

Tier 1 Transition Document

Agency Name

Employment Security Department

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The Employment Security Department has the mission of helping people succeed throughout their working lives. The Department accomplishes this by supporting workers during times of unemployment, by connecting job seekers with employers, and by providing business and individuals with the information and tools they need to adapt to a changing economy.

The Department's major goals are:

- to provide high quality, demand-driven business services
- to provide high quality, demand-driven services to the workforce
- to prepare our agency workforce for the challenges of the future
- to provide superior internal and external customer service

Agency Responsibilities

Unemployment Insurance - The Employment Security Department operates the unemployment insurance system in Washington State. The Unemployment Insurance program provides partial replacement of wages to workers unemployed through no fault of their own. Benefits are funded through taxes paid by employers. Qualified unemployed individuals receive benefits each week while they are searching for new employment. Activities include:

- Paying unemployment insurance benefits to qualified unemployed recipients
- Collecting unemployment insurance taxes from employers
- Detecting and collecting money for overpayments
- Managing Unemployment Insurance Trust Fund
- Administering Old Age Survivors Insurance Program

Additional information on Unemployment Insurance can be found at <http://www.go2ui.com>. Contact: Annette Copeland, <mailto:acopeland@esd.wa.gov>, 902-9303

Job Seeker Services - The Department provides the basic service delivery system for matching job seekers with employers who need workers. The agency provides job-matching services through a community-based service delivery system funded through the federal Workforce Investment Act, under the brand name of *WorkSource*. *WorkSource* involves a range of partners including local Workforce Development Councils, community and technical colleges and local non-profit service providers. Services include:

- Recruitment and screening of job applicants for employers
- Individual referrals of qualified workers for employers
- Workshops on job skills and skills needed to search for employment (such as resume writing)
- Referrals to local training and education programs
- An up-to-date database of job seekers and available jobs
- Development and maintenance of a computerized case management system, called Services, Knowledge Information Exchange System, for use by all the *WorkSource* partners.
- The Employment Security Department also operates a targeted effort to expedite the re-employment of claimants currently drawing benefits from the state's Unemployment Insurance Trust Fund, involving job-seeker services and Unemployment Insurance-related activities.

Additional information on services available to job seekers and employers can be found at <http://www.go2worksource.com>. Contact: Nelson Meyers, <mailto:nmeyers@esd.wa.gov>, 438-4124.

Employment and Training Services to Targeted Populations - The Department provides a range of re-employment services for targeted populations identified by federal statute. These efforts have separate performance criteria and funding under the federal Workforce Investment Act. Targeted populations include economically disadvantaged youth and adults, dislocated workers, veterans, migrant and seasonal farm workers, welfare recipients, older workers, offenders and persons with disabilities. Services are similar to those provided to job-seekers, but involve more staff support and are more intensive. The department:

- Manages Workforce Investment Act funding provided to local Workforce Development Councils to operate *WorkSource* offices, to provide employment referrals and services and to fund training
- Monitors Workforce Development Council performance under state-approved plans
- Operates as the state rapid response agency for major economic dislocation, providing information and services quickly in the event of large-scale layoffs.
- Provides services through local *WorkSource* partnerships, including: referrals to local training and education programs, recruitment and screening of job applicants for employers, individual referrals of qualified workers to employers, workshops on job skills and skills needed to search for employment
- Manages the state AmeriCorps and Washington Service Corps programs.

Contact: Janet Bloom, <mailto:jbloom@esd.wa.gov>, 438-4611.

Business Services - The Department provides assistance to employers. Local services include:

- Staff work with employers to generate job openings
- Assistance with large-scale business recruitment efforts
- Job tax credit and labor market information
- Local job fairs
- Assistance to local economic development councils in potential new business recruitment efforts.

Contact: Dennis Loney, <mailto:dloney@esd.wa.gov>, 902-9564

Labor Market and Economic Analysis - The Department provides economic data to a wide range of users including businesses, private planners, educators, legislators, government agencies, media, and the general public. The Department:

