OBAMA-BIDEN TRANSITION PROJECT

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Transition Paper
U.S. Department of Labor
Employment and Training Administration

The American Federation of State, County and Municipal Employees (AFSCME) represents state employees in the employment security system across the country. They process, adjudicate, and pay unemployment insurance (UI) and Trade Adjustment Assistance (TAA) claims, collect employer UI taxes, produce labor market information and provide labor exchange services to job seekers and employers. AFSCME members also work in local workforce programs funded by the Workforce Investment Act (WIA) and other state workforce programs such as the vocational rehabilitation programs.

Both the state-based employment security system and local WIA programs have experienced major funding reductions over the last eight years. Even before 2000, however, federal policy makers neglected state UI operations and the Wagner-Peyser state labor exchange services as they focused on creating a workforce system built on the local WIA structures. As a result, UI operations are straining under the pressures created by the current downturn, and states have very few state job counselors to work with the growing number of UI claimants.

The focus on coordinating programs through the WIA One-Stop centers created major tensions between the large public state-run programs and the local WIA One-Stop center systems. A key concern for AFSCME during this period was maintaining the integrity of the public state programs (Wagner-Peyser employment services, unemployment insurance, Vocational Rehabilitation and TAA) so their functions would not be contracted out to private contractors or their funds diverted to support the local WIA One-Stop centers which are governed by business-led boards.

Recommendations

- Establish a team at the Employment and Training Administration (ETA) that will restore balance between the state public agency programs and the local more privately provided WIA programs by increasing political and financial support for rebuilding and revitalizing state employment service and unemployment insurance operations.

- Unemployment Insurance

    - Adopt the Unemployment Insurance Modernization Act as part of the economic recovery plan now being developed. It will provide badly needed resources for state UI operations and strengthen the effectiveness of the program by enabling more low-wage and part-time workers to receive UI benefits.

    - Initiate a thorough review of the impact of call center and web-based UI applications on the ability of workers to access UI benefits and on the system's ability to expand as claims rise. In-person UI applications are no longer possible in most, if not all, states. One consequence is that there no longer is any way to determine whether and how many workers are failing to navigate the application process.

    - Review the process for determining annual funding requests for UI operations, which has resulted in severe underfunding, and shift UI operations funding from discretionary to mandatory appropriations.

American Federation of State, County and Municipal Employees, AFL-CIO

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- Employment Services
    - Include in the economic recovery package an appropriation of $250 million for the Wagner-Peyser system to enable it to provide reemployment services to UI claimants.
    - Include in the economic recovery package a small percentage set aside of infrastructure funding for the state labor exchange system under Wagner Peyser to connect unemployed workers with the infrastructure projects and to provide training through the Secretary's discretionary authority or National Emergency Grant mechanism under WIA.
    - Withdraw proposed regulations that would allow states to privatize state employment service operations.
    - Review the impact of the UI call center structure on the ability of the Wagner-Peyser system to provide reemployment assistance to UI claimants and perform the UI "work test", ensuring that they are actively seeking work.
    - Develop initiatives to rebuild and revitalize the federal state labor exchange partnership by indentifying priority objectives and providing necessary training of state staff.
- Workforce Investment Act
    - Create an inventory of all One Stop operators that identifies whether the operator is a public, non-profit or for profit entity and whether Wagner Peyser funds are being used appropriately. The Social Security Act authorizes payments from the UI Trust Fund to Wagner Peyser activities only in public employment offices.
    - Conduct a thorough review of the workforce system before reauthorization of WIA.
    - Establish a moratorium on all new waivers until WIA is reauthorized and new regulations have been promulgated. Review all waivers issued from 2000 to 2008 with the objective of determining whether they should be continued.
- Trade Adjustment Assistance Act
    - Withdraw proposed regulations that would allow states to privatize state TAA operations.
    - Withdraw the current Federal-State agreement imposed on the states that permits states to privatize state TAA operations. Execute a new agreement re-establishing longstanding policy that state merit staff conduct the program.
    - Enact a reauthorization of TAA based on legislation passed by the House of Representatives in the last Congress early in the upcoming congressional session.

Attached are more detailed papers on these issues.