Peyser Act registrants in four states.

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WORKLOAD SUMMARY (Dollars in Thousands)			
	FY 2008 Actual	FY 2009 Target	FY 2010 Target
Work Incentive Grants			
Participants Served *	23,750	24,468	NA
Cost per Participant	\$606	\$707	NA
Budget Activity Total	\$14,393	\$17,295	NA

*Participant projections are based on actual PY 2007 results for *exiter* data as reported in the PY 2007 annual WIASRD submission. In FY 2010, no funding has been requested for the program. Participant estimates are for the number of job seekers with disabilities who are served by the workforce investment areas receiving Work Incentive Grants.

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PERFORMANCE GOAL AND INDICATORS

Improve the employment, retention and earnings of individuals with disabilities served by the workforce investment system through Work Incentive Grants									
Performance Indicator	PY 2005		PY 2006		PY 2007		PY 2008	PY 2009	PY 2010
	Substantially Achieved		Goal Not Achieved		Goal Not Achieved				
	Target	Result	Target	Result	Target	Result	Target	Target	Target
1. Percent of exiters with disabilities.	6.20%	6.9%	6.3%	4.5%	4.6%	4.5%	4.6%	4.7%	--
2. Percent of exiters with disabilities employed after program exit.	66.0%	69.9%	67.0%	65.0%	66.0%	59.6%	67.0%	68.0%	--
3. Percent of exiters with disabilities who retain employment after exit.	81.0%	80.4%	82.0%	78.8%	80.0%	79.6%	81.0%	82.0%	--
4. Average earnings in the second and third quarters after exit.	\$1,872	\$3,256	Base-line	\$9,856	\$9,955	\$10,882	\$10,055	\$10,155	--
Baseline(s): In PY2006, the program collected baseline data for the new average earnings measure; 2004-05 data are based on a similar earnings measure, earnings gain.									
Data Source(s): State Workforce Investment Act Standardized Record Data (WIASRD) submitted to DOL, Unemployment Insurance Wage Records									
Comments: The data shown are for exiters with disabilities for those Workforce Investment Areas with navigators. New measures were developed during the PY 2004 budget. In FY 2010, no funding has been requested for the program. Data for Work Incentive Grants is collected annually from the WIASRD.									

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BUDGET ACTIVITY by OBJECT CLASS						
(Dollars in Thousands)						
		FY 2008 Enacted	FY 2009 Enacted	Recovery Act	FY 2010 Request	Change FY 10 Req / FY 09 Enacted
41.0	Grants, subsidies, and contributions	14,393	17,295	0	0	-17,295
Total		14,393	17,295	0	0	-17,295

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CHANGES IN FY 2010

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Built-Ins Subtotal

0

Net Program

-17,295

Direct FTE

0

Estimate

FTE

Base

17,295

0

Program Decrease

-17,295

0