



INSIDE THE BUDGET

September 14, 2000

A Newsfax of the Independent Budget Office

No. 68

New IBO Director Appointed

We are pleased to announce that Ronnie Lowenstein has been named as the new Director of the New York City Independent Budget Office. Ms. Lowenstein has been with IBO since its inception in 1996 and was its Deputy Director and Chief Economist. She has been overseeing IBO's activities since Douglas Criscitello, the former director, left at the end of February of this year.

The selection was the culmination of a search conducted by IBO's Advisory Board, which is composed of ten experts on budget and public policy, chaired by Donald Kummerfeld. Under the New York City Charter, the Advisory Board recommends candidates for the director to a committee made up of four elected officials: Comptroller Alan Hevesi, Public Advocate Mark Green, Manhattan Borough President C. Virginia Fields (representing all five borough presidents) and City Council Speaker Peter Vallone (representing the Council). The unique appointment process is designed to maintain IBO's political independence. The elected officials unanimously voted to appoint Ms. Lowenstein, who will serve the remainder of the current term that expires August 1, 2002.

Before joining IBO, Ms. Lowenstein was an economist in the Domestic Research Division of the Federal Reserve Bank of New York and taught economics at Barnard College. Ms. Lowenstein received her Ph.D. in economics from Columbia University and her B.A. from Guilford College. She resides in Manhattan with her husband Kenneth Lowenstein, an attorney, and her two children, Jeff and Marc.

New York City's Comprehensive Five-Year Workforce Investment Act Plan: An Overview

The federal Workforce Investment Act (WIA) replaced the Job Training and Partnership Act (JTPA) in July 2000. The new law is intended to be a workforce preparation and employment system serving the needs of businesses and individuals — including adults and young people who are either unemployed or underemployed. On July 1, 2000, WIA regulations became effective and local areas were to begin WIA operations.

Although WIA regulations became effective in July, the city and other local areas that were unable to meet the deadline received extensions until September 30, 2000, from the New York State Department of Labor (NYSDOL) to comply with WIA regulations that include the approval of a five-year comprehensive WIA plan. The local Workforce Investment Board (local board) plans to meet on September 19 to vote on the proposed five-year plan for submission to the state.

Proposed Implementation Plan. As required by WIA regulations, a local board appointed by the Mayor has prepared a draft five-year plan. The proposed plan offers the city's response to implementation questions raised by NYSDOL. The proposed plan includes an overview of the city's workforce investment vision for the next five years, an assessment of the needs of employers and workers, roles and responsibilities of the administering parties, and service delivery strategies. It also addresses some of the concerns voiced by the public at previous hearings regarding earlier drafts of the plan such as services to special needs populations and the city's work-first philosophy.

However, the proposed plan lacks important details on such issues as timing, funding, and staffing. It does not include specific timetables for implementing activities such as when electronic linkages will be established throughout the new system or when additional one-stop centers (see below) will be opened. It also does not contain specifics on staffing allocations throughout the new system nor does it include the number and location of future one-stop centers.

Funding and Service Priorities. NYSDOL is expected to allocate a total of roughly \$630 million in federal WIA funds to New York City over the next five years. The WIA program will augment hundreds of millions of dollars of additional funding from other federal partner programs. For fiscal year 2001, the state allocated about \$126 million for WIA to the city, of which adult services will receive almost \$44 million, youth services will receive over \$43 million, and dislocated worker services will receive about \$38 million.

WIA is intended to address the workforce needs of all people but priority for training services must be given to public assistance recipients and other low-income individuals. The local board, however, has proposed priorities of service that are

Continued on page 2

Workforce Investment Act Plan

Continued from page 1

slightly different from those included in the WIA legislation. In the city, WIA training funds will focus on individuals with significant barriers to obtaining and keeping jobs, including, but not limited to, those who are long-term unemployed, those without any significant work history, those with limited English proficiency or limited education, older workers, veterans, and older youth (ages 19 to 21) without a high school degree. Other priorities for training services include low-income families who are not on public assistance and dislocated workers.

Contrary to priorities under WIA, the proposed plan states that Temporary Assistance for Needy Families recipients will not receive training services through WIA funding sources but rather will receive training through other funds that are available to that population. The local board's decision not to use WIA training funds on public assistance recipients is controversial and will likely be a point of contention among city advocacy groups.

Services Provided. Under WIA, funds will be used for three levels of services -- core, intensive, and training. Core services, such as initial skills assessment and job search and placement assistance, are available to all adults and dislocated workers. Intensive services are available to those who have been unable to obtain a job through core services and those who are employed but need additional services to reach self-sufficiency. Intensive services include individual career counseling and development of on-the-job training and/or customized training programs. Core and intensive services will be provided by various city and state agencies. Contracted training providers, however, may provide core and intensive services for some special population groups with significant barriers to employment.

