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# A Resource Guide to Michigan's Workforce Development Funding

February 2003

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Michigan  
League for  
Human  
Services

**February 2003**

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# A Resource Guide to Michigan's Workforce Development Funding



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# A Resource Guide to Michigan's Workforce Development Funding

## — INTRODUCTION —

Michigan's workforce development system provides a variety of programs for a wide range of workers, including those who have been laid off due to a recession or employer relocation, those who are in a welfare-to-work program, and those who desire to gain skills that lead to better employment opportunities.

Michigan's workforce programs are funded through a variety of streams. Most receive federal funding that is allocated to Michigan programs by the Department of Career Development. One function of the Workforce Investment Act of 1998 (WIA) has been to streamline and unify many of the various federal workforce programs and to bring three other workforce funding streams (the Adult Education and Family Literacy Act, the Wagner-Peyser Act, and the Vocational Rehabilitation Act) under its umbrella.

Programs funded under WIA and most other federal funding sources are required to be mandatory one-stop partners, meaning their services are to be made available through a one-stop service center network. In Michigan, such centers, called Michigan Works! Agencies, are located throughout the state and

organized into 25 jurisdictions known as Workforce Development Areas. In addition to providing services to the general public, one-stop centers also house the Work First programs (funded by TANF and WIA), which are required for individuals who receive cash assistance and are not deferred from work requirements. In times of shortage or economic scarcity, low-income workers are required to have priority over other workers in receiving services from the one-stop centers.

This resource guide provides essential information on all federal workforce development funding sources from which Michigan receives money. For each funding stream, this guide provides:

- 1) A text describing the background of each funding stream, its implementation in Michigan, and any relevant information not covered elsewhere in the guide.
- 2) A flow chart showing the movement of the funding through various federal and state departments. Where appropriate or known, the flow chart also shows specific designated uses of funds for certain portions of funding, and/or the

amount of money going for designated use of funds.

- 3) A table showing the federal regulations including purpose, target population, strings attached, provisions to persons with disabilities, and reporting requirements, as well as the total federal allotment to states and to Michigan. (The funding levels given are for the most recent year dispersed or available.)

The Michigan League for Human Services hopes that this guide will be a useful tool for service providers, lawmakers, advocates, and anyone else with an interest in helping to ensure that workers, particularly low-income workers, to have adequate opportunity to reach and maintain economic self-sufficiency.

***Note:** At the time of printing, many funds referenced in this document are administered by the Michigan Department of Career Development (DCD). As a new administration is underway, there are indications that certain departments, including DCD may be consolidated under a single, newly-named department.*

# Workforce Investment Act, Title I

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## Background

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The Workforce Investment Act (WIA) was signed into law on August 7, 1998, in order to transform a fragmented employment and training system into a unified, comprehensive workforce investment system. Funding for WIA activities and programs will be up for reauthorization in 2003, at which time the Act will likely be modified.

The focus of WIA is to integrate and streamline services through state and local Workforce Investment Boards (called Workforce Development Boards in Michigan) and a one-stop center system. Within this framework, a significant amount of discretion is given to states and localities as to the nature and degree of program integration. Michigan has integrated its workforce programs to a high degree through the one-stop system.

Title I of WIA replaces the Job Training and Partnership Act (JTPA) while retaining its “work first” emphasis. It offers three types of services—core, intensive and training—with the requirement that these services be offered sequentially (i.e. one cannot access intensive services unless one has attempted to utilize the core services and not been successful). Under Title I, states are required to submit a five-year plan to the Department of Labor, and local Workforce Investment Boards are

required in turn to submit five-year plans to the state governors. Interested parties, including business and labor organizations, have the right to review state plan and submit comment.

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## Funding

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Title I of WIA provides the following three funding streams:

- **Adults:** Applies to general adult population, with priority given to FIP recipients and other low-income persons in time of budgetary scarcity. Per federal policy, 20 percent of *Adult* funds may be transferred to the *Dislocated Worker* funding stream if approved by the Governor.
- **Dislocated Workers:** Applies to workers who have been permanently laid off, have received a notice of termination or layoff from employment, or who are displaced homemakers. Twenty percent of the allotment to each state is held in reserve by the Secretary of Labor for emergency grants to that state; the state agency responsible for the funds (in Michigan’s case, the Department of Career Development) may request money from this reserved amount to assist areas experiencing particular hardship. Per federal policy,

twenty percent of the remaining *Dislocated Worker* funds may be transferred to the *Adult* funding stream if approved by the Governor.

- **Youth:** Clients must be aged 14-21 and fall under one of the following six criteria: school dropout; basic literacy skills deficiency; homeless, runaway or foster child; pregnant or a parent; an offender; need help completing education or securing/ holding a job. At least 95% of clients must be low income; 30% or more of local funds must help those who are not in school. Local decisions must be made by the *Youth Council* of each Workforce Development Board.

Up to five percent of the funds in each stream may be used for administrative costs. Fifteen percent of each funding stream may be used for *Statewide Activities*, which include incentive grants, technical assistance, management information systems, evaluation, and “one-stop system” building. Permissible statewide activities also include incumbent worker projects, authorized youth and adult activities, and additional system building. States may merge the fifteen percent reserve amounts from each of the three groups (adults, dislocated workers, or youth) to increase services to one of the groups.

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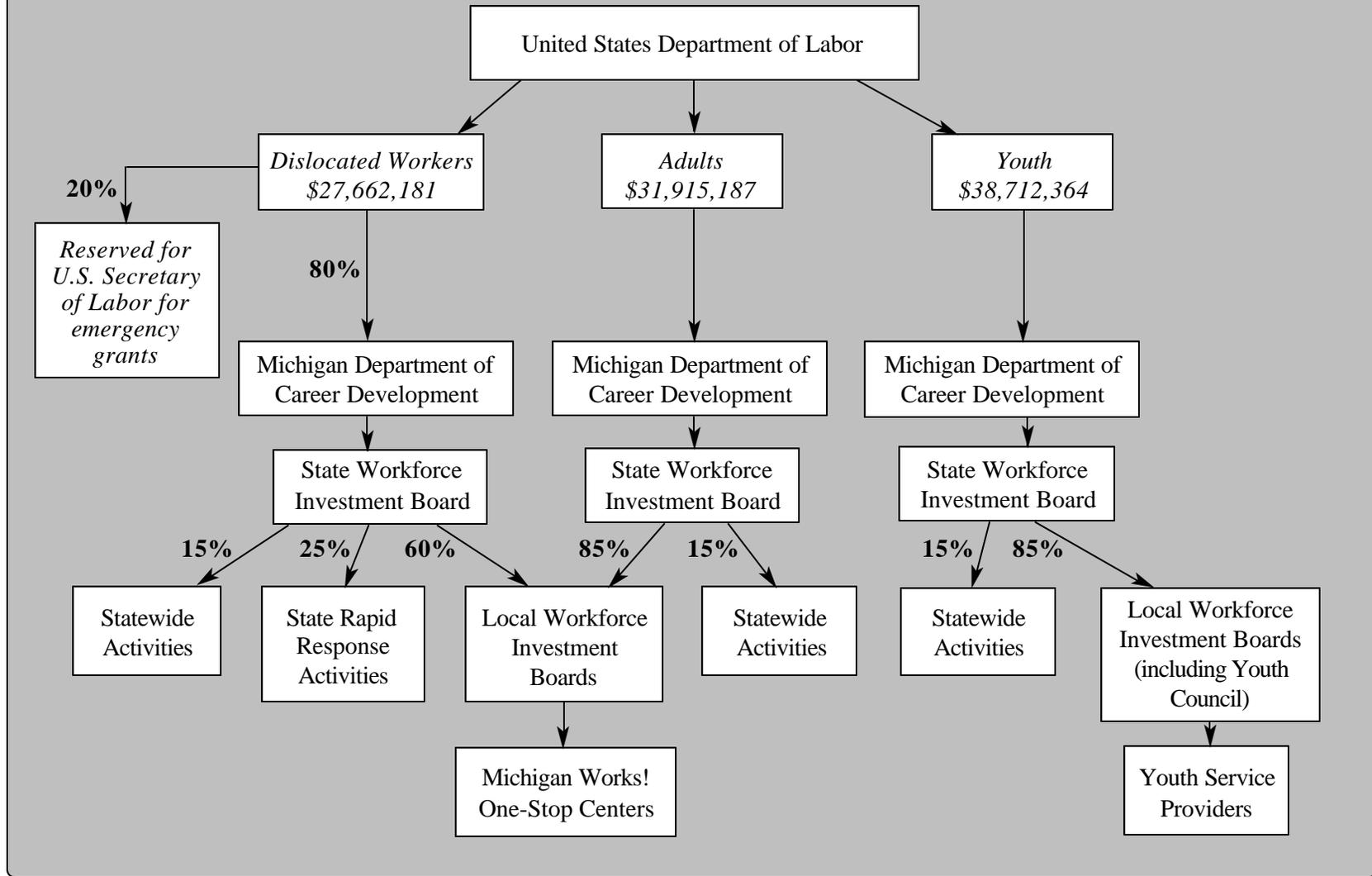
## Administrative structure

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- ▶ **State Workforce Investment Boards**, per federal policy, must include the Governor as chair, two members of each Chamber of Legislature, and representatives from business and trade associations, labor organizations, youth organizations, and from the local workforce. (Local workforce representatives may not be contract service providers under WIA.)
- ▶ **Local Workforce Investment Boards** must be comprised of local business representatives, local educational entities, labor organizations, community-based organizations, economic development agencies, and one-stop partners.
- ▶ **One-Stop Centers** are located in each of the designated workforce investment areas and bring all work-related services provided under WIA and TANF under one roof. Services include, but are not limited to, Work First programs, Michigan Talent Bank, local job market information, resume writing assistance, training and intensive services.
- ▶ **Youth Councils** are established by the local Workforce Investment Board as a subgroup of the board. Youth councils must include representatives of the board with special interest or expertise in youth policy, youth service agencies including juvenile justice and law enforcement,

public housing authorities, parents of eligible youth, former participants and representatives of organizations with experience in youth activities, Job Corps as appropriate, and others as deemed by the local board chair.

