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WEEKLY STORIES

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Exclusive articles on state policy, politics and trends from the staff of Stateline.org

Tuesday, June 30, 2009

Furloughs cut into state services

By Pauline Vu, Stateline.org Staff Writer

STATES TURN TO EMPLOYEE FURLOUGHS More than 728,500 employees in at least 21 states have taken or will soon be forced to take furloughs, or unpaid days off. Some states have implemented furloughs statewide, while others allow agencies to implement them as needed.

STATES WITH FURLOUGHS Arizona

Individual departments have responded to budget cuts with furloughs. The state Department of Transportation, for example, has furloughed 4,500 employees while the Department of Economic Security and Revenue has furloughed more than 8,200.

California

238,000 employees

\$1.3 billion savings

34 days over 18 months

California has furloughed 238,000 employees twice a month since February. The furloughs, which will last until July 2010, are expected to save \$1.3 billion. The governor has warned that if lawmakers don't agree on a budget that closes a \$24 billion budget gap, state workers could be furloughed three days a month. Colorado

\$16 million savings

4 days over a year Colorado's plan for four furlough days set around the holidays will save \$16 million.

Connecticut

50,000 employees

\$700 million savings

7 days over two years The state's 50,000 public employees agreed to take seven furlough days over the next two years in exchange for no layoffs during that time. The days will be scheduled around holidays and are expected to save Connecticut about \$700 million. Georgia

At least 25,000 employees Georgia's agencies can furlough employees to meet their budgets; so far at least 25,000 employees have been furloughed. The 500 employees of the state's prosecutors offices, for example, have been furloughed once a month since September and twice a month since March, saving those offices about \$2.8 million. Hawaii

15,000 employees

\$688 million savings

72 days over two years Starting July 1, Gov. Linda Lingle (R) proposes to save \$688 million by furloughing 15,000 employees three times a month for the next two years. Unions have filed a lawsuit challenging the governor's right to furlough, but if she's successful, these would be the country's most severe furloughs. Idaho

More than 5,000 employees

\$11.6 million savings

4 to 10 days over a year

At least two of the state's largest departments are using furloughs. The 3,100 employees of the Health and Welfare Department will be furloughed four days in the next fiscal year. Combining the furloughs with layoffs and not filling vacant positions will save \$9.5 million. The Department of Corrections will save \$2 million next year by furloughing its 1,650 employees from four days, for prison security workers, to 10 days for everyone else. Both departments used furloughs in the 2009 fiscal year. Iowa

1,600 employees

5 days over a year This year Iowa courts furloughed 1,600 employees for five days. Originally, eight furlough days were planned before the state sent more money to the courts in a supplemental budget. No furloughs are scheduled for the next fiscal year. Maryland

67,000 employees

\$34 million savings

2 to 5 days over a year Gov. Martin O'Malley (D) of Maryland issued an order in December requiring 67,000 employees to take two to five days off to help save \$34 million and close a gap in the 2009 fiscal year. They were the first furloughs imposed by the executive office since 1992. No furloughs are scheduled for the next fiscal year. Massachusetts

5,000 employees

\$4.5 million savings

3 to 5 days over a year

Gov. Deval Patrick (D) imposed furloughs of up to five days on 5,000 executive staff employees in the 2009 fiscal year, saving about \$4.5 million. Maine

7,000 employees

\$10 million savings

20 days over two years About 7,000 state employees will have 20 unpaid "shutdown days" over the next two

years, which will save about \$10 million. The plan also freezes merit and longevity pay. Michigan

37,400 employees

\$22 million savings

6 days over a year Michigan will save \$22 million this fiscal year by furloughing 37,400 employees for six days by Oct. 1. Nevada

\$333 million savings

12 days over a year Starting July 1, Nevada's state employees will take off one unpaid day each month.

