

Discussion Points

1. The Governor's budget incorporates an estimated \$5.183 billion over two fiscal years in federal stimulus funding provided by the American Recovery and Reinvestment Act (ARRA) of 2009. According to a table on page 42 of the Governor's abbreviated budget, the State will use \$3.074 billion (\$854 million in FY09 and \$2.220 billion in FY10) from ARRA for budget relief. In addition to these funds which will offset revenue shortfalls, \$2.109 billion will be used for new or expanded programs or initiatives. The ARRA allocates funds to states both by formula and by competitive awards.

According to the Governor's budget (pages C-22 to C-23) and testimony presented by the Commissioner of the Department of Labor and Workforce Development to the Assembly Labor Committee on March 12, 2009, at a minimum, the department anticipates \$340 million in federal stimulus funding (\$331.3 million in FY2009 and \$8.7 million in FY2010). The \$331.3 million authorized under ARRA for FY2009 includes: a \$204 million appropriation for deposit into the State's unemployment insurance fund; \$62.9 million for Workforce Investment Act activities; \$15 million for high growth grants; \$14.7 million for unemployment insurance administration; \$10.7 million for employment services; \$8.7 million for expanding the Trade Act; \$7.6 million for vocational rehabilitation; \$4 million for a national emergency grant; \$3.4 million for a senior employment program; and \$309,000 for independent living. Additional funding may be accessed by the department through targeted competitive grant programs under ARRA.

- **Question:** a. Please itemize the federal stimulus funding, other than portions of the \$3.074 billion allocated for budget relief, included in the department's budget, by fiscal year and federal program, setting forth program goals and eligible uses together with the amount for state administrative expenses and the amount for allocation to local public and private recipients, respectively. Please identify intended and actual recipients and the process by which the department determines recipients and funding awards. Are there ARRA funds that flow through your department for which the State has no discretion? Please also set forth the timetable for obtaining federal approval of funding, obligation and allocation of funding to recipients, and use by recipients. Could any of this funding be used to offset other State appropriations, and if so, what programs and in what amount? What additional positions, if any, have been and will be hired with these funds? Will any new staff hired be permanent full time employees with benefit and pension eligibility? If this money is being used for new or expanded activities, will the new or expanded activities be continued in FY 2011? If so, how will they be funded?

Response: The following are the ARRA funds (in thousands) included in the LWD budget as found on pages C-22 and C-23 of the Governor's Budget message. All funds are appropriated in fiscal year 2009.

<u>Program</u>	<u>Funding</u>
Employment Services	\$ 10,663
Independent Living	309
Trade Act	8,674
Senior Employment Program	3,420

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Unemployment Insurance	14,773
Vocational Rehabilitation	7,564
Workforce Investment Act	62,929
Total	<u>\$127,332</u>

Approximately \$63 million is included in the above amount for the Workforce Investment Act pursuant to federal statutes and regulations of which \$41 million is earmarked and must be distributed by formula to the 18 Workforce Investment Boards throughout the State. These funds must be used to provide services to clients deemed eligible to receive services under the various provisions of the Workforce Investment Act. The balance of the funding remains with the Department for administration (5%) and for Rapid Response /Dislocated Worker activities.

The ARRA funding the LWD has received is used to support federal programs and also programs that have a mix of federal and State funds. ARRA funds that support the latter are to be used to supplement not to supplant State programs; therefore these funds are not available to offset State appropriations. Also the ARRA funds earmarked for the various programs are meant to be used to serve those individuals that are deemed eligible to be served pursuant to the appropriate enabling statutes. Due to the one-time, emergency nature of these ARRA funds, staffing needs created by ARRA will be handled using part-time and/or temporary staff support.

ARRA funds will also be used in the following areas:

Unemployment Insurance funds will be used to improve unemployment compensation (UC) benefit and tax operations, including responding to the increased demand for UC.

Wagner-Peyser Employment Services funds will be used to provide quick and effective provision of services as well as to leverage changes in the basic operations of the One-Stop service delivery strategies resulting in a more comprehensive workforce investment system.

Senior Community Service Employment funds will be used to expand the number of participants assigned to community service work, especially in the growth industries emphasized in the Recovery Act.

Vocational Rehabilitation funds will be used to improve employment outcomes for individuals with disabilities, especially those with the most significant disabilities.

Independent Living (IL) funds will be used to improve and expand IL services, serve additional consumers and maximize employment opportunities to individuals with significant disabilities.

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Trade Act guidelines have not yet been released but it is the LWD's expectation to use these funds to expand the number of participants enrolled in training and increase the number of petitions certified.

b. In addition to funding incorporated in the FY 2010 budget, what specific competitive grant opportunities has the department identified that it is eligible to pursue, has applied for, and has been awarded, respectively?

Response: 1) New Jersey was recently awarded \$1,980,846 for a three-year period starting 7/1/08, from USDOL to serve Post-TANF Dislocated Workers who are unemployed and collecting Unemployment Insurance benefits or who are working in industries considered "at risk." LWD will join with Community Colleges, adult basic education providers and employers to develop a Healthcare Careers Preparation Model that will support former TANF recipients to access employment and training that will move them into and advance up the healthcare career ladder.

2) The \$15.0 million listed in the Budget for High Growth Grants is a placeholder anticipating New Jersey's awards from the \$750 million that the United States Department of Labor will make available under the ARRA in national competitive grants. These grants are to be used for research, labor exchange, and job training projects that prepare workers for careers in energy efficiency and renewable energy, as well as health care and other demand occupations. Guidelines for these grant opportunities have not as yet been made available by the USDOL.

3) NJ LWD was awarded the initial BRAC Planning NEG in November 2006 for \$600,000. The funding was used to begin the planning of services for the thousands of workers that will be dislocated by the closing of Ft. Monmouth NJ.

Funding was used to establish the Fort Monmouth Resource Center less than 1/2 mile from the gates of the Fort. The Monmouth County WIB was given funding from this grant to hire a part time Employment Counselor to work at the Center assisting these workers.

This funding also was used to conduct a detailed workforce study that clearly defined the worker population with strengths and weaknesses and used economic data to provide recommendations on industry sectors that could take advantage of this highly skilled workforce.

An additional \$200,000 was awarded to NJ LWD to conduct a business case analysis of the concept of developing a technology center, taking advantage of this high tech workforce, while assisting the U.S. Army by having reach back capabilities for experienced workers that choose not to move.

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Funding from this grant was used to partner with Brookdale Community College to develop a Center for Excellence in Technology, Telecommunications and Economic Development. This Center will focus its core curriculum on retraining of the Fort Monmouth workforce to attract new high tech businesses to the area.

Through the BRAC NEG, NJ LWD has awarded \$500,000 to Insitech MTAC Corporation, a 501(c)3 non profit organization, to establish the NJ Technology Center. This Center will work with the Army, as well a secure other business, to take advantage of the high skilled dislocated workers. Planning for this entity is ongoing.

4) New Jersey was awarded funds through a Tri State Financial Services NEG, under which NJ LWD will provide retraining services to 1,219 dislocated workers from 10 financial services companies. The training will include Fast Track Math Teacher training, Project Management skills training, and Individual Training Accounts for demand occupations.