May 9, 2012

David J. Rosen  
Legislative Budget and Finance Officer  
Office of Legislative Services  
State House Annex  
P.O. Box 068  
Trenton, NJ 08625-0068

Dear Mr. Rosen:

Enclosed are the responses to the questions raised by several Senate Budget Committee members at the Department of Labor and Workforce Development budget hearing on May 1st.

If you have any questions or need additional information, please call Joseph Latoof at (609) 292-9772.

Sincerely,

Harold J. Wirths  
Commissioner

Enclosures
Responses to Senate Budget Committee Questions
May 1, 2012

Senator Sarlo:

- Please provide to the committee documentation confirming your statement that the “Georgia Works” program had 21 participants:

Response: Please see the attached news articles, which are summarized below:

Public Broadcasting System (October 12, 2011) - “At the moment, a mere 21 people are enrolled.” Attachment I.

Washington Post (September 06, 2011) - “Monthly enrollment reached an all-time high of 4,691 in November [2010]. By January, however, only 12 job-seekers statewide were enrolled in the program, and no more than 24 have been enrolled in any given month since then.” Attachment II.

CNN Money (August 29, 2011) - “There are only 19 trainees currently enrolled, down from 950 a year ago.” Attachment III.

Huffington Post (August 26, 2011) - “As of this week, the program boasts just 19 trainees.” Attachment IV.

Also attached is a copy of a letter from AFL-CIO President Richard Trumka to Secretary Hilda Solis, which describes the union’s “continuing and serious concerns” about the Georgia Works program, including Mr. Trumka’s question as to whether “… currently only 19 workers [are] participating in Georgia Works.” Attachment V.

Senator Weinberg:

- Please provide to the committee the total fines and penalties collected pursuant to violations of the “Law Against Discrimination,” N.J.S.A. 10:5-1 et seq. by the State for the previous five fiscal years. Please explain to the committee the process used by the State for investigating violations of N.J.S.A. 10:5-1 et seq. Which department leads these investigations and imposes the fines and penalties on violators?

Response: Since the Department received responsibility for the program in December 2011, we are unable to provide data for any time prior to that date. Since December 2011, we have not assessed or collected any fines.

Once a contractor has been awarded a contract, the unit goes out and meets with the contractor for a pre-conference. In that meeting, the unit explains the procedure and the compliance process. At that time the contractor is on notice of the full scope of his/her responsibilities and timeframes, and the unit has secured information regarding the anticipated workforce and other logistical data.

Despite that preemptive effort, some contractors still fail to comply and the sanctioning process is thereby triggered. There are a number of pre-sanctioning steps:
Alert Notice
Violation Notice
Investigatory Conference – at which time a financial penalty can be recommended
Fines

By step two, most contractors have been compliant, or have demonstrated efforts of good faith to do so. To date, there have only been three contractors who have actually proceeded to step three, but each complied at that stage, which therefore halted the sanctioning process.
What is Georgia Works and Why Does the President Consider it a Model?

BY: PAUL SOLMAN

Editor's Note: On
Wednesday's program we
examine Georgia Works, a
state program that's been
touted for helping
unemployed residents get
back to work by pairing job
seekers with employers who
are willing to promise on-the-
job training. The trainees are
not paid, but are allowed to continue receiving unemployment insurance
benefits while they're enrolled in the program. The hope is that if there's been
a successful match, the employer will hire the trainee at the end of the
program, which lasts up to eight weeks.

The program, started in 2003 under a Democrat, Georgia
Labor Commissioner Mike Thurmond, has averaged nearly
1,700 participants a year. That is, if 2010 is not included,
when enrollment skyrocketed to over 18,000 due to an
expansion that allowed all of Georgia's jobless -- not just
those on unemployment insurance -- to enter the program.
It's since been scaled back drastically under Republican Mark Butler, the
department's new commissioner, who says it had become too expensive. At
the moment, a mere 21 people are enrolled.

President Obama has called Georgia Works "smart" and modeled part of his
Americans Jobs Act after it and the program has support from both
Republicans and Democrats.
So what is Georgia Works, and how does it relate to the President's plan? Here's a snapshot:

*Lis Cap gets on-the-job training at AppedOn through the Georgia Works program, where she learns how to build apps from Sosh Howell.

This entry is cross-posted on the Making Sen$e page, where correspondent Paul Solman answers your economic and business questions. Follow Paul on Twitter.
Georgia jobs program that has intrigued Obama has flaws

By John Gramlich, Published: September 6, 2011

As he prepares to announce a new set of job-creation proposals this week, President Obama is looking...
closely at a Georgia program that has found a rare sweet spot in the hyperpartisan world of Washington politics: It is popular with Republicans as well as Democrats, and it has drawn praise from job-seekers as well as those who do the hiring.