Originally, Gov. Jim Gibbons (R) wanted a 6 percent pay cut for employees, but lawmakers instead instituted the furloughs, which cut salaries by 4.6 percent. Savings of \$333 million are expected. New Jersey

60,000 employees

\$300 million savings

12 days over two years Gov. Jon Corzine (D) furloughed 60,000 state workers for two days in the current fiscal year, and reached an agreement with the state's largest union to furlough employees for nine to 10 days in the next fiscal year in exchange for no layoffs during 2010. If other unions agree, the furloughs will save the state more than \$300 million. North Carolina

\$65 million savings

10 hours over a year

Gov. Beverly Perdue (D) signed an executive order in April stating that all state employees and teachers will get a .5 percent pay cut in exchange for 10 hours of flexible time to be taken before June 30, which is expected to save \$65 million. The 55,000-member State Employees Association of North Carolina fears the furloughs – the first in state history – are only the beginning. Lawmakers have proposed bills to have more furlough days in the next fiscal year. Ohio

At least 51,000 employees

\$173.2 million savings

20 days over two years

Ohio's two largest state employees' unions, which together represent almost 40,000 workers, agreed to a wage freeze and 10 "cost-savings days" during each of the next two fiscal years, which will save \$173.2 million. It was the first time in state history that the governor asked for furloughs. The furloughs will also be imposed on 11,000 nonunion employees who work for the executive office. Some other departments, such as the Attorney General's and Treasurer's offices, will also require employees to take days off. Oklahoma

470 employees

\$1.2 million savings

12 days over a year The 470 employees at the Oklahoma Corporation Commission will be furloughed for 12 days in the 2010 fiscal year, saving about \$1.2 million. Oregon

2,000 employees

6 days over a year Oregon courts furloughed 2,000 workers for six days to cover a shortfall in the current budget; employees were originally supposed to take 16 days off. The state is considering a budget that would lay off up to 1,700 state workers and require as many as 24 furlough days over the next two years. South

Carolina

24,000 employees

\$30 million savings

up to 10 days over a year South Carolina's agencies are allowed to furlough employees up to 10 days each fiscal year if their budgets require it. So far, more than 24,000 employees have taken furloughs this fiscal year, and agencies have saved more than \$30 million.

Utah

3,000 employees
5 days over a year Utah State University furloughed almost 3,000 employees over spring break. Public school districts and state agencies are expected to furlough some employees during the next fiscal year.

Wisconsin

69,000 employees
\$121 million savings

16 days over two years About 69,000 Wisconsin state employees will take eight unpaid days off over each of the next two years. The furloughs should save about \$121 million.

POSSIBLE FURLOUGHS

Illinois Illinois Gov. Pat Quinn (D) has proposed that state employees be furloughed for four days next fiscal year, but that would require negotiations with the state employees' unions. Minnesota Gov. Tim Pawlenty (R) dropped a proposal to furlough state workers twice a month and instead, reached a tentative two-year contract with the state's two largest public unions to freeze wages. The governor maintains he has the right to impose furloughs in the future. New Hampshire Lawmakers have passed a budget that requires Gov. John Lynch (D) to make \$25 million in personnel cuts, either through layoffs or furloughs. Any furloughs would have to come out of negotiations between Lynch and the State Employees' Association, which represents the state's 11,500 workers. Washington After revenue projections fell by almost \$500 million in June, Gov. Christine Gregoire (D) ordered agencies to cut payrolls another 2 percent. Her letter to agency directors said the cut "may necessitate furloughs, reductions in force, or reductions in overtime." Sources: National Conference of State Legislatures and Stateline.org reporting With states facing a \$121 billion shortfall in the next fiscal year, a growing number of them have turned to squeezing their workforce for savings, and effects are being felt, both great and small.

In Hawaii, some criminal trials will likely have to be rescheduled because public defenders are being furloughed — or forced to take unpaid days off — three Fridays a month. In New Jersey, about 5,000 parolees went unmonitored for a day in May and June as their parole officers were forced to stay home.

In Georgia, state prosecutors have been furloughed at least one day a month since September, with each day off causing a backlog of about 500 criminal cases. Meanwhile, petty, nonviolent criminal charges are in danger of being dismissed.

"We're getting critically close to not being able to look at every case," said Rick Malone, the executive director of the Prosecuting Attorneys Council of Georgia. "There's only so much time in the day ... Certainly we will have to screen (cases) more carefully, more finely."

Although state jobs are usually among the most stable, more than 728,500 state employees in at least 21 states have already or will be furloughed, and several other states are also considering furloughs for their

workers.