**WORKFORCE INVESTMENT ACT (TITLE I)  
MICHIGAN ALLOTMENT FUNDING STREAM  
FY 2002**



## Workforce Investment Act (WIA), Title I

**Purpose:** To streamline and coordinate delivery of employment and training programs, with emphasis on universal access, interagency coordination and local planning.

Target Population	Restrictions	Provisions for Persons with Disabilities	Reporting Requirements	Total Federal Allotment to States and Outlying Areas	Amount to Michigan
<p>All members of the public are eligible to receive services, but in times of budgetary scarcity priority is given to low-income persons and those making the transition from welfare to work.</p>	<p>To receive funding, a state must designate local workforce investment areas, each governed by a Workforce Investment Board (WIB) comprised of members of the local business, labor, and adult education communities, and overseen by a state board that includes the Governor. WIB's are required to establish a one-stop system through which contracting entities will deliver services.</p> <p>Under WIA, certain programs are required partners in the One-Stop service delivery system, meaning that the program operator must undertake One-Stop responsibilities. Title I of WIA requires a Memorandum of Understanding (MOU) between each partner and the Local Board. MOUs must include information about what services each partner will provide, including coordination of referrals and use of resources.</p>	<p>Section 408b requires that individuals with disabilities who are federal employees or members of the public have access to information and data that is comparable to the access by individuals who do not have disabilities. Michigan Rehabilitation Services has co-located staff at every one-stop service center.</p>	<p>Training providers must submit program reports to their WIB's related to four core indicators: 1) entry into unsubsidized employment; 2) retention in such employment six months after placement; 3) earnings gains six months after placement; and 4) attainment of educational credentials.</p> <p>States are required to submit one WIA quarterly report for each of the fund sources received. This report is divided into six separate sub-reports detailing statewide activities, statewide rapid response, local area administration, local area youth program activities, and local area dislocated worker program activities.</p>	<p>● <b>FY 2002</b>                      Adult: \$950,000,000                      Dislocated Worker: \$1,549,000,000                      Youth: \$1,127,965,000</p> <p>● <b>FY 2001</b>                      Adult : \$950,000,000                      Dislocated Worker: \$1,590,040,000                      Youth (with supplemental): \$1,127,965,000</p>	<p>● <b>FY 2002</b>                      Adult: \$31,915,187                      Dislocated Worker: \$27,662,181                      Youth: \$38,712,364</p> <p>● <b>FY 2001</b>                      Adult: \$24,550,144                      Dislocated Worker: \$21,932,071                      Youth: \$29,775,388</p>

# Adult Education and Family Literacy Act (Title II of WIA)

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## Background

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The Adult Education and Family Literacy Act (AEFLA) was passed as Title II of the Workforce Investment Act, in order to make adult education an integral part of the new workforce investment system. It restructures services previously authorized by the Adult Education Act, and requires agencies receiving grants to provide services to be mandatory partners in the one-stop system established by WIA (in other words, grantees must make their services available at the one-stop centers or allow clients to be referred to their services from the one-stop centers). Unlike Titles I and III of the Workforce Investment Act, however, Title II funds are granted to service providers directly by the Department of Career Development, rather than at the local level through Workforce Investment Boards and one-stop service centers.

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## Michigan's funding procedures

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The Michigan Department of Career Development reviews all submitted proposals, with representatives from Michigan's 25 Workforce Development Boards assisting with the review process. Multi-year competitive grants are awarded to eligible

service providers to provide at least one of the following activities: adult education and literacy services (may include workplace literacy services and job placement), family literacy services, computer literacy, English literacy programs, English as a Second Language (ESL), GED preparation, or high school completion.

Eligible providers include local educational agencies; community-based organizations of demonstrated effectiveness; volunteer literacy organizations of demonstrated effectiveness; institutions of higher education; public or private nonprofit agencies; libraries; public housing authorities; other nonprofit institutions that have the ability to provide literacy services to adults and families; or consortiums of the agencies, organizations, institutions, libraries, or authorities described.

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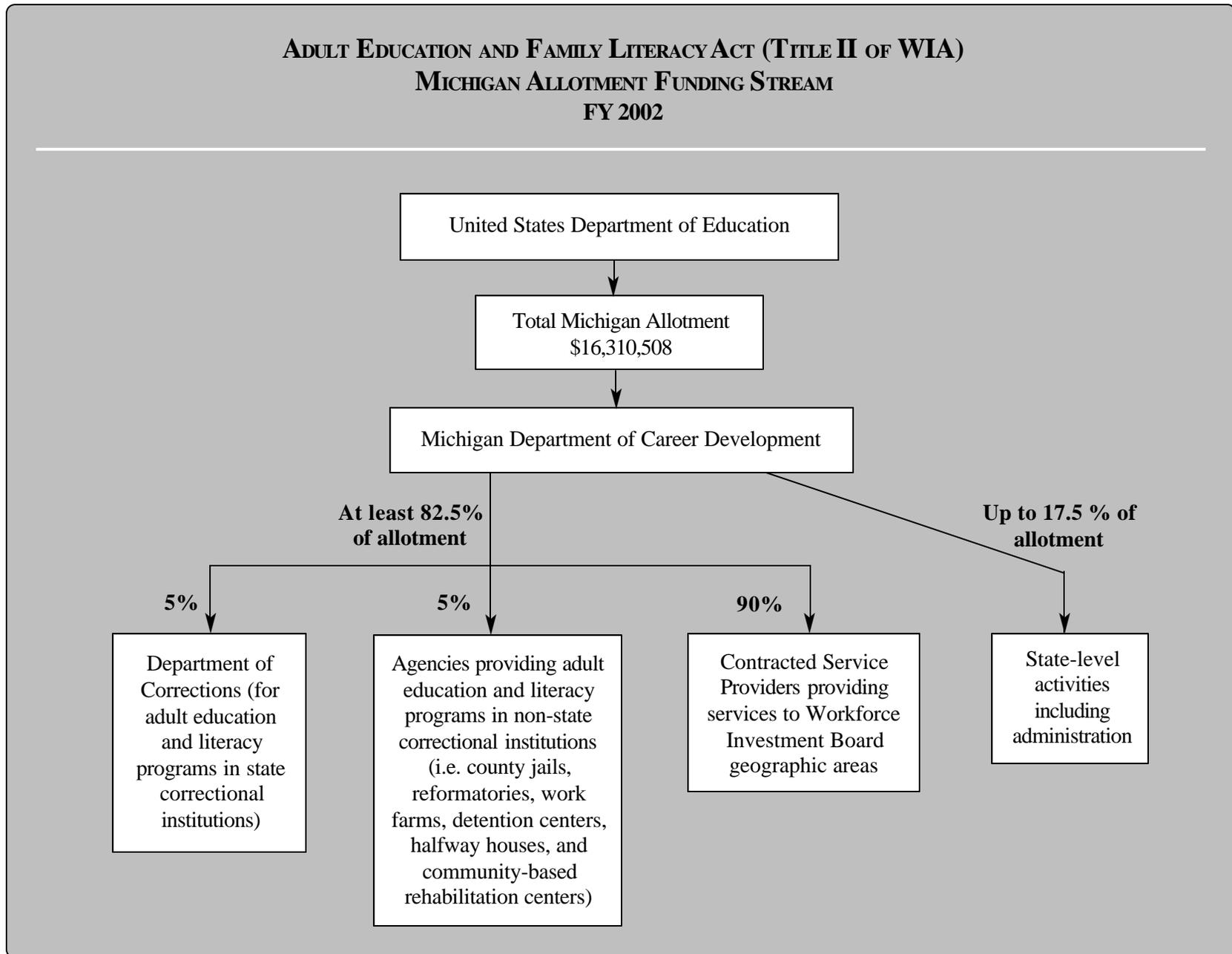
## Michigan's local funding formula

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Federal Adult Education funds (excluding the five percent allocation to state correctional programs) are allocated directly to eligible applicants according to their local Workforce Development Board service areas, with each service area receiving at least \$70,000. The maximum amount awarded to such a service area is the sum of the following components:

- a) Thirty-four percent of the available funds multiplied by the proportion of the Family Independence Agency caseload in the local Workforce Development Board region to the statewide Family Independence Agency caseload.
- b) Thirty-three percent of the available funds multiplied by the proportion of the number of persons in the local Workforce Development Board region over age 17 who have not received a high school diploma compared to the statewide total of persons over age 17 who have not received a high school diploma.
- c) Thirty-three percent of the available funds multiplied by the proportion of the number of persons in the local Workforce Development Board region over age 17 for whom English is not a primary language compared to the statewide total of persons over age 17 for whom English is not a primary language.