The program, known as Georgia Works (its logo replaces the “s” with a dollar sign), was started in 2003 and places unemployed Georgia residents into eight-week training programs with interested companies in the hopes that such training stints will lead to full-time employment. Under the arrangement — which has been likened to a “tryout” for both job-seekers and employers — the unemployed can get their foot in the door with an employer, and employers can get an extended look at prospective hires without paying them and with no obligation to offer them a position.

Supporters describe the program as a win-win. Job-seekers continue receiving unemployment checks and qualify for a small stipend, paid from an account normally used to cover administrative costs associated with the unemployment system. Employers, meanwhile, pay nothing beyond the taxes they already pay for jobless benefits. The program also helps the state and the larger private sector, because the more people who get jobs, the more income tax revenue the state collects and the lower the jobless benefits that businesses must pay.

Nearly a quarter of the 23,000 job-seekers who have successfully finished the program eventually were hired by the firms that trained them; nearly 60 percent were hired somewhere within 90 days.

With national unemployment at 9.1 percent and voter frustration mounting, Obama is under pressure to do more to bolster the struggling labor market, and White House interest in Georgia Works is running high ahead of the president’s speech, the Wall Street Journal and other outlets have reported. Obama praised the initiative in a speech last month in Atkinson, Ill., where he said it was a “smart program.”

But a closer look at Georgia Works shows that the idea, popular though it is, comes with its own set of challenges. Perhaps the most ominous for Obama is that it has not made much of a dent in Georgia’s 10.1 percent unemployment rate, eighth-highest among the states. In July, Georgia was last in the nation in year-over-year job creation, shedding 92,300 jobs. In the same month, just 14 job-seekers statewide were paired with employers under Georgia Works.

Nine months ago, the Georgia Labor Department, which oversees Georgia Works, was placing thousands of job-seekers each month into the program, according to state figures. Monthly enrollment reached an all-time high of 4,691 in November. By January, however, only 12 job-seekers statewide were enrolled in the program, and no more than 24 have been enrolled in any given month since then.

“We became a victim of our own popularity,” said Mike Thurmond, the former Georgia labor commissioner who launched the program eight years ago.

Just before he left office at the end of last year, Thurmond (D), a former U.S. Senate candidate, expanded Georgia Works so that it could be accessed by anyone seeking a job — not just those on the official state unemployment rolls, as the rules previously stipulated. He also shortened the training period from eight weeks to six to allow more people to cycle in and out of the program. The idea was to reach out to the “invisible” jobless population, including those whose benefits have run out.

The Georgia Labor Department sped the process along by issuing news releases, posting information on its Web site and ensuring that career centers informed job-seekers about the program, said department spokesman Sam Hall. But the campaign, apparently, was too successful.

http://www.washingtonpost.com/politics/georgia-jobs-program-that-has-intrigued-obama--- 05/07/2012
"No one foresaw the huge influx of people that came into it," Hall said.

The surge of applicants caused a cost explosion that nearly bankrupted the program. Under another change made by Thurmond last year, the stipend each Georgia Works participant was entitled to — money meant to help defray transportation, child-care and other costs associated with working in an unpaid training role for more than a month — doubled from $300 to $600. By December, three months after the change went into effect, Georgia paid out $2.2 million in stipend checks, compared with $4.07 million in August.

The state was left with no choice but to change course. Georgia’s new labor commissioner, Mark Butler, took office this year and immediately tried to put the program on a sustainable course. He slashed the stipend checks from $600 to $240, increased the training period back to eight weeks and, most important, excluded job-seekers who are not on the official state unemployment rolls. The program doesn’t even have its own Web site anymore.

“There was no way it could have continued under [the previous] scenario,” Hall said.

There are less costly ways to operate programs like Georgia Works. New Hampshire, for instance, has replicated Georgia’s program with one key exception: It does not provide stipends to participants. Many labor experts say that there are plenty of job-seekers nationally who would agree to work while receiving unemployment benefits, but as an unpaid trainee without the stipends, especially in the current economic climate. It is unclear whether the Obama administration would consider including a stipend.

Even if the White House wants to try out Georgia Works without a stipend, there are administrative costs that could add up fast. The Georgia Labor Department, for instance, requires employers to complete paperwork to participate in Georgia Works, and it checks in with them to ensure they are complying with program rules. Employers, for instance, can’t ask job-seekers to work more than 24 hours a week during the program, and the state monitors whether businesses simply sign up to obtain free help under the initiative, with no intention of hiring anyone. Thurmond, the former labor commissioner, said there have been several instances of employers taking advantage of the program.