By comparison, at least 54,000 state workers have been laid off so far, according to tallies by the National Conference of State Legislatures and the Association of Federal, State, County and Municipal Employees union (AFSCME).

“People were saying, ‘well if things are so bad, why aren’t people getting laid off?’ The answer to that is that in a lot of places, they’re choosing furloughs,” said AFSCME’s Kerri Korpi.

The furloughs translate to pay cuts for workers, ranging from 0.5 percent in North Carolina to 13.8 percent in Hawaii. Employees whose jobs are deemed essential to public health and safety, such as police officers and veterans’ homes employees, aren’t furloughed.

The move will affect state services at a time when a bad economy means more people are relying on such services. Disability checks are delayed, for example, and in Hawaii, the state will take even longer to process unemployment claims.

Even patients at the country’s last remaining leper colony will feel the effects. The 15 people suffering from Hansen’s disease, better known as leprosy, who rely on Hawaii’s Kalaupapa Settlement to take care of them could end up eating pre-delivered boxed meals instead of freshly cooked meals three days a month if food service workers are furloughed. But acting director Tim Richmond hopes his workers, who are employees of the state Department of Health, can be exempted.

“We can’t just say, ‘Sorry, Governor (Linda) Lingle says you don’t eat today.’ So we will make it happen,” Richmond said. “If it means a boxed meal, nutritionally, it’ll be up to standard and that will be the best we can do.”

The most furious fight over targeting state jobs is in Hawaii, where Gov. Lingle (R) has proposed to help balance an additional \$729 million budget shortfall on the backs of state workers. The governor plans to save \$688 million by furloughing every employee for three days a month for the next two years — the country’s most severe furlough measure.

The plan “allows all employees to be a part of our shared sacrifice to close this budget gap,” Lingle said June 18. “This is not something I want to do, it’s something I have to do.” Lingle said if she cannot furlough employees, as many as 10,000 workers could be laid off.

The state’s largest public employees’ unions have sued to block the furloughs, saying the governor should have negotiated with them first. The court hearing will begin July 2.

In some cases, the furloughs will lead to states’ losing money. Commissioner of Social Security Michael Astrue

has complained that several states — including California, Connecticut, Hawaii, Maryland, Massachusetts, New Jersey and Oregon — are furloughing state employees who work in Social Security offices, even though their pay and benefits are federally funded. The money that isn't spent on their salaries will be returned to the federal government. Some governors, including Lingle and California Gov. Arnold Schwarzenegger (R), say it's only fair that all workers share the pain.

The furloughs raise other questions about their benefit. Bruce Blanning, executive director of the Professional Engineers in California Government union, said the days off are forcing engineering departments to outsource work. According to Blanning, a state engineer costs California \$103,000 a year, while a full-time outsourced position costs \$232,000.

"It's a waste of money. The employees get shortchanged ... and it costs the state a lot more," he said.

Figuring out how to implement Nevada's furloughs, which begin July 1, has been a headache for Teresa Thienhaus, the state's personnel director. For example, the furlough law says no workers can get overtime or standby pay in the same week they have a furlough day. But now agencies are asking what to do if maintenance employees who have already taken a furlough need to be on-call that same week for an emergency.

"We're still working on trying to get guidelines out that are going to be applicable to enough people to make a difference. And as soon as we do that, somebody will call and have another question and we're back to the drawing board on some other aspect," Thienhaus said. "We've not seen any light at the end of the tunnel."

Sometimes, state employees simply don't take off their furlough days. In California, where furlough days are "use them or lose them" by June 2010, about 238,000 state workers are supposed to work with supervisors to arrange two days off a month. But many employees are finding they have too much work to take furlough days. During the swine flu scare, for example, state scientists worked 16-hour days to conduct tests and keep the disease in check, said Chris Voight, the staff director of the California Association of Professional Scientists.

"The services were delivered, but that's because we represent a lot of very dedicated state scientists who are willing to do what it takes," Voight said.