**ADULT EDUCATION AND FAMILY LITERACY ACT (TITLE II OF WIA)  
MICHIGAN ALLOTMENT FUNDING STREAM  
FY 2002**



# Adult Education and Family Literacy Act (Title II of Workforce Investment Act)

**Purpose:** To create a partnership among federal, state, and local governments to provide adult education and literacy services, in order to: (1) assist adults to become literate and obtain the knowledge and skills necessary for employment and self-sufficiency; (2) assist parents to obtain the skills necessary to become full partners in the educational development of their children; and (3) assist adults in the completion of a secondary school education.

Target Population	Restrictions	Provisions for Persons with Disabilities	Reporting Requirements	Total Federal Allotment to States and Outlying Areas	Amount to Michigan
<p>Individuals without a high school diploma, low-income individuals and displaced homemakers with inadequate basic skills, individuals with limited English proficiency, and inmates in correctional institutions.</p>	<p>Entities that carry out activities assisted under the Adult Education and Family Literacy Act must be made available through the WIA one-stop delivery system. Not less than 20% of the federal funding available in each Workforce Development Board geographic area for instructional grants will be available for individuals who are functionally illiterate, unless documentation is provided by local Workforce Development Boards assuring that this population is small enough to warrant a lesser percentage of funds (this is a state-imposed mandate).</p>	<p>Section 408b requires that individuals with disabilities who are federal employees or members of the public have access to information and data that is comparable to the access by individuals who do not have disabilities. Michigan Rehabilitation Services has co-located staff at every one-stop service center.</p>	<p>MDCD requires the periodic entry of information about every adult education student into a web-based centralized electronic database which is updated each time new data are entered. The same central system is being used to track the progress of participants of other career development programs such as WIA Title I and Work First.</p> <p>An annual performance “report card” will become public information and be reported to local WIB’s for the purpose of updating their strategic plans and advising customers at one-stop centers.</p> <p>All state and federally funded adult education and literacy programs will use the National Reporting System format to report student performance data to MDCD, and MDCD annually each year the state’s report to the U.S. Department of Education.</p>	<p>● <b>FY 2002</b>                      Adult Education: \$494,730,598                      English Literacy/Civics: \$70,000,000</p>	<p>● <b>FY 2002</b>                      Adult Education: \$16,310,508                      English Literacy/Civics: \$1,251,632</p>

# Wagner-Peyser Act

## Background

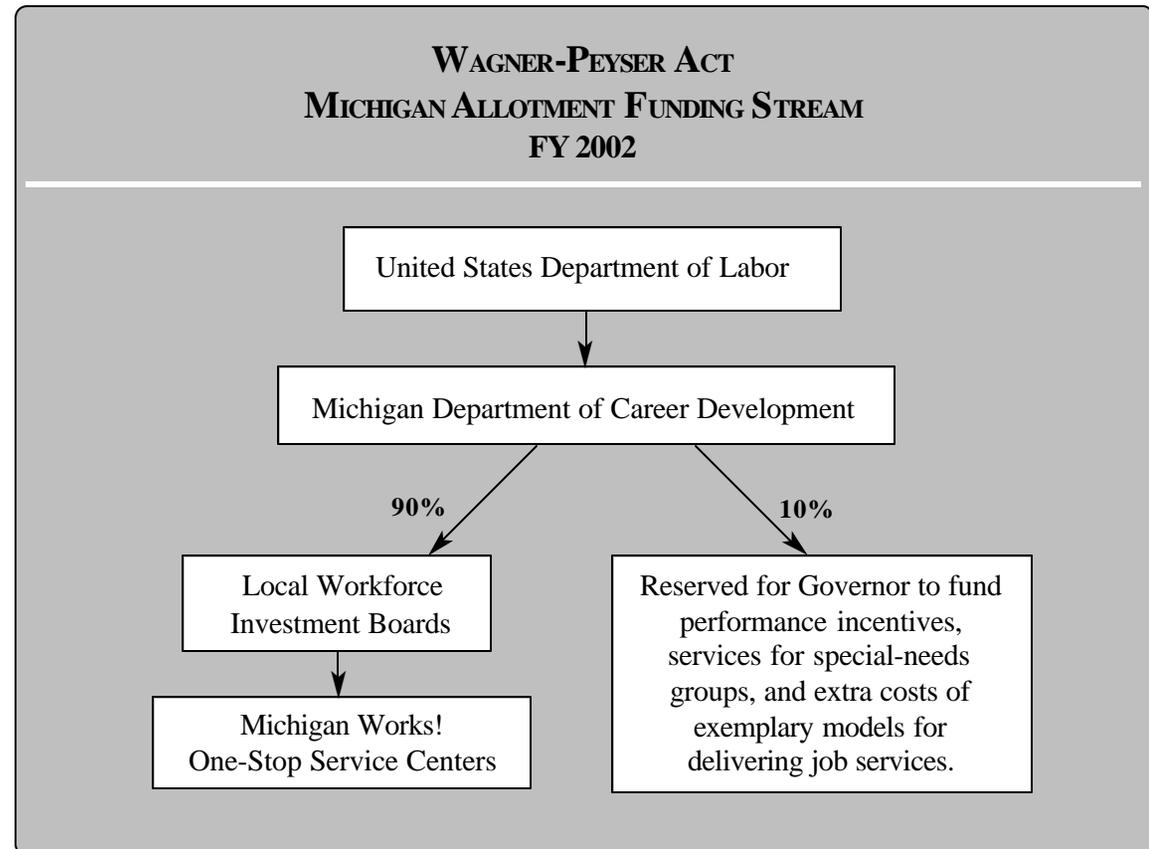
The Wagner-Peyser Act of 1933 was the first broad-based labor program initiated by the United States in response to the Great Depression. Prior to its enactment, public labor market exchange services were primarily provided at the state level through local employment offices. The Act coordinated the existing state offices into a nationwide system that delivered services in a more uniform manner, known as the U.S. Employment Service. The Employment Service now has offices in all 50 states and several U.S. territories.

## Use of Wagner-Peyser funds in Michigan

At this time, although there are several mandatory partners in Michigan's one-stop system (Perkins Act service providers, for example), WIA Title I and Wagner-Peyser Act funds constitute the only funding streams to support delivery of core services at the one-stop centers. Specifically, Wagner-Peyser Act funding supports the operation of labor exchange services through the Michigan Talent Bank, the provision of information

regarding unemployment insurance program referral and claims filing, and re-employment services to profiled claimants where resources are available.

The 2000-2005 State Plan certifies that labor exchange activities funded under the Wagner-Peyser Act will be provided by public merit-staff employees, rather than contracted out to private companies.



## Wagner-Peyser Act (Title III, Subtitle A of Workforce Investment Act)

**Purpose:** To provide for the establishment of a national employment system and for cooperation with the states in the promotion of such a system. Funds are allotted to each state to administer a labor exchange program responding to the needs of the state's employers and workers through a system of local employment services offices that are part of the state's one-stop service delivery system.