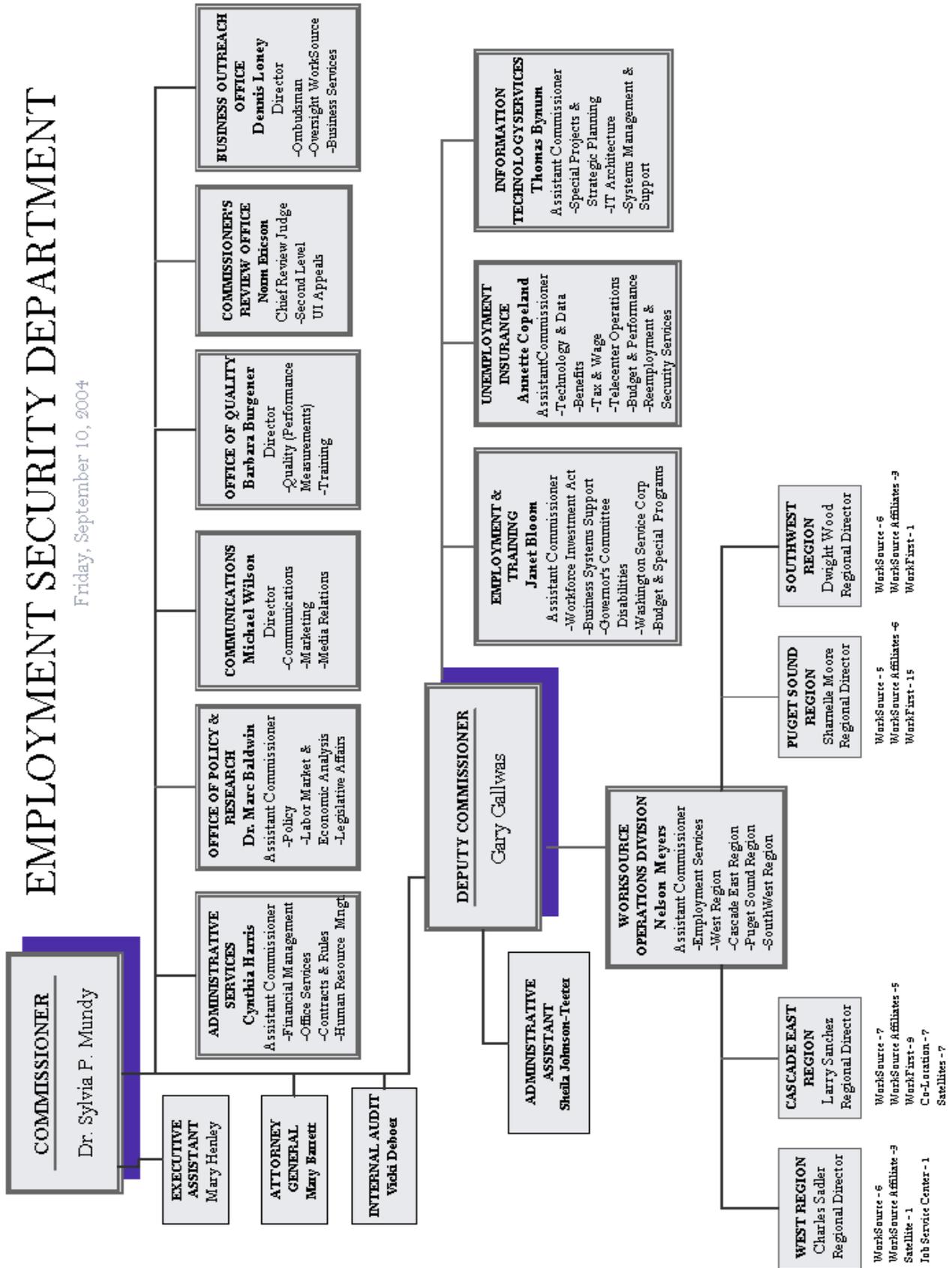
- Serves as the state contract agency for the U.S. Bureau of Labor Statistics, generating extensive data that feeds national economic and labor market statistics
- Analyzes labor market and economic data for a wide range of users inside and outside the agency
- Provides information relevant to industry and occupational employment data, earnings, labor supply and demand data, economic forecasts, unemployment rates; and wage statistics. It is the primary source of labor market information supplied to decision-makers in the state.
- Operates Workforce Explorer, a website with tools developed to make extensive labor market data and analysis easily available to the public at <http://www.workforceexplorer.com>. The site is configured for easy use by a variety of users.

(Contact: Greg Weeks, <mailto:gweeks@esd.wa.gov>, 438-4800)

Administrative Overhead - These activities include core administrative overhead activities to operate the Employment Security Department. They include the Commissioner's Office, Business Outreach, Internal Audit, Commissioner's Review Office, Office Services, Contracts, Human Resources, Information Technology, Fiscal and Budget, Communications, and Quality and Organizational Performance.

EMPLOYMENT SECURITY DEPARTMENT

Friday, September 10, 2004



Budget by Source and Program (FY 2003-05)

Employment Services Program

The Employment Services program provides universal access to labor exchange and related services to help employers fill job openings and help job seekers find employment.

General Fund Federal	\$22,449,050
General Fund Local	633,240
Unemployment Comp Admin Acct-Federal	35,832,231
Administrative Contingency Acct-State	1,802,809
Employment Services Admin Acct-State	<u>19,313,173</u>
Total Employment Service Program	\$80,030,503

Unemployment Insurance Program

The Unemployment Insurance program in Washington State pays benefits to eligible workers who become unemployed through no fault of their own and collects employer taxes for the purpose of paying benefits and assisting the unemployed to find jobs.

General Fund Federal	0
General Fund Local	0
Unemployment Comp Admin Acct-Federal	\$168,439,642
Administrative Contingency Acct-State	4,653,719
Employment Services Admin Acct-State	<u>4,094,827</u>
Total Unemployment Comp Program	\$177,188,188

WorkFirst Employment and Training Program

The WorkFirst program helps recipients of Temporary Assistance to Needy Families find employment as soon as possible and ultimately to obtain a better job through skills training and job marketing after initial employment.