See Related Stories:

[States shave workforce to save money \(3/5/2009\)](#)

[Court cuts trigger blunt warnings \(2/18/2009\)](#)

[State workers face bleak budget picture \(10/3/2008\)](#)

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Wednesday, July 1, 2009

Financial crisis torments states

By Stephen C. Fehr, Stateline.org Staff Writer

STATES ON BUDGET DEADLINEAs of June 30, 10 states had not approved budgets for the fiscal year that begins July 1. Here are the states and the gaps they must plug to balance their budgets.

Arizona: 3.2 billion California: \$24.3 billion Connecticut: \$8.8 billion Delaware: \$800 million Illinois: \$11.6 billion Indiana: no budget gap; House and Senate are split on the budget amount Mississippi: \$400 million North Carolina: \$4 billion Ohio: \$3.2 billion Pennsylvania: \$3.2 billion Source: Stateline.org reporting

(Updated 5:25 p.m. EDT, July 1, 2009)

Four states closed billions of dollars in budget shortfalls and approved spending plans in the last 24 hours, but legislatures and governors in six states were still far apart on their budgets as the fiscal year began Wednesday (July 1).

Indiana, Mississippi and Delaware averted disruptions in government services by approving budgets in time for the new fiscal year.

Arizona also will escape a shutdown- for now. The Republican-controlled Legislature sent Gov. Jan Brewer (R) a final-hour \$8.4 billion budget plan before adjourning Wednesday. Hours later, she ordered lawmakers back to Phoenix on Monday (July 6), saying they needed to fix what she called a "fatally flawed" budget. The spending plan did not contain a temporary sales tax increase proposal the governor had sought to put on the November ballot to avoid painful spending cuts.

"The legislative budget ignores my consistently expressed goals and instead incorporates devastating cuts to education, public safety, and our state's most vital health services for the frail," Brewer said in a statement.

States without budgets on the first day of the new fiscal year are Connecticut, Illinois, Pennsylvania, North Carolina and Ohio. California lawmakers approved a budget in February but falling revenue has knocked it out of balance by \$24 billion.

California officials said they will be forced to issue IOUs because they will not have the money to pay all of the state's bills. Pennsylvania and Illinois officials say they will keep essential operations going, but a protracted stalemate could begin affecting day-to-day services in those states in a few weeks.

Shutdowns were not a threat in Connecticut, North Carolina and Ohio, even without a new budget plan in time,

because those states have provisions to temporarily spend without a budget.

Ohio lawmakers approved the first temporary budget in 18 years June 30, keeping spending going for at least a week as they try to reach a compromise. Connecticut Gov. M. Jodi Rell (R) signed an executive order to keep government running without an approved budget. North Carolina lawmakers approved a stopgap spending plan while they continue budget negotiations.

Indiana had been preparing for a partial shutdown if a budget plan had not been in place by the July 1 deadline, but lawmakers sent a \$27.8 billion spending plan to Gov. Mitch Daniels (R), who signed it late Tuesday. Indiana had not missed a budget deadline since 1887.

At 4:33 a.m. EDT Wednesday, Delaware Gov. Jack Markell (D) signed the \$3 billion budget the Legislature sent him, wiping out an \$800 million shortfall. In Mississippi, lawmakers ended a stalemate with Gov. Haley Barbour (R) over a Medicaid reauthorization plan, and Barbour is expected to sign that and other spending bills that will keep government running.

The last time so many states blew the deadline was two years ago, when six states could not agree on a budget by July 1. The widening of the problem this year reflects a steady drop in tax revenue because of the recession, which has forced 48 states nationwide to close \$166 billion of budget gaps.

Even a partial shutdown of state services could have an acute impact on residents and state workers, especially if it dragged on for weeks. Thousands of state employees could be furloughed. Road and bridge repairs would cease. Drivers couldn't get or renew licenses. Highway welcome centers and state parks would be shuttered just as the Fourth of July weekend approaches.

If forced to shut down services, Arizona won't investigate reports of child abuse or help domestic violence victims, among other things. Pennsylvania employees would stop getting paychecks beginning July 17; the state employee credit union has offered them 60-day, no-interest loans if that occurs.

Illinois officials say they probably can get by for a few more weeks without making drastic cuts in services. Gov. Pat Quinn (D), who addressed a rare joint session of the Legislature on Tuesday, has said that unless lawmakers pass a tax increase by July 1, he will trim social service programs that help the needy.

