

August 16, 2024

Mr. Joseph M. Habig
Acting State Budget Director
Indiana State Budget Agency
200 W Washington St, #212
Indianapolis, IN 46204

RE: Fiscal Year 26-27 Transmittal Letter

Mr. Habig:

On behalf of the Department of Workforce Development, please see the following information relating to our FY26-27 Budget Request.

Agency Overview

The Indiana Department of Workforce Development (DWD) is charged with planning, coordinating, implementing, administering, and monitoring a variety of transformational workforce development programs that help prepare unemployed and underemployed Hoosiers to be effective and competitive in participating in the global economy. Through the integration of its Unemployment Insurance (UI) and Workforce Operations (WO) divisions, and through strategic partnership with Local Workforce Development Boards and multiple state agencies such as the Governor's Workforce Cabinet (GWC), Family Social Services Administration (FSSA), Indiana Department of Education (IDOE), the Commission for Higher Education (CHE), and more, DWD provides temporarily unemployed workers with UI benefits, helps job seekers find training and employment, and supplies statewide labor market information. DWD strengthens Indiana by understanding workforce needs, aligning resources, and providing access to services that empower Hoosiers to thrive in a changing economy.

DWD administers the state's federally required UI program that provides temporary income assistance to unemployed Hoosiers. UI benefit payments are funded primarily by contributions collected from Indiana employers, and administrative costs are primarily funded by the U.S. Department of Labor (USDOL). Indiana's workforce development programs are targeted at providing employment and training services to those with significant barriers to employment and priority populations. These services are primarily funded by the federal government and are overseen by USDOL and the U.S. Department of Education. DWD receives state funding for state initiatives to train Hoosiers through multiple programs, including but not limited to: Jobs for America's Graduates, the Employer Training Grant and Workforce Ready Grant, Adult Education, and Work-based

Learning and Apprenticeships. DWD also receives state and federal funding to operate the Serve Indiana program to promote service and volunteerism through AmeriCorps grant administration.

DWD builds and improves the skills of Indiana's existing workforce through a network of WorkOne comprehensive sites and affiliate offices located in 12 economic growth regions across the state. DWD supports these offices with staff, technology, and infrastructure as required under federal guidance and regulations. DWD provides federal grant funds to Workforce Development Boards who contract with Regional Operators to provide career counseling, case management, and training services to Hoosiers across Indiana.

MAJOR PROGRAMS

DWD administers multiple federal and state programs that assist Indiana's current and future workforce to be effective and competitive in participating in the global economy:

- Adult Education (state and federal) – Ensures the delivery of foundational skills development, academic and career counseling services, and career pathways to adults and out-of-school youth for the purpose of employment, reemployment, or enhanced employment. This includes helping Hoosiers who lack a high school diploma achieve educational grade level gains and ultimately obtain a diploma, high school equivalency (HSE) diploma, or in-demand occupational credentials. Services also include basic skills remediation, digital literacy and English language learner courses.
- Employer Training Grants / Workforce Ready Grants (ETG/WRG) (state) – ETG reimburses employers who train, hire, and retain new or incumbent workers to fill in-demand positions within recognized job fields. WRG provides tuition support to Hoosiers for qualifying high-value certificates from eligible training providers. DWD administers the noncredit-bearing WRG program and CHE oversees the credit-bearing WRG program.
- Jobs for America's Graduates (JAG) / Dropout Prevention (state) – JAG is a state-based, national non-profit organization dedicated to helping high school students of promise who have experienced challenging or traumatic life experiences achieve success through graduation. JAG is a resiliency-building workforce preparation program that helps students learn in-demand employability skills and provides a bridge to post-secondary education and career advancement opportunities. JAG students receive adult mentoring while in school and one year of follow-up counseling after graduation.
- Work-Based Learning and Apprenticeship (state and federal) – The office supports curriculum development, certification, and the creation and expansion of industry-driven, high-quality career pathways through work-based learning model such as Pre-Apprenticeships, Registered Apprenticeships, and State Earn and Learn programs. Programs allow employers to develop and prepare their future workforce, and individuals to obtain paid work experience, receive progressive wage increases, classroom instruction, and a portable, nationally recognized credential.