Target Population	Restrictions	Provisions for Persons with Disabilities	Reporting Requirements	Total Federal Allotment to States and Outlying Areas	Amount to Michigan
<p>Job seekers who are veterans receive priority referral to jobs and training as well as special employment services and assistance. In addition, the system provides specialized attention and services to individuals with disabilities, migrant and seasonal farm-workers, ex-offenders, youth, minorities and older workers.</p>	<p>Services must be available through the one-stop service system. Ninety percent of allotment may be used for (1) job search and placement services to job seekers; (2) appropriate recruitment services and special technical services for employers; and (3) any of the following activities: evaluation of programs; developing linkages between services funded under this Act and related Federal or State legislation; providing services for workers who have received notice of permanent layoff or impending layoff, or workers in occupations which are experiencing limited demand due to technological change, impact of imports, or plant closures; developing and providing labor market and occupational information; developing a management information system; and administering the work test for the State unemployment compensation system and providing job finding and placement services for unemployment insurance claimants. Ten percent of allotment shall be reserved for use by the Governor to provide performance incentives, services for groups with special needs, and the extra costs of exemplary models for delivering services. Wagner-Peyser funded activities are to be carried out by merit-staff state employees; states may not contract with private firms to provide these services.</p>	<p>State plans must include provisions for the promotion and development of employment opportunities for handicapped persons and for job counseling and placement of such persons, and for the designation of at least one person in each State or Federal employment office whose duties shall include the effectuation of such purposes.</p>	<p>Training providers must submit program reports to their WIB's related to four core indicators: 1) entry into unsubsidized employment; 2) retention in such employment six months after placement; 3) earnings gains six months after placement; and 4) attainment of educational credentials. States are required to submit one WIA quarterly report for each of the fund sources received. This report is divided into six separate sub-reports detailing statewide activities, statewide rapid response, local area administration, local area youth program activities, and local area dislocated worker program activities.</p>	<p>● <b>FY 2002</b> \$761,735,000</p> <p>● <b>FY 2001</b> \$761,735,000</p>	<p>● <b>FY 2002</b> \$25,855,187</p> <p>● <b>FY 2001</b> \$24,357,510</p>

# Vocational Rehabilitation Services

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## Background

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Title IV of the Workforce Investment Act consists of amendments to the Rehabilitation Act of 1973. It authorizes the allocation of federal funds on a formula basis for the administration and operation of a vocational rehabilitation (VR) program to assist individuals with disabilities in preparing for and engaging in gainful employment. The VR program provides, through state VR agencies, a wide range of services and job training to people with disabilities who want to work. Michigan's VR agency is the Michigan Rehabilitation Services (MRS) division of the Department of Career Development.

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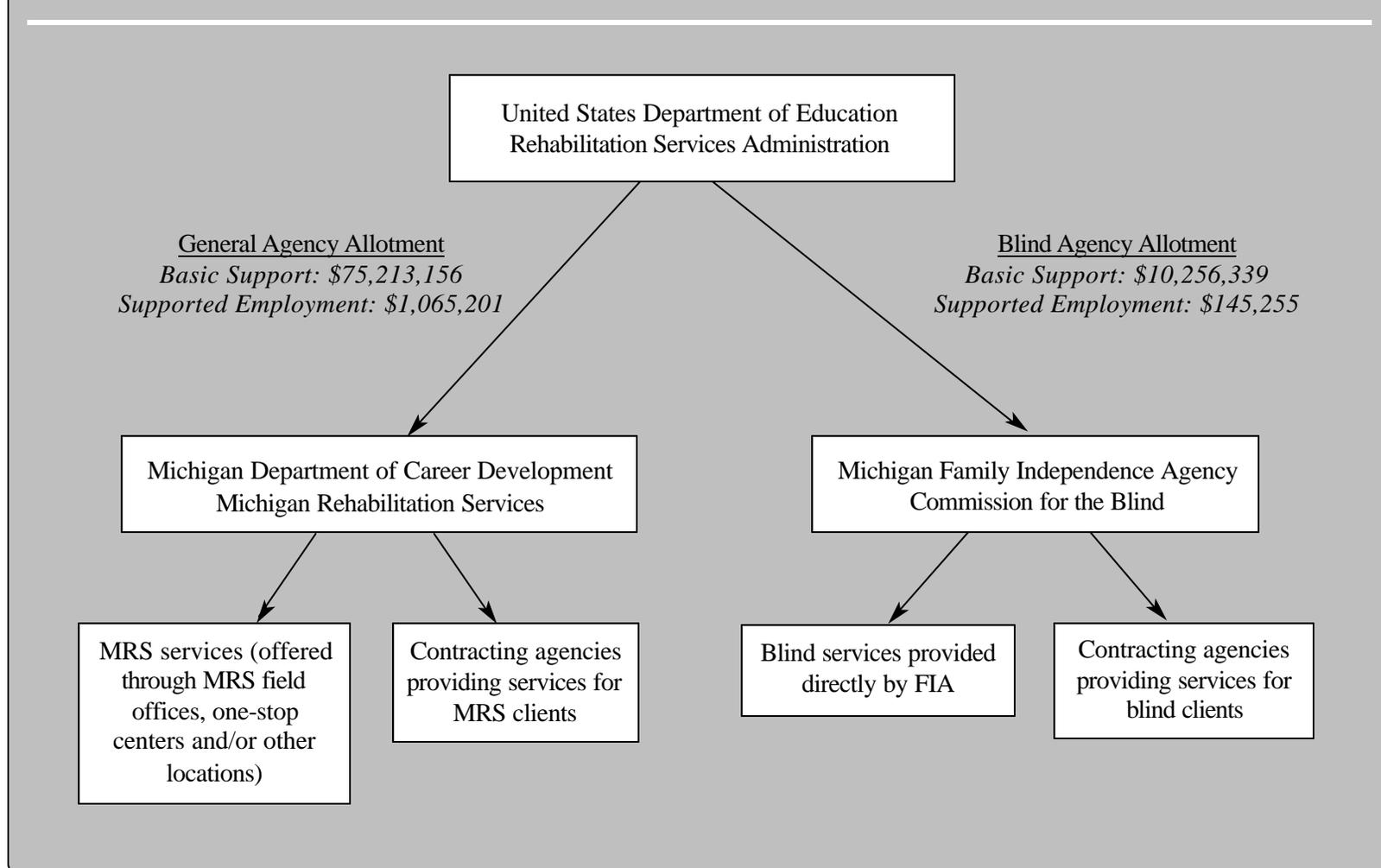
## Vocational Rehabilitation Services in Michigan

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Michigan Rehabilitation Services (MRS) services are located at field centers and Michigan Works one-stop service centers throughout Michigan. The MRS mission is to assist Michigan residents with disabilities in gaining employment and self-sufficiency. In FY 2001, MRS placed 7,479 individuals with disabilities into jobs. The following services are provided free of charge: disability assessments, vocational evaluations, counseling, job placement services, and job follow-up services. Persons with a disability may seek services for themselves or they may be referred by family members, hospitals, school counselors, mental health professionals, social workers, churches or other community agencies including Michigan Works! Agencies.

Services for persons who are blind are administered primarily by the Family Independence Agency. Services for persons with all other disabilities are administered by the Department of Career Development.

**VOCATIONAL REHABILITATION SERVICES  
MICHIGAN ALLOTMENT FUNDING STREAM  
FY 2002**



## Vocational Rehabilitation Services (Title IV of Workforce Investment Act)

**Purpose:** To assist individuals with disabilities in preparing for and engaging in gainful employment, through a wide range of services and job training.

Target Population	Restrictions	Provisions for Persons with Disabilities	Reporting Requirements	Total Federal Allotment to States and Outlying Areas	Amount to Michigan
<p>To be eligible, an individual must: 1) have a physical or mental impairment that is a substantial impediment to employment; 2) be able to benefit in terms of employment from VR services; and 3) require VR services to prepare for, enter, engage in, or retain gainful employment that is consistent with the individual's strengths, resources, priorities, abilities, and informed choice. Those receiving SSI or SSDI benefits are automatically eligible for services.</p>	<p>Linkages are required between Vocational Rehabilitation programs and other federal and state programs. The Commissioner of the Rehabilitation Services Administration (RSA) and the Director of the National Institute on Disability and Rehabilitation Research must reserve specified funds to carry out certain activities for outreach to minorities.</p>	<p>Same as WIA, Title I. This funding resource is intended only for persons with disabilities.</p>	<p>Each year, state VR agencies must report program performance data to RSA by December 1st. RSA has established minimum levels of performance for each performance indicator. Performance indicators include: the change in the number of individuals with employment outcomes; the percentage of individuals who become employed after receiving services; the percentage of individuals who exit the VR program in competitive employment, self-employment, or BEP (Business Enterprise Program) employment with earnings at or above the minimum wage of all individuals who achieved an employment outcome; the average hourly earnings of those with competitive employment; and the change in the percentage of people who are primarily self-supporting.</p> <p>State agencies must also ensure that individuals from minority backgrounds have equal access to VR services.</p>	<p>● <b>FY 2002</b>  <u>Basic Support Program:</u>                      Total State Allotment: \$2,455,385,000                      (Blind Agency Allotment: \$185,408,940;                      General Agency Allotment: \$2,269,976,060)  <u>Supported Employment Program:</u>                      Total State Allotment: \$38,152,000                      (Blind Agency Allotment: \$2,798,734;                      General Agency Allotment: \$34,971,746)</p>	<p>● <b>FY 2002</b>  <u>Basic Support Program:</u>                      Total Michigan Allotment: \$85,469,495                      Blind Agency Allotment: \$10,256,339;                      General Agency Allotment: \$75,213,156  <u>Supported Employment Program:</u>                      Total Michigan Allotment: \$1,210,456                      Blind Agency Allotment: \$145,255;                      General Agency Allotment: \$1,065,201</p>

# Welfare-to-Work Grants

## Background

The Balanced Budget Act of 1997 authorized the U.S. Department of Labor to provide Welfare-to-Work Grants to states and local communities to help create job opportunities for the hardest-to-employ TANF recipients. The grants were to be used for job placement, transitional employment, and support services needed to help make the transition from welfare to work. The total amount of funding for the grants was \$3 billion. A small amount of this grant money was set aside for Indian tribes (1 percent) and evaluation (.8 percent); the remainder of the total was distributed to states and local communities during Fiscal Years 1998 and 1999.