Pennsylvania Gov. Ed Rendell (D) told reporters it could take up to two months to reach a budget agreement, with government workers staying on the job but with no pay and services affected in a few weeks. Two years ago, Rendell ordered 24,000 state employees to go home after the Legislature failed to send him a budget.

California Controller John Chiang said he would begin issuing IOUs Thursday (July 2) if the Legislature and Gov. Arnold Schwarzenegger (R) cannot agree on a budget. Payment delays would affect income and corporate tax refunds; payments to private contractors, state vendors and local governments for social

services; and state operations, including daily pay for legislators.

“Unfortunately, the state’s inability to balance its checkbook will now mean short-changing taxpayers, local governments and small businesses,” Chiang said. The state needs an additional \$2.8 billion to pay its bills; by September the figure will grow to \$6.5 billion. Resolving the budget crisis would resolve the problem, he said.

States that fail to balance their budgets on time deal with the problem differently.

According to a 2008 analysis by the National Conference of State Legislatures (NCSL), 11 states have provisions to pass a temporary budget to keep money flowing to agencies and employees until the legislature approves a final budget, as Illinois did for a month in 2007. This is similar to the U.S. Congress passing a continuing resolution, a frequently used stopgap measure. In 13 states, the state constitution or court rulings say that government can stay open, with uninterrupted payments at the previous year’s levels.

NCSL said 22 states face government shutdowns if there is no approved budget or if lawmakers fail to approve a temporary spending bill.

Eleven states don’t know what would happen if the budget were not enacted, NCSL said. State law does not deal with the problem because it has never come up.

A governor’s powers during a budget breakdown are not always clear-cut, as Mississippi discovered.

Before Mississippi resolved its budget problem Tuesday, Barbour (R) had said he had the authority to keep government operating past July 1 if there was no budget. But Attorney General Jim Hood (D) said in a June 26 opinion the governor “has no authority to unilaterally declare an emergency and seek to keep all government offices open by executive order” because the Legislature has the sole power to appropriate state money.

Even in states that have approved budgets, July 1 is a day of reckoning because many of the budget cuts and tax and fee increases enacted by legislatures go into effect. In Nevada, for example, a record \$1 billion in tax increases begin; Las Vegas now has an 8.1 percent sales tax. Twenty-five states boosted taxes this year, according to the Center on Budget and Policy Priorities, a Washington, D.C., think tank.

Hardly a week goes by without another state budget problem surfacing. On Tuesday, Kansas Gov. Mark Parkinson (D) said that since the Legislature approved a pared-down state budget earlier this year, tax revenue has fallen so sharply in May and June that another \$135 million in cuts will be needed as the fiscal year begins.

Without the federal economic stimulus package, state budgets would be even more out of whack. Stimulus money has closed about 40 percent of state budget shortfalls, according to the Center on Budget and Policy Priorities.

The late-hour budget-fixing special sessions are costing taxpayers. Mississippi's sessions cost taxpayers about \$60,000 the first day and \$40,000 a day after that.

Perhaps the most notorious government shutdown occurred in 1995 when President Clinton and Republican congressional leaders failed to reach agreement on the federal budget and were forced to furlough thousands of federal employees a week before Christmas. The closure had a broad impact on public health, law enforcement, parks, museums, monuments, visa and passports, veterans and federal contractors. It also caused public confidence in Congress to plummet.

Thursday, July 2, 2009

Weekly wrap: Report questions states' use of stimulus road funds

By John Gramlich, Stateline.org Staff Writer

State governments so far are using almost all of their stimulus transportation dollars to build and improve roads and highways, while devoting only about 6 percent to public transit systems, according to a 50-state study released this week by a group seeking to improve urban planning. Smart Growth America criticized the \$6.6 billion that states have allocated for building new roads while providing relatively little for public transit projects that could create 31 percent more jobs than new road construction, according to the group.

"Given our huge road and bridge repair backlog and inadequate public transportation system, \$6.6 billion for new highway capacity just doesn't make sense," Geoff Anderson, president of Smart Growth America, told Reuters in a statement. "It's like adding a new wing to your house when the roof is falling in."