Training is available for those who meet intensive services eligibility but are unable to find employment through those services. Training services will be provided by local board-approved providers and will be accessed using vouchers, called "individual training accounts". These vouchers allow selected adult customers to purchase the training they deem most appropriate from a list of eligible training providers. As an interim measure, the city has expanded and extended the voucher system used in past years with dislocated workers. Vouchers are currently capped at \$2,000 per year per individual. The local board is in the process of identifying an operator for the city's individual training account system.

Service Levels. In moving to the WIA model, the city expects to serve roughly 30,200 adults in the first year of the program (July 1, 2000 to June 30, 2001). The city proposes to provide

16,200 unemployed and underemployed adults with core services in the first year, including intensive services for 9,200. Of these 9,200 adults, about 6,000 are expected to receive training services using the voucher program. In addition, the city proposes to serve nearly 14,000 recently dislocated workers through core services, including intensive services for 8,000. Of these 8,000 dislocated workers, about 4,400 are expected to receive training services through the voucher program.

For youth services, the emphasis is on year-round programming. The city plans to serve an estimated 15,500 in-school youth and 2,000 out-of-school youth through several youth employment programs.

The changes in eligibility and programs make it difficult to directly compare estimated service levels provided in the proposed plan with those in previous years under JTPA.

One-Stop System. WIA is designed around new one-stop centers that provide a single location for the majority of employment needs and training information. WIA also allows for one-stop services to be provided at additional affiliated sites and through electronic networks. The city will operate a number of full-service one-stop centers serving all boroughs. New York City opened its first one-stop center in Jamaica, Queens on July 1, in compliance with WIA regulations. The local board has not yet determined the number, size, and location of additional centers.

In addition to the one-stop centers, the system will also be accessible citywide via electronic links that will connect it to other city employment offices such as Worker Career Centers (for dislocated workers), Employment Services and Placement program sites (for individuals looking for job search and employment assessment assistance), and Job Centers (for individuals seeking supportive services and employability assessments). The entry points to WIA youth services will also include schools and community outreach by contracted service providers. The exact locations of these access points are not specified in the plan. The plan will also allow employers to access government system job databases electronically in order to conduct their own searches for candidates.

One-stop partners, mandated by WIA, provide services associated with the programs they administer at the one-stop centers. In New York City, partners include: Human Resources Administration, Department of Employment, New York State Department of Labor, New York State Department of Education, Vocational and Educational Services for Individuals with Disabilities, Job Corps, Department of Youth and Community Development, Department for the Aging, New York City Housing Authority, and American Indian Community

Continued on page 3

Workforce Investment Act Plan

Continued from page 2

House. The local board may select additional partners in the future.

Employer Service Strategy. Businesses play a prominent role on the local boards. Local areas are also encouraged to partner with businesses to provide training programs. New York City proposes to set up a market information office within the one-stop system that will cultivate relationships with businesses and address their needs. The office will offer services to workers in local businesses for the purpose of skills upgrading and job retention. However, further details concerning the location of this office, the number of staff involved, and/or the timeframe for the provision of these services are not provided in the plan.

Performance Goals and Accountability. WIA requires training providers and local areas to report on performance indicators for all training participants, as well as customer satisfaction measures for both participants and employers.

For the first year of WIA, NYSDOL and the local board have already negotiated performance levels, including contract goals and payment incentives for the system's one-stop and training providers. Each service provider will operate under a Memoranda of Understanding (MOU) that outlines performance expectations required to receive payments. Although copies of the MOUs were not included in the proposed plan, the local board was expected to release the MOUs on the city's website for public comment the week of September 11. As of the release of this article, however, the MOUs were not available on the city's website.

New York City's proposed Comprehensive Five-Year Local Plan for WIA is available online at: <http://www.ci.nyc.ny.us/html/wia/home.html>. For an overview of WIA and summer youth programs under WIA, see IBO's *Analysis of the Mayor's Preliminary Budget for 2001* (March 2000) and *Analysis of the Mayor's Executive Budget for 2001* (May 2000).

For more information about this topic, contact Josh Chang, a budget and policy analyst at IBO, at (212) 442-8617.

IBO Launches E-mail Newsletter

IBO is pleased to launch a new service—IBO eNews. IBO eNews notifies subscribers whenever a new IBO publication is released, including our mandated reports, fiscal briefs, just-for-the-web special materials, and (of course) our *Inside the Budget* newsfax. We also plan to use eNews to provide special budget alerts and to notify readers of new additions to our web site, which will be getting a major upgrade over the next few months.

All IBO publications are available on the web on the day of release and readers will find direct links to the latest releases from eNews. We also invite suggestions from readers on how to make IBO eNews more valuable to them.

To subscribe, send an email to ibo@ibo.nyc.ny.us with the words SUBSCRIBE ENEWS in the subject line. Please help us learn more about our readers by also including full contact information in the body of the message. This is, of course, optional.