## Types of grants

**Formula grants:** These grants went to states, and comprised 75 percent of state and local grant distributions. In order to receive formula funds, each state had to submit a plan for the administration of the Welfare-to-Work grant, with the Secretary of Labor determining that the plan met the statutory requirements. Governors were responsible for administering the formula funds and for assuring that they were coordinated with funds spent under the TANF block grant. In addition to providing a 33 percent state match

(for every two dollars contributed by the federal government, the state must contribute one dollar), a state must have met the TANF maintenance of effort (MOE) requirement (80 percent, reduced to 75 percent if a state meets the work requirement) to be eligible for a grant. 85 percent of the formula grants were required to be passed through to local Workforce Investment Boards (called Workforce Development Boards in Michigan), while up to 15 percent could go into a “governor’s fund” to be used on projects of the state’s choice.

The funds passed through to local boards were distributed to each service delivery area according to the following formula: At least 50 percent of funds must be distributed according to the number of poor individuals in excess of 7.5 percent of the total population; the balance of funds (no more than 50

percent) may be distributed based on the number of adults receiving TANF assistance for 30 months or more, and/or the number of unemployed in the service delivery area. States could choose to have a specific service delivery area allocation go to an alternative entity rather than the local board; Michigan did not do this. No more than 15% of this pass-through was to be used on administration.

**Competitive grants:** These grants were awarded directly by the Secretary of Labor to local governments, Private Industry Councils or Workforce Investment Boards, or other entities (such entities must have applied for the grant in conjunction with a local government or a Workforce Investment Board). The grants comprised 25 percent of state and local grant distributions. Michigan received only one competitive grant (see below).

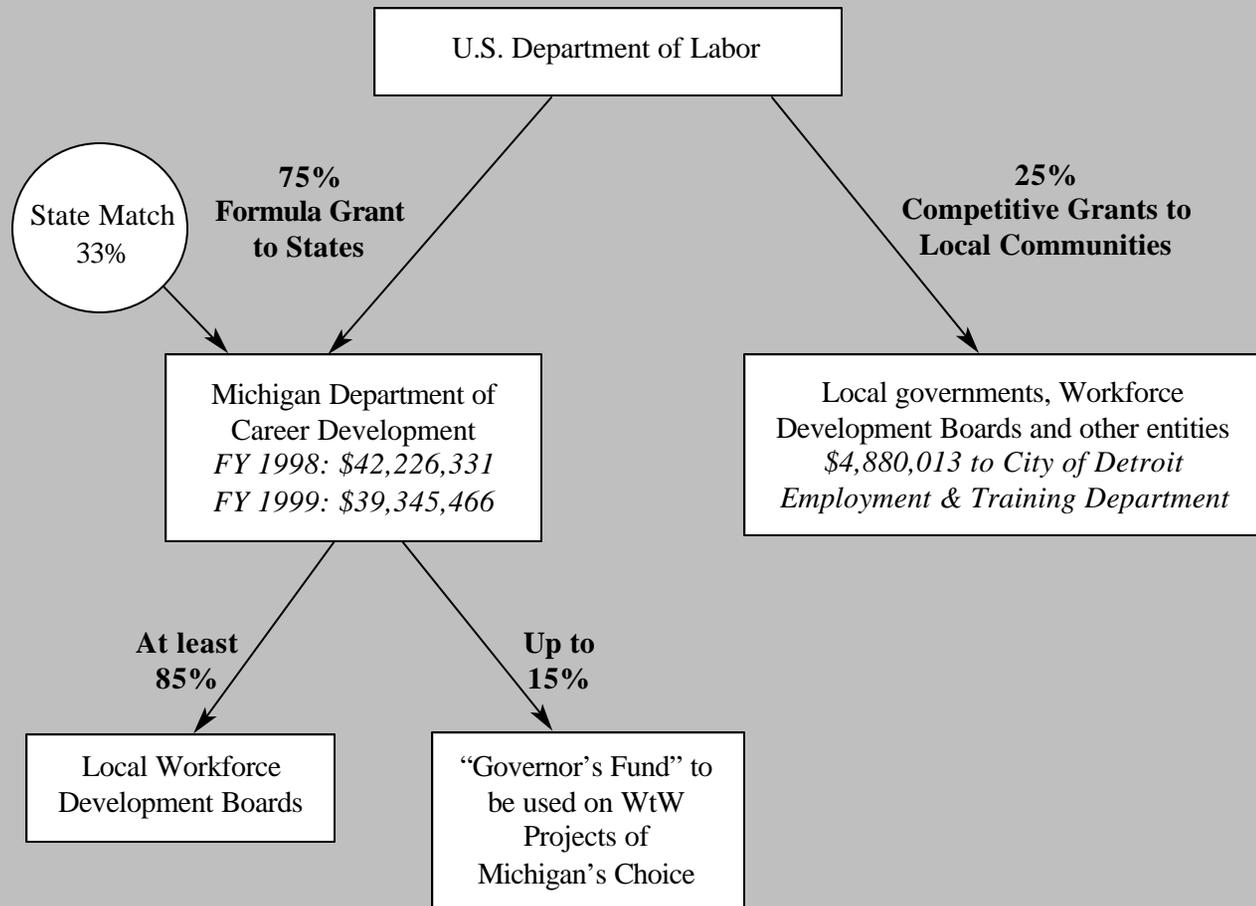
### WELFARE-TO-WORK GRANTS TO MICHIGAN 1998-1999

**State Formula Grant:** FY 1998—\$42,226,331  
FY 1999— \$39,345,466

**Competitive Grants:** Round I (May 1998)—\$4,880,013 (City of Detroit Employment & Training Department)  
Round II (November 1998)—\$0  
Round III (October 1999)—\$0

Source: U. S. Department of Labor

**WELFARE-TO-WORK GRANTS  
MICHIGAN ALLOTMENT FUNDING STREAM  
1998-1999**



## Welfare-to-Work Grants

**Purpose:** To help hard-to-employ welfare recipients move into lasting, unsubsidized jobs through grants to states and local communities. The grants are used to equip long-term welfare recipients and noncustodial parents—generally those with poor education, low skills, and little job experience—with the resources and support they need to find and keep good jobs. Local communities have the flexibility to design programs that fit their particular needs.

Target Population	Restrictions	Provisions for Persons with Disabilities	Reporting Requirements	Total Federal Allotment to States and Outlying Areas	Amount to Michigan
<p>Primary Eligibles (at least 70% of grant funds): Individuals may be served under a Welfare-to-Work grant if they have received TANF assistance for at least 30 months, if they are within 12 months of reaching federal or state time limits, or if they no longer receive TANF due to time limits; or if they are a noncustodial parent of a qualifying child and are unemployed, underemployed, or having difficulty paying child support.</p> <p><b>Other Eligibles:</b> Certain other groups are eligible for up to 30% of funds.</p>	<p>Programs funded through Welfare-to-Work grants must be made available through the one-stop system. Each local Workforce Investment Board must contain at least one member representing a WtW- funded program. Grantees have up to three years to spend WtW funds, and may use them for the following activities: (a) Job readiness activities, (b) Up to 6 months of pre-employment vocational training or job training; (c) Employment activities such as community service programs, work experience programs, job creation through employment wage subsidies, or on-the-job training; (d) Job placement services; (e) Post-employment services such as basic skills training, occupational skills training, ESL training, or mentoring; (f) Support services such as transportation assistance, substance abuse treatment, child care assistance, or short term housing assistance; (g) Individual development accounts; or (h) Outreach, recruitment, intake, assessment, eligibility determination, individualized service strategy development, or case management incorporated into the design of any of the activities listed above.</p>	<p>Section 408b requires that individuals with disabilities who are federal employees or members of the public have access to information and data that is comparable to the access by individuals who do not have disabilities. Michigan Rehabilitation Services has co-located staff at every one-stop service center.</p>	<p>The WtW Quarterly Report requires the following: (1) Data for grant as a whole on total match expenditures and third-party in-kind portion of match; total Federal, administrative, technology, and program expenditures; breakout of Federal expenditures for primary and other eligibles; and lines for unliquidated and unobligated funds; (2) Expenditures of Governor's funds; (3) Expenditures of the formula pass-through funds; (4) Program income earned and expended; (5) Total number served in primary eligibles and other eligibles categories, with breakouts for eligibility sub-categories; total number of participants terminated in both categories; total number of participants placed in unsubsidized employment when entering and after entering WtW, and placed in subsidized employment after entering WtW, with breakouts for participants working 30 hours per week or more and those working less than 30 hours; total participants retained 6 months in employment and earnings gained; and (6) Gender, age, race/ethnicity, and disability data for participants served.</p>	<p>The original grants totaled \$3 billion split between fiscal years 1998 and 1999. As of October 1, 1999, the Welfare-to-Work program has allocated all of its grant funds to States, local entities and tribes.</p>	<p><b>State Formula Grants:</b></p> <ul style="list-style-type: none"> <li>• FY 1998 \$42,226,331</li> <li>• FY 1999 \$39,345,466</li> </ul> <p><b>Competitive Grants:</b></p> <ul style="list-style-type: none"> <li>• Round I \$4,880,013</li> <li>• Round II \$0</li> <li>• Round III \$0</li> </ul>