Reuters noted that Kentucky will be spending the biggest share of its stimulus transportation money — 86 percent — to build new roads, while Delaware will spend the biggest share — 16 percent — on public transit projects.

Some state officials said the report provided a skewed picture of states' stimulus spending.

In Colorado, a spokeswoman for Gov. Bill Ritter (D) noted that the study looked at only one pot of transportation money included in the stimulus plan — the discretionary dollars included in the Surface Transportation Program — and failed to include the more than \$100 million the state will receive from a separate pot earmarked specifically for public transit, the Denver Business Journal reported.

In Virginia, Transportation Secretary Pierce R. Homer told The Washington Post that the report — which was released on the same day that states were required to have allocated at least 50 percent of their stimulus transportation dollars — may be premature, and that state spending patterns still could change.

A letter sent by Michigan Gov. Jennifer Granholm (D) to her Republican counterpart in California, Arnold Schwarzenegger, provided another glimpse of the grim fiscal conditions facing state corrections departments.

In the letter, which was obtained by Reuters, Granholm offered Schwarzenegger a quid-pro-quo to ease both states' prison problems, "perhaps in one fell swoop."

California, Granholm wrote, could ease the strain on its severely overcrowded prison system by transferring inmates to Michigan, which recently announced it would close eight facilities to save \$120 million. The deal would benefit Michigan — which has the nation's highest unemployment rate — by allowing some state prison workers to keep their jobs.

"I believe this opportunity has great potential and could be mutually beneficial at a time when states need to rely on each other like never before," Granholm wrote, according to Reuters.

She did not say how much Michigan would charge California for use of the prison space. California corrections officials expressed interest in the offer.

While cash-starved states increasingly are trying to generate new revenue by imposing taxes on online goods and services, Amazon.com is fighting back.

The world's largest Internet retailer has resisted plans in North Carolina and Rhode Island that require it to collect sales taxes from consumers even though it does not have a physical presence in either state, The Wall Street Journal reported.

Amazon.com was working with marketing affiliates in both states — making it fair game in the eyes of state lawmakers — but the retailer responded to the legislation by cutting all ties with those affiliates.

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Thursday, July 2, 2009

Stimulus eases community college troubles

By Kimberly Leonard, Special to Stateline.org

States are digging into their federal stimulus money to help finance community colleges, where rising tuition, soaring enrollment and budget cuts threaten to shut students out of the system.

But the \$144 billion in stimulus money for state and local fiscal relief won't make up for budget cuts in every state. Miami Dade College, the nation's largest community college with 167,000 students, will be forced to limit enrollment this fall because of state budget cuts. California officials, anticipating a 33 percent enrollment increase this summer and fall, said they may have to turn away 250,000 community college students because they can't afford to accept them.

"We didn't even have parking for everybody," said Jessica Rico, 20, a second-year business major at East Los Angeles College, which canceled half of the courses it was going to offer during its second summer session because of state budget cuts.

The number of students attending two-year community colleges is growing. Hawaii's seven community colleges registered 28 percent more students this year than a year ago. The Virginia community college system has announced plans for 30 new buildings to keep up with growth. In all, community colleges now enroll almost half of all undergraduates.

The number of students attending community college increases during an economic downturn, said Norma Kent, vice president of communications at the American Association of Community Colleges in Washington, D.C.

Laid-off workers return to school to gain skills they hope will boost their chances of landing another job, and traditional college-age students enroll in community colleges because it costs an average of \$2,361 a year, or three times less than average costs at four-year state institutions.

And the colleges' financial problems are not going away anytime soon, as the recession is expected to strain state budgets for the next three years. Also, officials say they expect enrollment at community colleges to keep climbing after the Post-9/11 GI Bill goes into effect in August. The bill contains generous education benefits for military personnel who performed active duty service after Sept. 10, 2001 — including breaks on housing, books and tuition and fees.

The climbing enrollments have challenged many financially strapped states. At a time when states should be increasing funding to the schools to handle more students, the recession has forced states to slash funding to balance their budgets. States usually provide about 37 percent of the costs of a community college, with federal and local governments and student tuition contributing the rest.

