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**Testimony of Ilana Boivie, Senior Policy Analyst  
at the Performance Oversight Hearing for the Department of Employment Services  
and the Workforce Investment Council  
DC Council Committee on Business, Consumer, and Regulatory Affairs  
March 7, 2016**

Thank you Chairman Orange and members of the Committee on Business, Consumer, and Regulatory Affairs, for the opportunity to speak today. I am Ilana Boivie, Senior Policy Analyst at the DC Fiscal Policy Institute. DCFPI promotes budget and policy choices to expand economic opportunity for DC residents and reduce income inequality in the District, through independent research and policy recommendations.

I will focus my testimony today in three areas. First, I would like to talk about the importance of having strong leadership and staff on the Workforce Investment Council (WIC). Second, I would like to discuss the status of the Career Pathways Innovation Fund. Finally, I would like to emphasize the importance of increasing unemployment insurance (UI) benefits for District workers.

**The Importance of a Strong Workforce Investment Council**

The WIC oversees federal job training programs, and advises the mayor and DC Council on DC's workforce investment system. The District has recently written a new state plan to comply with the Federal Workforce Innovation and Opportunity Act (WIOA), and the WIC will be responsible for overseeing WIOA implementation.

Recently, the city has made great strides in strengthening the WIC. Many new members were appointed last summer and fall; in December, local business owner Andy Shallal was named the new WIC Chair; and in January, Odie Donald was hired as staff director, a position that had been vacant for some time. Also, the WIC has recently come under the jurisdiction of the Deputy Mayor for Greater Economic Opportunity, whereas previously it had been under DMPED. Each of these changes should make the WIC a stronger body, with a deeper oversight role.

However, additional changes could be made to ensure an even stronger WIC. First, the Performance Oversight Responses note the fact that the WIC Board is still absent several business members. Because engagement with the business community has been an acknowledged weakness in the city's workforce system for some while, these appointments should be made promptly.

Second, at the staff level, the associate director position at the WIC remains vacant. Clearly, this is an important, high-level position that should be filled soon. In addition, at Director Donald's first WIC meeting, he mentioned the need for the WIC to have at least one data analyst on staff, who would collect and analyze performance data, in order to inform the

WIC's recommendations. Such a position could be very valuable in the effort to improve the city's workforce system. However, the Performance Oversight Responses make no mention of creating this new position.

Finally, many of the important decisions made by the WIC are set to be done by the Board's Executive Committee, but it is unclear, with the change in Board membership, who actually sits on this committee. Similarly, other subcommittees should be reassessed and reconvened, with the intention that these committees have real ownership of their specific issue area.

These changes can help to ensure that the WIC has a strong leadership role, which will be critical, as WIOA implementation begins this year, and the need for true reform to the city's workforce system is so vital.

### **Status of Career Pathways Innovation Fund**

Under WIOA, adult education programs are required to incorporate industry training. This is a very new concept for many providers, and may require significant changes to their programs. The 2016 budget included \$500,000 to establish a Career Pathways Innovation Fund, in order for the city to begin testing and expanding new models to blend adult literacy and occupational training. The budget also added \$1.5 million for FY 2017 and subsequent years to design, pilot, and implement effective new programs.

The Performance Oversight Responses state that "the WIC has utilized some of these technical assistance funds on initial planning and implementation efforts, and plans are underway to disperse the rest prior to the end of the fiscal year." However, the WIC has provided no indication of exactly how this money is being spent. Greater transparency on the activities related to the Innovation Fund would give the public peace of mind that the money is being put to good use. The WIC should act soon to share plans for using these funds and for how it will engage stakeholders in the process—for example, in drafting the RFP for pilot programs. These steps would make for an even stronger program.

### **Increasing Unemployment Insurance Benefits**

Unemployment insurance (UI) provides a critical lifeline to workers when they lose their jobs. DCFPI is pleased that, per their Performance Oversight Responses, DOES supports increasing the maximum UI benefit that workers can receive. We believe that DC's UI benefits should be increased in several important ways:

1. Raising the maximum weekly benefit amount;
2. Adopting automatic increases to the maximum benefit to account for inflation;
3. Ensuring that all eligible workers can get benefits for 26 weeks; and
4. Changing the part-time disregard rate so that workers are not disincentivized from taking part-time work.

First, the current maximum weekly benefit is not enough to survive in DC. The \$359 cap—which is lower than the maximum benefit in 38 states—translates to a wage of less than \$9 per hour. This is below the federal poverty line for a family of three, and far below the living wage in DC. Raising the maximum benefit to \$430 would be an incredible help to unemployed workers, and bring DC's benefit in line with Maryland's.

Second, the maximum benefit was last raised in 2005. Since then, the benefit has lost roughly 20 percent of its purchasing power. Adopting automatic increases would ensure that workers' purchasing power would keep up with inflation without having to make a legislative change again and again.

The final two provisions would be especially helpful to low-wage workers. Ensuring that all workers can get benefits for 26 weeks will allow those workers with an uneven or low earnings history—who generally tend to be the lowest income and most vulnerable workers—to receive UI benefits up to the maximum length. And decreasing the part-time disregard allows workers to keep more of their weekly benefits while working part time, which again, will help the most vulnerable and lowest income workers, while also encouraging them to return to the workforce sooner.

It should be noted that UI Trust Fund has a very high balance and has run surpluses in recent years, which suggests that it should be able to absorb some level of benefit increases without triggering a tax increase on employers. The Trust Fund has a balance of over \$353 million, and it has run surpluses every year since 2012, including \$51 million in 2015. DCFPI's back-of-the-envelope calculations suggest that increasing the benefit cap would cost about \$20 million in the first year, and the other changes have a much lower cost.<sup>1</sup> The annual fund surplus would be likely to cover these costs without even dipping into the trust fund balance, so the benefit increases are highly unlikely to trigger an increase in employer taxes in the next several years. We urge the Committee to work with the executive branch to develop cost estimates and share them with the public, to help move this legislation forward.

Thank you for the opportunity to testify today. I am happy to answer any questions.

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<sup>1</sup> The \$20 million estimate is determined as follows. Roughly 17,000 unemployed workers received the maximum UI benefit in 2014, and on average collect benefits for 16 weeks. If all of them received a \$71 increase in benefits, from \$359 to \$430, that would yield an annual cost of \$19.3 million.