# Reed Act Distribution

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## Background

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The Reed Act was enacted in 1954 as a result of tension between states and the federal government over what level of government would be responsible for Unemployment Insurance (UI) funding. It provides for the transfer of excess dollars from federal unemployment trust funds to state trust funds in the event that the reserves in the federal UI administration, loan, and extended benefits accounts exceed a certain threshold level. The fifth Reed Act distribution to the states since the law was enacted took place in March 2002, through the Economic Stimulus Package (HR 3090) passed by Congress several months before. At \$8 billion, it was by far the largest distribution under the Act, and was also the largest single infusion of flexible funds into the broader employment and training system in the history of the system. Michigan's unemployment trust fund received nearly \$291.5 million through this distribution.

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## Funding formula

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The share of Reed Act money that each state receives under this transfer is determined by the following formula:

- a) The amount of Reed Act money that would have been distributed in October 2001, had there not been a cap of \$100 million, was determined. (That amount was determined to be approximately \$9.34 billion.)
- b) Each state's share of the amount in (a, above) was determined based on that state's proportionate share of taxable wages in calendar year 2000.
- c) Each state's share of the \$100 million actually distributed in October 2001 was deducted.
- d) An \$8 billion cap was applied, and each state's share of the \$9.24 billion was reduced proportionately for a total of \$8 billion for all states.

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## Allowable uses

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The Reed Act allows states to use the money to finance either regular UI benefits or administrative costs of UI and public employment offices. The 2002 transfer specifically allows states to use funds to extend unemployment benefits to workers who do not otherwise qualify for such benefits under existing federal UI laws, such as those who want to work part-time or those who qualify for UI benefits through an alternative base period calculation.

If a state wants to use its distribution for administration, the state's legislature must first appropriate the money for that use (there is no time limit on the use of the distribution for administrative purposes). States may choose (as Michigan has) to use a portion of their distribution to build up or improve their one-stop workforce investment systems. States may use the funds to pay the costs of job search and placement services, but not the costs of job training (outside of training for UI or ES staff). The law does not state for what specific employment services the funds may be used, but the U. S. Department of Labor has set guidelines governing the use of the funds.

The appropriation amounts listed in this chart are for work projects that will last through at least September 30, 2004, and should not be viewed as reflecting current spending in the coming year.

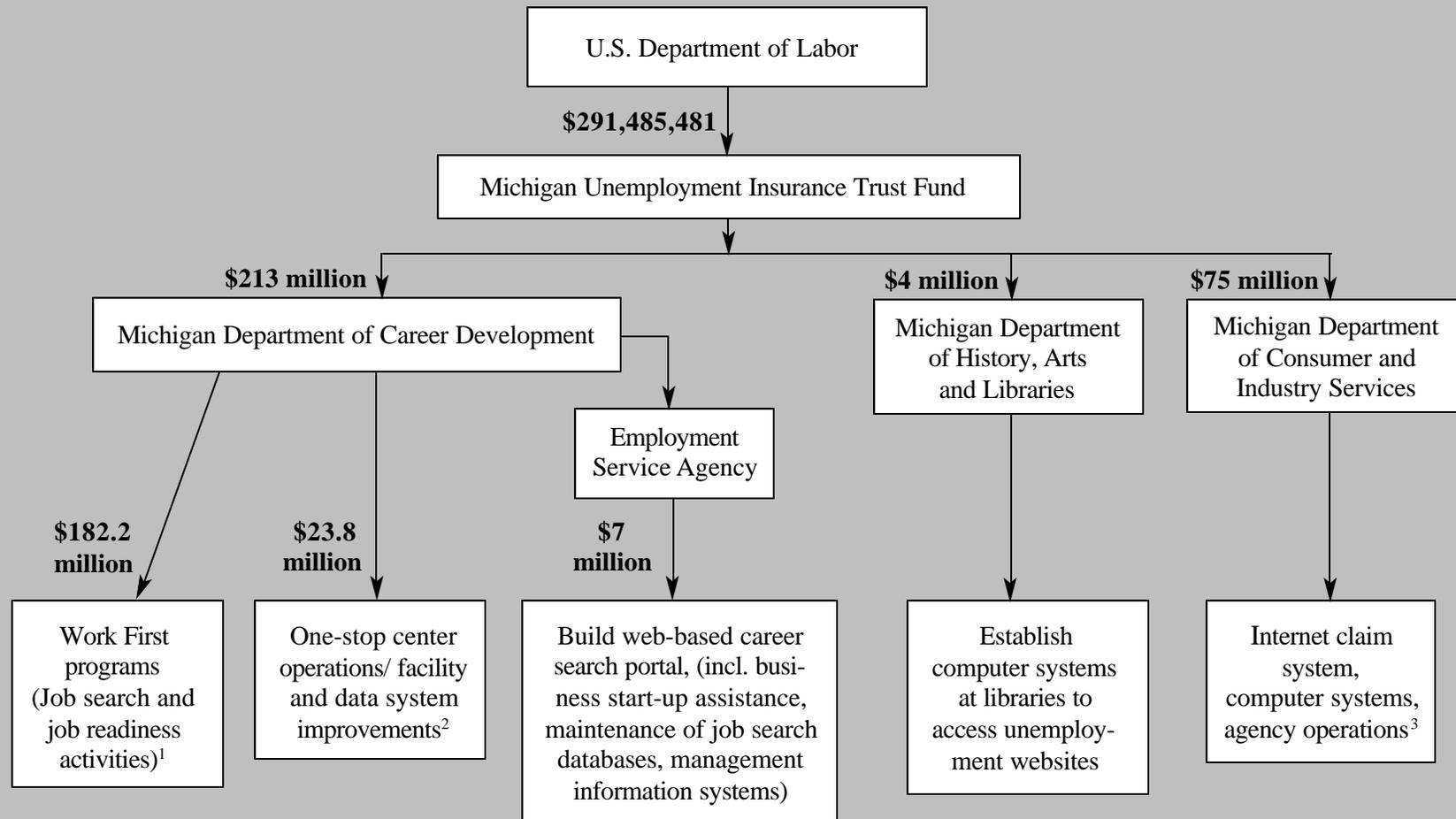
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## Future distributions

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The current Administration proposes additional Reed Act distributions of \$2.5 billion per year to state UI funds in 2004 and 2005.

**REED ACT DISTRIBUTION  
MICHIGAN ALLOTMENT FUNDING STREAM  
FY 2002-2004**



<sup>1</sup>These funds replace TANF funds currently in the DCD budget. Those TANF funds will revert back to the FIA budget in the following amounts: FY 2002 \$46 million; FY 2003 \$66.1 million; FY 2004 \$66.1 million.

<sup>2</sup>These funds replace \$200,000 in DCD funds that will be shifted back to the general fund.

<sup>3</sup>These funds replace \$10 million in CIS funds that will be shifted back to state UI penalty and interest contingency funds.

## Reed Act Distributions Under HR 3090

**Purpose:** To provide funds to states for payment of cash benefits to individuals with respect to their unemployment, and for the administration of states' unemployment compensation law and public employment offices.