"The question is: Can you continue to offer the same number of courses to the same number of students and

offer the same quality — with much fewer dollars?” said Dan Klaich, executive vice chancellor of the Nevada System of Higher Education.

Community college officials in Nevada and elsewhere said in interviews that the federal stimulus money has eased the impact of budget cuts, while many community colleges are making up for shortfalls by raising tuition.

In Oregon, Portland Community College is raising its fall tuition by 5.7 percent, compared to a 13 percent hike at the state’s public four-year schools. The average enrollment in Oregon community colleges is 18 percent higher this spring compared to a year ago. The state has the second-highest unemployment rate in the country after Michigan.

Virginia community college officials said they won’t limit enrollment, but will boost tuition by 7.6 percent in the fall because of statewide budget cuts. The tuition increase will help pay for construction of 30 new buildings spread across most of the 23 campuses. Officials said the tuition increase would have been much higher if Virginia had not given community colleges \$38.8 million in federal stimulus funds.

California is also considering increasing community college tuition. Gov. Arnold Schwarzenegger (R) has proposed slashing \$825 million and withholding \$115 million from community colleges until next fiscal year to help plug the state’s \$42 billion budget deficit. If that happens, the state would turn away 250,000 students.

Kent, of the community colleges association, said she was worried these schools might deny an education to those people who most often depend on them — students from low-income areas or are first in their families to attend college. Because students sign up for classes at a first-come, first-served basis, those less familiar with the system would likely be shut out.

Rico from California, who said she hopes to own her own business someday, is able to afford community college because she received a fee waiver from the state based on financial need. She lives at home but has to support herself through a job at the student activities desk at her school. Now she worries that state cuts will cause her to lose her job and she will have to take out a loan to finish school.

Maryland has managed to avoid the problems of other states. Lawmakers froze community college tuition because the state was able to make up part of the difference with its federal stimulus dollars, said Shaun Adamec, Gov. Martin O’Malley’s (D) press secretary.

This is the fourth-consecutive year Maryland has frozen tuition in an effort to make higher education more affordable to in-state students. “Each year, we will examine whether we can continue to do this,” Adamec said. “And when we can do it, we will.”

See Related Stories:

Despite stimulus, schools feel budget pain (6/11/2009)

Tracking the recession: Tuition programs in danger (4/20/2009)

Stimulus to ease, not fix, state budget woes (2/14/2009)

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Monday, July 6, 2009

Tracking the recession: States push job training

By Christine Vestal, Stateline.org Staff Writer

Photo by Christine Vestal, Stateline.org

At the Frederick County Workforce Services center, unemployed workers use computers to access job banks, update their resumes and send emails to potential employers. Staff members welcome new visitors and direct them to orientation classes, career counseling and other services for low-income workers who need specialized training to land a job in the community.

FREDERICK, Md. — Everyone agrees the way out of this recession is jobs. But even as the recession begins to lift and stimulus projects generate jobs, many unemployed workers will have few prospects because their skills won't necessarily match new openings.

That's where state workforce agencies come in.

Since 1998, so-called One-Stop employment agencies like the one here in west-central Maryland have acted as all-purpose training and job placement centers for the nation's unemployed. But since December 2007 when this recession began, the more than 2,000 agencies across the country have seen job openings plummet, while nearly twice as many jobless workers — many laid off for the first time — have walked through their doors seeking help.

Funded by the U.S. Department of Labor, states distribute the money and set policies for local workforce boards made up of business leaders, educational institutions, and economic development and social service agencies.

"If you're unemployed, the future probably looks pretty bleak," employment expert Bob Simoneau of the National Association of State Workforce Agencies told Stateline.org. That's why states are changing their message, particularly in places like Michigan where people aren't going to get their old jobs back. They're helping workers develop skills that will land them jobs in new professions, he said.

Instead of sending discouraged workers out to pound the pavement, states are using existing federal and state resources, boosted by \$4 billion in stimulus funds, to help prepare workers for the kind of jobs expected

to open up when the economy improves. A new Obama administration program also aims to help low-income workers use federal grants to attend universities and community colleges so they can land better jobs than they had before the recession.