Many labor experts think the risks for fraud would be much greater if the program is extended nationally. But the potential solution to that problem — providing oversight for the hundreds of thousands of job-seekers and employers that might be interested in such a program if it is offered nationwide — could be an administrative nightmare, critics say.

Some groups, led by the National Employment Law Project, see a more fundamental problem with Georgia Works: They think it is illegal. NELP, which advocates for low-income workers, said job-seekers who participate in the program should be paid the minimum wage because the opportunities given to them do not meet the legal definition of “training.”

George Wentworth, an NELP senior staff attorney, said the legality of Georgia Works hinges on a “very slender legal distinction between ‘training’ and ‘employment.’” Among the concerns if the program goes national are whether it would be up to the employer or the government to handle workers’ compensation and other claims made while job-seekers are working as unpaid trainees.

“Right now,” he said, “federal unemployment law would, we think, prohibit this kind of program.”

— Stateline.org
Obama praises Georgia jobs training program

NEW YORK (CNNMoney) -- Instead of collecting a check while looking for work, Georgia has a program to give the unemployed on-the-job training. It has caught the eye of President Obama.

The Georgia Works program allows those receiving unemployment insurance to be placed at a local company for up to eight weeks of training. Participants don't get paid, but they do get to keep their jobless benefits and receive a stipend of up to $240 for transportation and other expenses.

Obama, who is looking for ways to help the unemployed, particularly those who have been out of work for months or years, has praised the program. He is expected to unveil his job creation proposal in September. The Wall Street Journal has reported could it contain a similar initiative.

"There is a smart program in Georgia," said Obama on his rural bus tour earlier this month. "You're essentially earning a salary and getting your foot in the door into that company."

The program has received mixed reviews from unemployment advocates and economists though. Some question whether it really helps the jobless return to work, while others are concerned about the quality of training participants receive.

Also, the state has had to dramatically scale back the program as officials seek the money needed to continue it. Georgia Works' financial troubles began last fall when the labor department increased the stipend to $600, from $300, and opened it up to anyone without a job, not only those receiving benefits. That expansion essentially drained the programs of funds within a few months, forcing officials to cut back the stipend to $240 and restrict it once again to those getting unemployment checks.

Now, the unemployment funds used to pay the stipend must go to paying the interest on the state's loan from the federal government to cover benefits. So the department has basically stopped marketing it. There are only 19 trainees currently enrolled, down from 950 a year ago.

Since the inception of Georgia Works in 2003, more than 23,000 participants have completed training programs at more than 16,500 employers. A quarter of them were hired at the firm by the end of the eight weeks, while nearly 60% were employed somewhere within three months of completing the program, state labor officials said.

For employers, it's a risk-free way to test out a potential new hire. For the unemployed, it's an opportunity to learn new skills and demonstrate how valuable they can be to a firm.

"There are certainly many examples of where it has helped participants get a job as a result," said Sam Hall, spokesman for the Georgia Department of Labor.
Alecia Blakely is one of the program's beneficiaries. She was out of work for nearly a year after being laid off as an assistant manager at Domino's Pizza (DPZ) in 2009. Looking for a new field, she applied for a training slot at Prosperity America, a call center company in Columbus.

She had unsuccessfully applied for a few jobs at call centers before entering Georgia Works. After excelling in the training program, she was not only hired at Prosperity America, but promoted to supervisor less than a year later.

"Employers are more willing to bring you on for training," said Blakely, 24. They "are more open than if you just sent in your resume."

Prosperity America has trained more than 70 people since the firm was founded two years ago. It's hired 70% of those who've completed the program, said Fred Landrum, chief executive.

Like other firms, Prosperity America has to submit a training plan to the state's labor department for approval. Participants study the laws governing telemarketing and credit collections. They learn computer systems and the psychology behind recovering debts. They shadow employees, handle mock calls and participate in role playing.

Where the jobs are

Georgia Works saves employers money since they don't have to pay participants' salaries while they learn the industry.

"We can have better trained people at a lower cost," Landrum said.

But the program has run afoul of unemployment advocates, who say that workers should be paid. Since participants are trainees, they aren't subject to minimum wage laws.

"Unemployment benefits are not equivalent to wages," said George Wentworth, senior staff attorney at the National Employment Law Project.

Their concerns prompted the U.S. Department of Labor to issue guidance to states last year to make sure they adhere to the rules surrounding job training programs.

Some economists also question whether a national version of the program will really help the long-term unemployed. They aren't impressed by the job placement figures.