Target Population	Restrictions	Provisions for Persons with Disabilities	Reporting Requirements	Total Federal Allotment to States and Outlying Areas	Amount to Michigan
Unemployed workers who qualify for unemployment insurance benefits.	The Reed Act allocation to the state trust fund is to be used for UI benefits, but not the state's share of extended benefits. While waiting to be spent, the money may shore up a low trust fund, or supplement a fund already solvent. In the latter instance, the additional money may trigger lower state unemployment insurance tax rates in the future (either lower in absolute levels, or lower than the tax rate would be in the absence of the Reed Act money). Generally, use of the Reed Act money for benefits must follow current guidelines for unemployment insurance eligibility, but the state may use the money to expand eligibility in two areas: 1) People seeking or available only for part-time work, and 2) People who would be eligible under an "alternative base period." Some states, not including Michigan, already pay benefits for such people; the new Reed Act distribution specifically permits such payments.	Not applicable.	States are required to report all Reed Act transactions on the ETA 8403. The report is required each month a transaction occurs (e.g. deposits to the state account, withdrawals from the account, enactment of state appropriations).	<b>March 2002</b> One-time distribution of \$8 billion from excess federal UI trust funds to state UI trust funds, authorized by the Economic Stimulus Package (HR 3090) passed by Congress.	<b>March 2002</b> \$291,485,481

# Carl D. Perkins Vocational and Technical Education Act

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## Background

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The Carl D. Perkins Vocational Education Act was passed in 1984, replacing the Vocational Education Act of 1963. The goal of the Act was to improve vocational education in secondary and post-secondary institutions, through enhancements to vocational education programs. The Act has been reauthorized twice; the most recent reauthorization took place in 1998, when its name was changed to the Carl D. Perkins Vocational and Technical Education Act, popularly known as Perkins III.

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## Grant types

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Under the Perkins Act, *State Basic Grants* and *Tech-Prep Grants* are allotted to states according to a formula based on states' populations in certain age groups and their per capita income. The state allots funds to the districts and community colleges according to a federal formula based on the number of students in secondary education and post-secondary education.

- **State Basic Grants:** States may apply for basic grants to fund programs to develop the academic, vocational and technical skills of students in high schools, community colleges, and regional technical centers. To participate in the Basic State Grant program, a state must designate a

sole agency to be responsible for the administration or supervision of career-technical education, prepare a five-year State Plan subject to the approval of the Secretary of Education, and establish a State performance accountability system. Only State Boards for Vocational Education are eligible to apply for State Basic Grants.

- **Tech-Prep Grants:** Tech-Prep State formula grants support programs linking secondary and postsecondary vocational and academic instruction to prepare individuals for high-tech careers. Grants are given to local consortia of educational institutions, which must include at least one local education agency that serves secondary school students and one institution of higher education that offers a two-year degree or certificate. Each program must consist of the last two to four years of secondary education and at least two years of postsecondary education.

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## Special populations allotment

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States are required to allot money for “special populations” including individuals with disabilities, individuals from economically disadvantaged backgrounds, individuals preparing for non-traditional careers, single parents and single pregnant women, displaced

homemakers, and individuals with other barriers to educational achievement (including those with limited English proficiency). The Perkins Act previously had a 10.5% set-aside for gender equity programs to serve displaced homemakers, pregnant teens and single mothers; Perkins III eliminated this set-aside and those populations were subsumed under the “special populations” category.

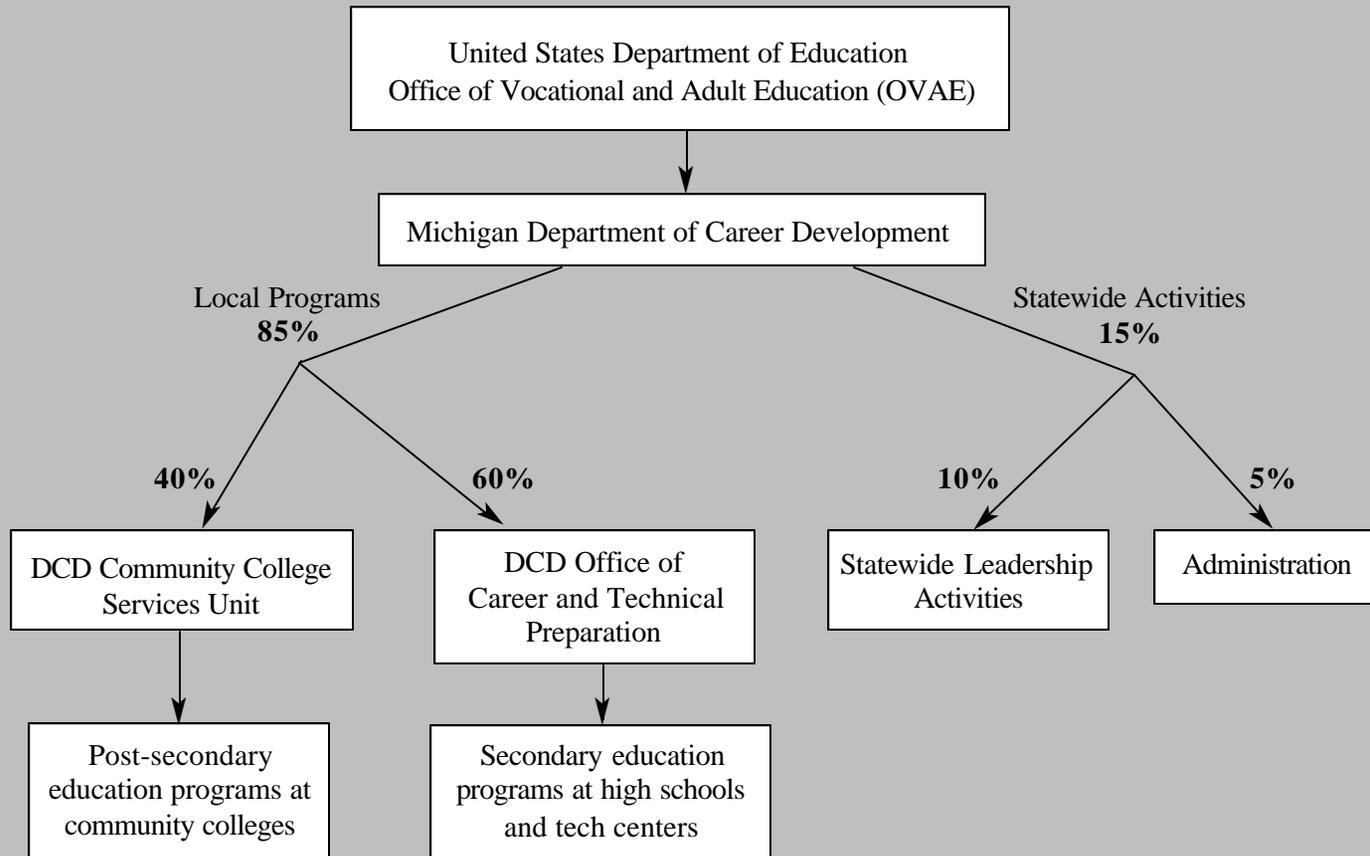
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## Implementation in Michigan

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The agency in Michigan responsible for overseeing the administration of Perkins Act funds is the Department of Career Development (DCD), with oversight responsibility belonging to the State Administrative Board. (Board membership includes the Governor, the Superintendent of Public Instruction, the Attorney General, the Secretary of State and the Director of Management and Budget.) Within DCD, the Office of Career and Technical Preparation (OCTP) implements and monitors the Perkins grant activities and provides technical assistance to secondary career and technical education programs, while the Community College Services Unit in the Office of Postsecondary Services oversees services provided through Michigan's community colleges. Perkins funding for postsecondary education currently goes to 28 public community colleges, 3 public four-year universities and 1 tribal college.

**CARL D. PERKINS VOCATIONAL AND TECHNICAL EDUCATION ACT  
MICHIGAN ALLOTMENT FUNDING STREAM  
FY 2002**



## Carl D. Perkins Vocational and Technical Education Act

**Purpose:** To provide federal funds to fully develop the academic, vocational and technical skills of secondary and post-secondary students who elect to enroll in vocational and technical education programs.

Target Population	Restrictions	Provisions for Persons with Disabilities	Reporting Requirements	Total Federal Allotment to States and Outlying Areas	Amount to Michigan
<p>Secondary and post-secondary students. States are required to allot money for "special populations." The Perkins Act previously had a 10.5% set-aside for gender equity programs to serve displaced homemakers, pregnant teens and single mothers; Perkins III eliminated this set-aside and those populations were subsumed under the "special populations" category.</p>	<p>States must distribute at least 85% of their funding to local areas, via education agencies, vocational schools, post-secondary institutions and correctional institutions. Michigan is currently one of 12 "Ed-Flex" states that can apply for waivers from federal requirements for educational programs including the Perkins Act; however, these waivers may only apply to youth programs.</p>	<p>States are required to allot money for "special populations" including individuals with disabilities. Each state must submit an annual report on how special populations engaged in vocational education (including people living with disabilities) are faring relative to the state's performance goals.</p>	<p>States must demonstrate improvement in student performance measures related to four core indicators: 1) attainment of skills or proficiencies; 2) attainment of a diploma or credential; 3) placement and retention in employment, post-secondary education, advanced training or military service; or 4) enrollment in/ completion of programs leading to non-traditional jobs.</p>	<p>● <b>FY 2002</b>                      Basic Grants: \$1,180,000,000                      Tech-Prep Grants: \$108,000,000</p>	<p>● <b>FY 2002</b>                      Basic Grant: \$41,121,267                      Tech-Prep Grant: \$3,858,222</p>

# Food Stamp Employment and Training Program

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## Background

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The federal Food Stamp Program (known in Michigan as the Food Assistance Program) carries with it a requirement that states will terminate food stamp eligibility for Able-Bodied Adults Without Dependents (ABAWD's) who remain unemployed. (States may receive waivers and exemptions in order to continue assistance to some ABAWD's, but Michigan does not make use of either of these methods.) Those who have lost their Food Stamp eligibility due to the time limit may regain eligibility by participating in a work activity for at least 80 hours per month (20 hours per week), beginning at the time of closure of their Food Stamp case.

