

Federal Funding for Workforce Development



Increase Employment for People with Significant Disabilities

“I was referred to Goodwill to learn some job skills to help me become self-sufficient. I took advantage of job training services. I learned how to present myself for a business interview, and how to go out into the workplace and feel confident about myself.” – Christie Jarrell

The Challenge

With unemployment rates slowly recovering from the highest levels seen in a generation and the economy struggling to recover from a deep recession, congressional appropriators struggle to determine how to stretch limited resources to support an ever-increasing list of national priorities. With deficit reduction top of mind, the 112th Congress is working to develop bills that would provide FY 2012 funding for federal programs, including those that support Goodwill’s job training, employment placement services, and other community-based programs for people who have disabilities, lack education or job experience, or face employment challenges.

What are Goodwill Industries International’s FY 2012 funding priorities?

Goodwill Industries® takes an entrepreneurial approach to sustaining its mission, but federal funding is critical to its ability to deliver the highest quality services in support of that mission. Although Goodwill® relies on a host of federal funding sources, funding that supports the delivery of quality job training and employment opportunities for people who have employment challenges helps sustain, and in some cases accelerate, the organization’s capacity to meet the needs of people with employment challenges in the communities they serve. Goodwill’s priorities include funding for:

- The Workforce Investment Act’s Adult, Youth, and Dislocated Worker Funding Streams
- Vocational Rehabilitation
- The Senior Community Service Employment Program (SCSEP)
- Transitional Jobs
- Youth Mentoring
- Capacity Building

Federal Funding and Goodwill

Goodwill Industries invests 84 percent of its privately raised funds (approximately \$4.03 billion) to deliver job training and community-based services to people with employment challenges, including people with disabilities, those with criminal backgrounds, individuals who are 55 or older, those who are unemployed, and individuals who earn low wages, among others. This investment of more than \$3 billion eclipses the federal government’s funding for WIA’s adult, youth, and dislocated worker programs.

In 2010, more than 2.4 million people benefited from Goodwill’s workforce development services, including more than 170,000 who were placed in jobs. Goodwill employed nearly 97,000 people in its retail, commercial services and other social enterprises.

Goodwill’s Positions

Goodwill urges Congress to take steps that would allow its network of local Goodwill agencies to do more by investing in the following federal funding sources.

- **The Workforce Investment Act (WIA):** Since WIA’s enactment in 1998 when the unemployment rate was approximately 5 percent, funding for the act has not kept pace and is not sufficient to keep up with the level of demand that comes with unemployment rates nearly twice that.

The experience of local Goodwill agencies informs us that funding for training is spread desperately thin. With WIA funding insufficient, mandatory partners — including vocational rehabilitation programs — are being asked to contribute more funding to pay for infrastructure and other costs associated with the operation of one-stop centers. Yet the Administration’s FY 2012 budget proposes to divert 8 percent of WIA’s three core funding streams in order to create a Workforce Innovation Fund. While Goodwill is intrigued by the Administration’s proposal to establish a funding source that supports interagency collaboration and integration, Goodwill believes that funds for Workforce Innovation Funds should come in addition to, rather than at the expense of, current funding for WIA.

Action Requested: Maintain funding for WIA’s adult, dislocated worker, and youth funding streams at FY 2010 funding levels (\$2.97 billion combined).

- **Vocational Rehabilitation (VR):** Goodwill Industries has a long history of helping people with disabilities to participate in the workforce despite the challenges their disabilities present. Years of inadequate funding for VR have left the system stretched much too thin to serve all who are eligible for assistance. As a result, most state VR agencies have Orders of Selection, a provision within the Rehabilitation Act that requires state VR agencies, when faced with a shortage of funds to meet the demand for services, to prioritize the provision of services to eligible people based on the severity of people’s disabilities.

The President’s FY 2012 budget proposes to increase funding for VR state agencies by \$57 million, while diverting \$30 million of VR’s state grant funds to contribute to a new Workforce Innovation Fund. Funding for the Rehabilitation Services Administration’s Mi-

grant and Seasonal Farmworker program, Projects with Industry, and Supported Employment would be eliminated, thus offsetting the increase by \$50 million.

Action Requested: Maintain overall funding for VR. Funding for the Workforce Innovation Fund should come in addition to, rather than at the expense of, funding for VR.

- **The Senior Community Service Employment Program (SCSEP):** Workers who are 55 or older face many challenges to gaining and maintaining employment and will be among the last rehired as the economy improves. SCSEP helps older workers learn new job skills while working for public and nonprofit organizations in their communities at locations such as housing agencies, food banks, libraries, schools, senior centers and child care centers while learning critical skills that lead to unsubsidized placement in the community.

The Administration’s FY 2012 budget proposes to severely cut funding for SCSEP by 45 percent and to move it from the Department of Labor to the Department of Health and Human Services’ Administration on Aging. Goodwill is alarmed by the Administration’s proposal to cut SCSEP by 45 percent at a time when unemployment remains high. Goodwill encourages Congress to debate whether to move SCSEP from DOL to HHS when it considers reauthorization of the Older American’s Act (OAA).