It won't expand the number of jobs available and it may not give them suitable training, said Michael Reich, director of the Institute of Research on Labor and Employment at University of California at Berkeley.

"It needs more protection for workers to make sure they are getting training," Reich said.
The Georgia Department of Labor has said that within three months of participating in a voluntary job training program, nearly two-thirds of trainees found work. The program has been copied by other states, and the White House has indicated it is considering something similar as part of a forthcoming jobs package.

But the 60 percent of workers who participated in the Georgia program and supposedly found steady work may not have done so. The statistic means only that at some point within 90 days after a person completed the training, the person’s Social Security number popped up in state payroll data. It doesn’t mean the trainee had a job at the 90-day mark; it could even mean that a person worked just one day during those three months.

The program, known as Georgia Works, lets businesses train workers for eight weeks without having to pay them. The initiative is voluntary for businesses and jobless workers, who train no more than 24 hours a week and receive a $240 stipend on top of unemployment benefits. The White House is reportedly looking to the program as an answer to the growing problem of long-term unemployment, which currently afflicts 6.2 million Americans.

The administration has not commented on its plans but has not denied to HuffPost that it is looking at the initiative, which the administration may consider politically palatable because it can be seen as kind to businesses and workers both. President Barack Obama recently praised the program: "If they hire you full-time, then the unemployment insurance is used to subsidize you getting trained and getting a job."

HuffPost readers: Have you participated in Georgia Works? How about Platform to Employment in Connecticut or the Minnesota Emergency Employment Development initiative? Tell us about it -- email arthur@huffingtonpost.com. Please include your phone number if you’re willing to do an interview.
Georgia Works' detractors say it gives businesses free labor; its proponents say the training tryout reduces a company's hiring risks, and they have numbers showing its success.

From its 2003 launch to the end of 2010, some 30,866 trainees entered the program, according to data provided to HuffPost by the Georgia Department of Labor. Of that total, 5,089 workers -- 16.4 percent -- were hired by the company that trained them during or at the end of the training period. (The department says that among workers who completed the full eight-week training, the employment rate is 24 percent.)

How does this success rate stack up to the overall rate at which once-unemployed Georgians have gone back to work? It's probably in the same ballpark.

Census Bureau data show that in 2007 and 2008, 15 percent of Georgians who'd been out of work for six months or longer found work within one month of a survey, according to Jesse Rothstein, an associate professor of economics and public policy at the University of California at Berkeley. In 2009 and 2010, the number fell to 10 percent.

So Georgia Works may have given the jobless a boost, but Census numbers don't make for a clean comparison. They're even less helpful for evaluating the 90-day claim. The key difference is that Census numbers are a snapshot of how many people are employed at a given moment, while the Georgia Works numbers only reflect whether someone worked at any point over a longer period of time.

"So as long as this program is kept truly voluntary, I think it is worth trying," professor Rothstein said in an email. "But I don't think we should count on a program working without more evidence than seems to be available for this one. As an experiment, it's a great idea. But there are other arrows in the quiver, many with more promise than this one -- we should be trying them too. I'm a lot more worried about undershooting than about overshothing."

Micheal Thurmond, the former Georgia labor commissioner who has built a national reputation for himself since creating the program, has a similar view. "It's a strategy. It's a concept. Different states have done it differently," Thurmond told HuffPost. "I'm not advocating Georgia's program, but it's a concept that really has proved to be successful."

Enrollment in the program slowed drastically this year after the state labor department cut the stipend from $600 to $240 and restricted access to only those workers receiving unemployment benefits (it had been opened to nonrecipients in 2010). As of this week the program boasts just 19 trainees.

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http://www.huffingtonpost.com/2011/08/26/georgia-works-jobs-program_n_937771.html... 05/07/2012
September 1, 2011

The Honorable Hilda Solis
Secretary of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

Dear Secretary Solis:

There have been several recent press reports that the administration is considering a legislative proposal modeled after the Georgia Works program. I am writing to convey the AFL-CIO's continuing and serious concerns about the existing Georgia Works program and any expansion of the Georgia Works model. I am also requesting that the Department investigate the Georgia Works program to determine whether it is in compliance with federal law and conduct a full audit and evaluation of the program's operations to determine its impact on workers and their communities. It makes no sense to expand the Georgia Works model, especially since basic questions about its operations, impact, and compliance with the law have not been answered.

As you know, under the Georgia Works program, unemployed workers remain eligible for unemployment insurance (UI) benefits even as they work up to 24 hours per week for 6-8 weeks for employers participating in the program. Employers do not pay wages to the UI claimants, but the state does provide workers compensation insurance coverage.