The objective of the Food Stamp Employment and Training Program is to help such adults maintain or regain their food stamp eligibility by participating in a qualifying work program or training activity. As a Work First program, its long-term goal is to assist individuals in obtaining unsubsidized employment. When such employment is unavailable, education and training activities are sometimes approved as a work activity.

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## Funding formula

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Section 4121 of the Farm Security and Rural Investment Act of 2002 (the Farm Bill) authorizes the E&T Program through fiscal year (FY) 2007 and sets the basic amount of unmatched Federal funding at \$90 million a year for FY 2002–FY 2007. The bill significantly alters the way E&T Program funds are allocated and spent.

Through the new law, the Secretary of the Department of Agriculture may take into account the numbers of able-bodied adults without dependents (ABAWD's) subject to the 3-month time limit when determining allocations. The FY 2003 allocation uses a formula that combines each State agency's numbers of work registrants and numbers of ABAWDs as a percentage of the numbers of work registrants and ABAWDs nationwide.

The new allocation formula also eliminates the 80 percent use of funds (80/20) requirement, effective May 13, 2002. Prior to passage of the Farm Bill, 80 percent of the funds had to be spent on ABAWD's and the remaining funds could serve other recipients; state agencies may now spend their funds without earmarking funding to serve ABAWDs. The maintenance of effort requirement and the maximum slot reimbursement rates are also eliminated.

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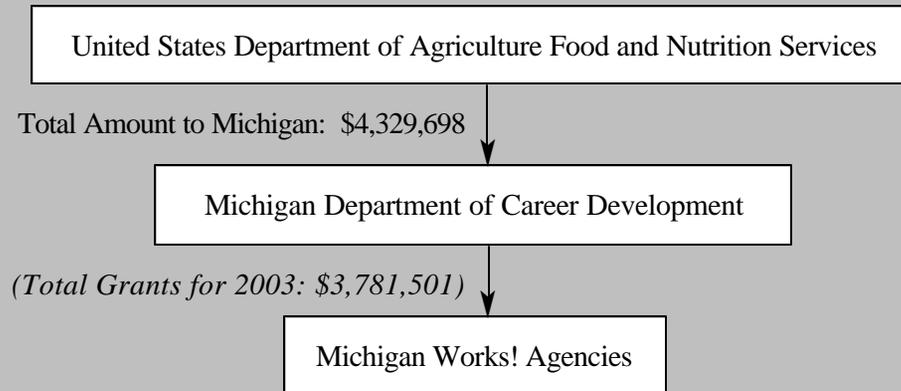
## Implementation in Michigan

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The state agency in Michigan is the Department of Career Development (DCD), which disperses grants to each of the Michigan Works! Agencies.

**FOOD STAMP EMPLOYMENT AND TRAINING PROGRAM  
MICHIGAN ALLOTMENT FUNDING STREAM  
FY 2003**

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## Food Stamp Employment and Training Program

**Purpose:** The program objective is to help able-bodied adults without dependents (ABAWD's) maintain or regain their food stamp eligibility by participating in a qualifying work program or training activity, usually through placement in an unpaid, community service job. The long-term goal of the program is to assist individuals in obtaining unsubsidized employment.

Target Population	Restrictions	Provisions for Persons with Disabilities	Reporting Requirements	Total Federal Allotment to States and Outlying Areas	Amount to Michigan
<p>Unemployed Food Stamp recipients aged 18 through 49, without dependents and able to work. These recipients are normally limited to three months in which they may receive Food Stamps. Participation in the Employment and Training Program allows them to extend their eligibility if they are unable to find employment.</p>	<p>Participants placed in an unpaid community service job must work the same number of hours as their Food Stamp amount divided by the minimum wage, and cannot be required to work without pay for more than this number of hours. Participants may use 15 hours of education or training per month to meet work requirement for Food Stamps. Allowable services include job search, job readiness training, basic education, vocational training and work experience. Recipients who have exceeded the three-month time limit are required to participate or face sanctions.</p>	<p>Not applicable; persons with disabilities are not required to work under current Food Stamp laws.</p>	<p>States are subject to numerous reporting requirements for all programs under the Food Stamp program, including the Employment and Training program.</p>	<p>● <b>FY 2003</b> \$90,000,000</p>	<p>● <b>FY 2003</b> \$4,329,698</p>

# Job Access and Reverse Commute Program

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## Background

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When Congress in 1998 enacted the Transportation Equity Act for the 21st Century (TEA-21) —a \$217 billion transportation bill that authorizes the federal surface transportation programs for highways, highway safety, and transit for the 6-year period 1998-2003— it included up to \$750 million over five years for the Job Access and Reverse Commute (JARC) program. This program provides grants to communities on both a competitive and congressionally directed basis for the purpose of addressing problems in employment transportation. The primary beneficiaries of the program are low-income families that otherwise would have a difficult time getting to jobs and related services, such as child care and training. Funding is from both the Mass Transit Account and General Funds.

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## Types of grants

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**Job Access Grants:** These grants fund projects that transport welfare recipients and other low-income individuals in urban, suburban, or rural areas to and from jobs, job-training programs, and education activities related to their employment. (Besides providing actual transit services, Job Access grants may also be used for operating and

capital costs of equipment, facilities and maintenance related to providing access to jobs services.) Some examples of eligible Job Access projects include:

- Adding late night and weekend services for workers with nontraditional schedules
- Providing “guaranteed ride home,” shuttle, or on-call van services
- Extending or rerouting bus services to go further into low-income neighborhoods or suburban areas with employment opportunities,
- Sponsoring ridesharing and carpooling activities
- Using targeted marketing and advertising to increase awareness, among welfare recipients and low-income communities, of transportation options
- Promoting transit vouchers for welfare recipients and low-income individuals purchased by appropriate agencies,
- Promoting employer-provided transportation.

**Reverse Commute Grants:** These grants fund services that expand mass transit for the general public from urban, suburban, and rural areas to suburban work places. Such services might include expanding existing bus, van or train routes, or subsidizing the purchase or

lease of a van for shuttles to and from suburban worksites. Not more than \$10 million per year can be used for Reverse Commute activities.

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## Grant award criteria

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Competitive grants are allocated to applicants based on:

- the percentage of population that are welfare recipients
- the need for additional services
- coordination with and the use of existing transportation providers
- coordination with state welfare agencies implementing the TANF program
- use of innovative approaches, the presence of a regional plan, long-term financing strategies, and consultation with the community to be served

## Job Access and Reverse Commute Program

**Purpose:** To assist states and localities in developing new or expanded transportation services that connect TANF recipients and other low-income persons to jobs and other employment related services.

Target Population	Restrictions	Provisions for Persons with Disabilities	Reporting Requirements	Total Federal Allotment to States and Outlying Areas	Amount to Michigan
<p>TANF recipients and other low-income populations.</p>	<p>Job Access and Reverse Commute grants must be used for actual services, as opposed to planning or coordinating activities. The grants must fund new transportation services or fill gaps in existing services; they may not supplant existing sources of funding that already finance a transportation service or program. A 50/50 federal to local match is required; other federal funds (i.e. TANF, Welfare-to-Work) can be used as part of the local match. Job Access and Reverse Commute grants will not cover the expenses of purchasing individual transit passes, construction of child care centers and employment support facilities at transit hubs, or vehicle purchases for private automobile ownership.</p>	<p>The Americans with Disabilities Act of 1990 prohibits persons with disabilities from being denied full access to public transportation. The law requires fixed-route services to be accessible, and complementary door-to-door service to be available for individuals whose disabilities preclude the use of fixed-route service.</p>	<p>Grantees must submit detailed quarterly reports addressing a) service milestones, b) improved access to jobs, support services and residents, c) service effectiveness and efficiency, and d) additional project components including service information and promotional activities.</p>	<p>● <b>FY 2002</b> \$125 million (guaranteed) Guaranteed funding was established at \$50 million in FY 1999, rising in increments each succeeding year to \$150 million in 2003.</p>	<p>● <b>FY 2002 Competitively selected:</b> \$1,436,482 to the City of Detroit Employment and Training Department</p> <p>\$814,408 to the MI Department of Transportation</p> <p>● <b>Congressionally directed:</b> \$1,000,000 to the Michigan Mass Transportation Authority (Flint)</p>



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