- AmeriCorps / Serve Indiana (state and federal) – The State’s AmeriCorps programs promote and enhance volunteer activities throughout the state to address educational, environmental, human, and public safety needs. It partners with employers to support the development and strengthening of employer-based volunteer programming and the Indiana Kids program (after school mentoring).
- Unemployment Insurance (federal) – A temporary income maintenance program designed to help individuals bridge the gap between unemployment and returning to work. To qualify for benefits, a person must be unemployed through no fault of their own and be able, available, and actively seeking full time employment. UI benefit payments are funded primarily by contributions collected from Indiana employers and deposited into a trust fund held by the U.S. Treasury.
- Reemployment Services and Eligibility Assessment (federal) – Includes reemployment services to UI claimants, with a priority focus on UI claimants most likely to exhaust UI benefits. Core services include assessment of continued UI eligibility, development of reemployment plan, enrollment in employment services, and connecting claimants with other programs, training, and services to maximize employment potential.
- Wagner-Peyser Act Employment Services (federal) – Provides employment-related labor exchange services, including job search assistance, job seeker career advising and counseling, resume writing assistance, job referrals and placement, skills assessment and job matching based on employer needs, and labor market analysis to determine employer job demand. Currently, there are no income qualifications required to access these services.
- Workforce Innovation & Opportunity Act (federal) – Helps job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy. The program provides case management services, counseling, testing, training, and job placement assistance to adult, youth, and dislocated individuals via WorkOne offices throughout the state. Income qualifications must be met to access these services.

FY24-25 ACCOMPLISHMENTS

During the 24-25 biennium, DWD rightsized its UI program from the pandemic efforts by agency leaders and staff, while continuing to provide services to hundreds of thousands of individuals across Indiana who seek career training, advancement, and workforce opportunities. DWD is adept to these types of changes, as the nature of our programs often scale in anticipation of or in response to economic conditions and federal and state initiatives. Notable FY24-25 accomplishments are listed below:

- Unemployment Insurance:
 - ✓ Deployed Document Upload feature for claimants to be able to quickly provide additional documents for evidence to be considered in part of the UI claim process.

As a result, a final decision is reached days earlier in the process. The only options prior to this addition were mail and fax, which delays the process.

- ✓ Implemented the following accessibility projects: added a new channel in the customer contact center for claimants to communicate to staff through web chat; implement a new channel for individuals to verify their identity for their unemployment claim at approximately 300 USPS locations throughout the state; and transitioned to a new payment distribution vendor.
- ✓ By quarter 1 2025, two systems will be reduced to one for employers to conduct business with UI. Employers will no longer have to log into two systems—one to upload their wages and pay their taxes and one to provide feedback to DWD on their employee separations and layoffs. This single solution is aimed at reducing the administrative burden on employers and provides a more efficient process for unemployment claims.
- ✓ By quarter 1 2025, claimants will be able to see the status of their claim through the adjudication process. This enhancement will provide much needed visibility to the claim filing and review process all the way through payment.
- ✓ Undergoing a comprehensive review and update of all unemployment documents and notifications with the goal of improving those documents to meet USDOL plain language standards.
- Workforce Operations:
 - ✓ NLJ Employer Training / Workforce Ready Grants:
 - 973 employers utilized ETG to upskill talent at an average investment of \$29,784 per employer in FY24. An estimated amount of more than 7,000 employees received job-relevant training for in-demand occupations at an average cost of \$4,109 per employee.
 - 1,641 students participated in training funded through the WRG with nearly 800 credentials earned at an average cost per trainee of \$2,248. Trainees earned an average wage post completion of \$25, up from \$23.52 in FY23.
 - ✓ Adult Education:
 - DWD Adult Education (AE) served more than 25,000 learners from July 2023 through July 2024, representing a 25% increase over a two-year period.
 - Ranked first nationally in student achievement (measurable skill gains) for last four years, second for Integrated Education and Training (IETs) outcomes, and third for high school credentials obtained in FY24.
 - More than 2,700 industry-recognized credentials were earned statewide in the last program year, a double-digit increase over the last two years. AE grew enrollments in IETs by double digits in the same period, helping more than 3,250 employees increase productivity and advance in their careers.
 - ✓ Jobs for America's Graduates (JAG) / Dropout Prevention
 - The JAG class of 2023/24 had a 97% graduation rate, an 84% employment rate, and received more than \$20M in scholarships.