We share the administration's desire to create more jobs for the unemployed and to continuously improve the UI system. Unfortunately, the Georgia Works model does not meet either of these objectives. If the administration's goal is to provide targeted jobs for the record numbers of long-term unemployed, there are alternative models available that do not rely on UI funding, that ensure that workers receive meaningful training, that treat workers as regular employees with full rights, and that do not threaten to take the UI system in the direction of encouraging or requiring jobless workers to provide free work for private employers in order to receive the jobless benefits for which they have already paid (in the form of foregone wages). We believe the Georgia Works model is fundamentally unsound.
There are serious questions as to whether Georgia Works is in compliance with federal law. The Department has issued guidance (TEGL 12-09) on compliance with the Fair Labor Standards Act (FLSA) and with federal and state UI laws, but there is serious cause for concern that this guidance is not being enforced. Georgia is relying on the word of employers that they are complying with FLSA rules for the exemption of “training” with private employers from minimum wage and overtime requirements. In addition, federal UI laws strictly regulate the appropriate uses of UI benefits for workers in training. We therefore ask the Department to investigate whether Georgia Works is operating in conformance with the law and to take any and all necessary action to ensure compliance.

In addition, we are asking the Department to conduct a full audit of Georgia Works. Promoters of this program cite statistics that purport to demonstrate its success, but to our knowledge there has never been an audit or evaluation to look behind these claims and evaluate the program’s actual operations and effectiveness. It is incumbent upon the administration, and particularly the Department of Labor, to audit and evaluate the Georgia Works program so the true facts can be known.

Among the questions such an audit should address are the following:

- What is the number and percentage of UI claimants who have participated in the Georgia Works program? What are the demographic characteristics of these participants?

- Have any UI claimants been steered into the Georgia Works program, even though the program purports to be voluntary? Have any workers been deemed ineligible for UI benefits for failing to participate in the program or for rejecting “suitable work”?

- Does the training that workers have received meet the standards for exemption from minimum wage and overtime requirements? What financial benefits have employers gained from workers participating in the program? What are the wages and benefits received by the workers employed in comparable positions with employers outside the program?

- What kind of training, classroom or otherwise, have workers participating in the program received? How many workers have received any form of specialized training?

- What kinds of jobs have workers performed when participating in the program? Of the employers that have participated in the program, have any sectors or
industries been disproportionately represented? How many hours of unpaid work have employers received from participants in the program?

- Of the employers that have used the program repeatedly, have any sectors or industries been disproportionately represented? What is the number and percentage of employers that have used the program repeatedly?

- Have employers who have regularly declined to hire workers at the end of their participation in the program been allowed to continue in the program and take on new participants? Have there been any limits to the number of workers from whom employers can receive free labor?

- Have any current workers, or workers on layoff, been displaced by participants in the Georgia Works program?

- What has been the impact of the program on entry level wages in the occupations for which program participants have worked?

- What is the number and percentage of program participants who have been hired and retained by the employer for which they were working? What has been the retention period for these workers?

- What is the number and percentage of participants who have been hired by other employers in positions for which they were allegedly trained while participating in the program? What has been the retention period for these workers?

- What is the demographic breakdown of the above categories of workers who have been hired or retained by employers?

- How has the employment rate of workers who have participated in the Georgia Works program compared with the employment rate for UI recipients who have not participated in the program?

- Has there been a control group study to determine whether Georgia Works has been more effective than no intervention at all?

- To the extent workers have been placed at unionized workplaces, have there been any instances where the union has not been consulted? Have there been any instances where collective bargaining has taken place with regard to employer participation in the program?
The Honorable Hilda Solis
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- What has been the impact of the Georgia Works program on the state UI trust fund? What has been its impact on UI administrative resources?

- What has been the impact of Georgia Works on participation in apprenticeship programs?

- How many recordable workplace injuries have occurred among program participants and what was the nature of those injuries? How many claims for workers compensation benefits have been filed by program participants, and what was the nature their injuries? What has been the experience of participants receiving (or not receiving) medical benefits from the workers compensation program when they have filed claims?

- Have any workers participating in the Georgia Works program filed complaints under federal or state labor or employment laws relating to participating employers? Have any current employees of participating employers filed such complaints?

- Is it true that there are currently only 19 workers participating in Georgia Works?

Thank you for your immediate attention to this matter, and I look forward to your response. We look forward to working with you to put America back to work, rebuild the U.S. economy, and strengthen the UI system, which is under serious strain as a result of the continuing jobs crisis.

Sincerely,

Richard L. Trumka
President