General Fund Federal	0
General Fund Local	0
Unemployment Comp Admin Acct-Federal	0
Administrative Contingency Acct-State	0
Employment Services Admin Acct-State	<u>0</u>
Total WorkFirst Program*	0

*The WorkFirst program is funded by an interagency agreement with the Department of Social and Health Services and Employment Security Department. The interagency agreement is approximately \$32 million per year. The appropriation authority for this program is in the Department of Social and Health Services budget.

Special Programs

The Special Programs category consists of several programs with different funding sources. These programs include Labor Market and Economic analysis, Corrections Clearinghouse, Washington Service Corp and Employer Outreach.

General Fund Federal	\$12,325,030
General Fund Local	1,053,377
Unemployment Comp Admin Acct-Federal	1,344,027
Administrative Contingency Acct-State	4,853,872
Employment Services Admin Acct-State	<u>0</u>
Total State Program	\$19,576,306

Workforce Investment Act Program

The Workforce Investment Act program provides skill training and support to economically disadvantaged, adults, youth and dislocated workers. Twelve Workforce Development Councils administer these programs in conjunction with local elected officials. The Employment Security Department has been designated by the Governor as the entity responsible for receiving the funds and managing the programs.

General Fund Federal	\$233,273,220
General Fund Local	28,619,583
Unemployment Comp Admin Acct-Federal	0
Administrative Contingency Acct-State	0
Employment Services Admin Acct-State	<u>0</u>
Total Workforce Investment Act Program	\$261,892,803

Capital Budget Program

This appropriation is to purchase and install state of art equipment for a 40,000 square foot facility supporting workforce development programs using Reed Act funds. The project title is Employment Resource Center.

General Fund Federal	0
General Fund Local	0
Unemployment Comp Admin Acct-Federal	\$6,000,000
Administrative Contingency Acct-State	0
Employment Services Admin Acct-State	<u>0</u>
Total Capital Budget Program	\$6,000,000

AGENCY TOTALS

General Fund Federal	\$268,047,300
General Fund Local	30,306,200
Unemployment Comp Admin Acct-Federal	211,615,900
Administrative Contingency Acct-State	11,310,400
Employment Services Admin Acct-State	<u>23,408,000</u>
Agency Totals	\$544,687,800

Major Issues for the Agency

Issue: *Inadequate Unemployment Insurance Administrative Funding* -- The federal Unemployment Insurance administrative funding awarded to Washington State has been less than the actual costs of administering the Unemployment Insurance program for several years. Overall, the federal budget process has not provided sufficient funding to the states for this function. The new resource allocation methodology used by the Department of Labor ignores the unique and difficult-to-administer provisions of individual state laws. This allocation methodology is unlikely to be changed.

Urgency: The federal Fiscal Year 2005 Unemployment Insurance target allocation (October 2004 to September 2005) is inadequate to sustain operations. A deficit began to accrue on October 1, 2004.

Significance: Since 2002, Employment Security has leveraged other funds, cancelled projects, reduced discretionary spending, implemented a reduction-in-force and has closed four satellite adjudication centers in order to sustain operations at acceptable customer service levels.

Stakeholders: Employers are likely to oppose any action seen as increasing their tax burden or relaxing efforts to minimize benefit outlays. Claimant advocates and representatives of organized labor are likely to oppose any action that restricts access to benefits by the unemployed. The agency has informed key stakeholders, including the business community and organized labor, of these problems and of the agency's proposed responses

Status: The Department has submitted budget and policy proposals to the Office of Financial Management to help respond to the problem. The Department is also engaged in continuing discussions with stakeholders. A key proposal would broaden the allowable uses of Reed Act funding that was originally authorized to fund administrative costs required to implement Unemployment Insurance tax system changes enacted in 2003. This would allow the department to utilize \$4 million of the prior appropriation authority to mitigate Unemployment Insurance shortfalls in the immediate term. In the absence of this authority, immediate budget reductions would be required.

Contact: Additional information on Unemployment Insurance can be found at www.go2ui.com. Contact: Annette Copeland, acopeland@esd.wa.gov, 902-9303.

Issue: Facilities – The agency has a large complement of leased buildings housing *WorkSource* offices. Declining Workforce Investment Act funds have reduced the ability of local Workforce Development Councils (the major *WorkSource* facility funding partner) to continue shared funding of the current complement of *WorkSource* facilities.

Urgency: Lease costs are escalating and numerous leases on these facilities are up in 2005-06. Planning to move to new facilities, lease acquisition takes over a year.

Significance: If facility costs are not reduced, service delivery staffing levels may decline to pay for fixed infrastructure costs.

Stakeholders: The agency is discussing these issues with key impacted stakeholders, including the organization representing local Workforce Development Councils statewide, and with local Workforce Development Councils. The agency is also involved in discussions with the Department of Social and Health Services regarding WorkFirst facility leasing costs and the prospect of moving Employment Security WorkFirst services into *WorkSource* facilities over time.

Status: The agency is in the process of completing a statewide facilities plan to guide the right sizing of its facilities infrastructure. Projected completion date is the end of December.

Contact: For additional information on Employment Security Department facility issues, contact Cynthia Harris, <mailto:charris@esd.wa.gov>, 902-9601.