- DWD is on pace to meet the goal of doubling the number of JAG programs in Indiana from 125 to 250 by January 2025. The expansion is funded with \$23.1 million from Temporary Assistance for Needy Families (TANF) block grants through FSSA.
- ✓ Work-Based Learning and Apprenticeship
 - In FY23 there were approximately 19,000 people participating in industry-driven, comprehensive registered apprenticeship programs.
 - In FY23 nearly 2,900 individuals completed registered apprenticeship programs, earning transferable industry-recognized credentials.

FY 24-25 CHALLENGES

- Increasing scrutiny and grant requirements, along with ongoing audits, pose several challenges including administrative burden, compliance costs, risk of non-compliance, operational strain, staff training needs, and reporting and documentation. To navigate these challenges, DWD often must enhance our internal processes, invest in compliance systems, and foster a culture of meticulous record keeping and transparency.
- Managing competing development priorities and balancing various project needs and stakeholder expectations to complete grant projects within the allotted time frames.
- Returning to pre-pandemic staffing levels, recruitment difficulties, retention issues, and remote work adaptation. Addressing these challenges requires strategic planning, adaptability, and innovative approaches to workforce management.
- Traditional federal funding streams for workforce development services, the primary funding to support the foundation and infrastructure for the public workforce system, continue to decline. Federal funds, such as those made available through the various infrastructure investments (CHIPS, BEAD, etc.), are more frequently being awarded through competitive grant opportunities. Increasing reliance on one-time funding, typically available for limited durations with specific priority areas of focus and eligibility requirements, create risks to capacity, continuity in service delivery, and sustainability of initiatives.
- An increasing number of retirements due to an aging state workforce create risk of knowledge loss and require DWD to dedicate increased resources and emphasis on recruitment and staff development.
- IC 22-4.1-21-10 establishes the office for career and technical school within DWD and IC 22-4.1-21-10(b) allows DWD to employ and fix compensation for necessary administrative staff. Effective management of the workload associated with operating this division within DWD requires staffing of at least 2 FTEs, however based on the limited funding appropriated to operate the OCTS, the program has operated at a deficit.

FY26-27 FUNDING PRIORITIES / PERFORMANCE MEASURES

DWD funding priorities for FY26-27 focus on enhancing service delivery, program expansion, and effectiveness of existing federal and state programs. The largest priority is funding to continue providing Workforce Operations programs and supportive general

agency operations necessary to meet expected performance measurements and desired outcomes. Amid the outlook of declining or flat federal funding, state supplemental funding for these programs and administrative costs supports the vital component of DWD's mission corresponding to strengthening Indiana by providing access to and delivering services that empower Hoosiers to thrive in a changing economy.

DWD has numerous federally negotiated performance targets and state expectations for its UI and Workforce programs. Through contract performance monitoring, monthly or quarterly federal reporting, internal quarterly operational performance reporting, and an annual report to the Governor's Office, DWD measures its program performance to expected outcomes or targets. Additionally, many of these programs support the 2024-2027 WIOA State Plan, developed by the Governor's Workforce Cabinet, to meet the requirements in federal regulations and Indiana Code.

Thank you for the opportunity to submit this information on behalf of the Department of Workforce Development.

Respectfully,



Richard Paulk
Commissioner

CC: Mike Smith, DWD CFO

Kim Diller, DWD Controller

Cody Robison, Division Director, SBA Education, Development & Management

Jonathan Eccles, Fiscal Analyst, Education & Economic Development