In 2010, Goodwill’s SCSEP participants contributed nearly 1.2 million community service hours, and Goodwill’s subsequent private sector placements averaged a starting wage of \$8.67 per hour. In addition, as a result of funding through the Recovery Act — which allowed Goodwill to start enrolling more participants in April 2009 — SCSEP participants served an additional 140,000 community service hours, and private sector placements started at \$8.31 per hour.

Action Requested: Preserve the SCSEP funding at a minimum of \$600,425,000. Goodwill is interested in learning more about the move to HHS and encourages it be discussed in reauthorization of the OAA.

- **Youth Mentoring:** A strong example of the federal government leveraging Goodwill’s capacity is the Goodwill GoodGuides® program. As a result of a grant received by the

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U.S. Department of Justice's Office of Juvenile Justice and Delinquency Prevention, 57 Goodwill agencies in 38 states are involved in the youth mentoring program, which enables participating Goodwill agencies to connect caring adults and young people, ages 12–17, who are at risk of juvenile delinquency. GoodGuides provides career exploration mentoring and skill development activities that offer encouragement and resources to young people to help them remain in school, improve academic performance, and develop career plans.

Inconsistent and fragmented funding often undermines community-based organizations' efforts to sustain youth-serving programs that are often supported by a patchwork of funding sources. Local Goodwill agencies often report that they must shift focus or close a program altogether because the funding source has changed or been eliminated.

The Administration's FY 2012 budget proposes to cut funding for youth mentoring, an important investment in our future leaders and workers, by 55 percent.

Action Requested: Ensure that federal funding sources are consistent and support program sustainability by maintaining funding for youth mentoring at the FY 2010 level (\$100 million).

- **Transitional Jobs:** During the economic downturn, the hardest hit individuals are those who have little or no work experience; lack basic skills, particularly in literacy and numeracy; lack high school degrees; have criminal records or disabilities; and/or have workplace and social skills deficits that impede success at work. Transitional jobs offer tested and urgently needed models for combating the current recession and advancing longer-term workforce development goals.

The Administration's FY 2012 budget proposes to eliminate funding for transitional jobs asserting that transitional jobs programs could be supported through the Workforce Innovation Fund.

Most Goodwill agencies provide "transitional employment" opportunities to people who have challenges that make it difficult to attach or re-attach to the workforce. The time spent in transitional employment varies widely among participants, but generally ranges from six months to one year. By working for Goodwill in one of its retail or contract operations, people who are engaged in transitional employment activities are able to earn paychecks while learning critical skills on the job are supported by Goodwill workforce development professionals, and are able to access additional supportive services needed for them to find jobs and succeed in careers. In 2010, Goodwill placed than 97,000 people — many from transitional jobs programs — in competitive employment positions outside of Goodwill.

Action Requested: Maintain the investment in U.S. Department of Labor's (DOL's) transitional jobs at the FY 2010 level (\$30 million).

- **Wage and Hour Enforcement:** Under Section 14(c) of the Fair Labor Standards Act (FLSA), any employer with a Special Minimum Wage Certificate from DOL's Wage and Hour Division (WHD) can pay special minimum wages — less than the federal minimum wage — to employees with disabilities if those disabilities directly impact their ability to perform on the job.

Many community-based Goodwill agencies are authorized to use Special Minimum Wage Certificates to employ workers with significant disabilities in their retail stores and on contracts. Without FLSA Section 14(c), many more people with significant disabilities would experience difficulty in participating in the workforce.

While these jobs provide individuals with paychecks that they would be unlikely to receive otherwise, ongoing services and support, job security during these troubling economic times, and the opportunity for career advancement; DOL has not had the resources to provide full oversight of the certificates. Unfortunately some lack of enforcement has led to abuse of individuals working under the certificates.

Goodwill Industries urges Congress to support legislation that would strengthen the FLSA and increase enforcement of the act, while recognizing the principles of self-determination and rights of individuals to obtain and maintain employment.

Action Requested: Support the President's FY 2012 budget proposal of increasing funding by 7 percent for the WHD to support targeted investigations focusing on industries where misclassification is common.

- **Capacity Building:** Goodwill Industries is requesting that Congress build on its success by capitalizing new Goodwill Job Connection programs in additional sites across the country. The purpose of the capitalization funds is to infuse capital into Goodwill's network of agencies to accelerate their ability to build self-sustaining employment platforms in support of employment, training, and workforce development programs.

Community-based Goodwill agencies are established organizations with proven track records and have expressed their commitment to using federal funds to address the needs of their communities.

Action Requested: Support legislation that would allow self-sustaining social enterprises like Goodwill continue to grow and meet the needs of their communities.

About Goodwill

Goodwill generates opportunities for people to achieve economic stability and build strong families and vibrant communities by offering job training, employment placement services and other community-based programs for people who have disabilities, lack education or job experience, or face other employment challenges. In 2010, approximately 170,000 people obtained meaningful employment as a result of Goodwill career services programs. Collectively, these employees earned \$2.7 billion in salaries and wages and contributed to their communities as productive, tax-paying citizens.

For more information, contact the Goodwill Industries International public policy team:

Seth Turner, Senior Director of Government Affairs & Public Policy
(240) 333-5508, seth.turner@goodwill.org

Laura Walling, Director of Advocacy & Legislative Affairs
(240) 333-5378, laura.walling@goodwill.org

Jordan Abushawish, Public Policy Specialist
(240) 333-5259, jordan.abushawish@goodwill.org