“The idea is to fundamentally change our approach to unemployment in this country, so that it’s no longer just a time to look for a new job, but is also a time to prepare yourself for a better job,” President Obama said May 8 in announcing the new employment initiative.

States and businesses have a strong incentive to get unemployed workers back to work. As of June 2009, states were paying an average of \$300 per week in benefits to more than 6 million workers who collected benefits an average of 16 weeks before finding a job. If states could reduce the length of time workers collect benefit checks by just one week, they could save businesses \$3 billion in taxes, according to the National Association of State Workforce Agencies.

Still, most states continue to provide benefits for workers who opt for training as long as they are developing skills that match future job openings. In five states – California, Maine, New Jersey, Oregon and Washington – workers can get 13 to 26 weeks of additional benefits while training for in-demand occupations, according to the National Employment Law Project.

“We intend to ensure that unemployed people have the skill sets necessary when job-creation comes back around so that employers have ready access to a wide range of prepared workers,” said Scott Cheney, acting director for the National Association of Workforce Boards, which represents local agencies. “When the economy is ready, we don’t want to have any skill shortages,” he said.

After a layoff, the first step for workers is to apply for unemployment insurance benefits — over the phone or online. Next, they’re advised to visit their local One-Stop for job placement help, in part to fulfill a requirement that they either actively seek employment or attend state-approved training to continue receiving benefits.

But One-Stops aren’t just for people getting unemployment checks. Anyone can walk into one of these agencies and use their services, such as job databases, computers, telephones and office supplies. They can also attend classes or seek counseling on resume writing, interviewing, and career strategies. Teens, the elderly and people with disabilities can tap into specialized work programs.

For eligible low-income workers, the agencies go further, offering free training and certification programs provided by local community colleges and private-sector training companies. Under the administration’s latest initiative, the agencies are also charged with helping workers apply for federal Pell grants to attend universities and community colleges.

Here in Frederick, where a once-thriving construction industry has nearly ground to a halt, the local employment office, Frederick County Workforce Services, is using stimulus money to develop new training

programs that many expect will continue well beyond October 2010 when the stimulus funding ends.

Since local construction jobs are expected to return as the economy recovers, unemployed workers are being offered classes in soft skills, such as time management and personal relations in the workplace.

“We talked to the owners of construction companies and they told us they can train people to use a hammer and a wrench, but they can’t find enough workers who show up on time and keep their personal problems out of the workplace,” said director Laurie Holden.

Holden said her agency is also using stimulus money for new classes in geriatric nursing and apprenticeship programs at local nursing facilities where unskilled workers can learn on the job. Once they complete training, the workers will be almost assured of employment, because like most of the country, Frederick County suffers from a severe shortage of health care workers.

Photo by Christine Vestal, Stateline.org

The Upper Shore Workforce Investment Board, in Maryland’s rural Chesapeake Bay region, uses a mobile office to reach jobless workers in far-flung communities. The recreational vehicle outfitted with desks, computers, phones and satellite-based Internet access makes regular stops at churches, social services centers and plants that are conducting layoffs. When a company is hiring, it serves as temporary office for accepting applications and scheduling interviews. Frederick County Workforce Services is conveniently located in an office park behind one of the area’s biggest shopping malls and it sees a steady stream of traffic even in good economic times. But in sparsely populated regions of the state, such central locations often do not exist.

To serve the needs of this kind of community, workforce director Dan McDermott in Maryland’s rural Chesapeake Bay region brings services directly to those who need it. Like other workforce agencies in far-flung regions of the country, the Upper Shore Workforce Investment Board created a mobile office by outfitting a recreational vehicle as a roving One-Stop.

“We make regular stops at churches, family support centers and jails, and when a plant is conducting layoffs, we pull our big blue bus right up front,” McDermott said. “We also do positives. When a company is hiring, we park next to the building and accept applications and schedule interviews,” he said.

For now, the Upper Shore employment agency is offering classes in health care and trucking and plans to use stimulus money to fund a joint venture with a commercial organization to provide technical training in heating and cooling systems. To better serve the growing number of people seeking its help, the agency has contracted with a professional job-search firm rather than hiring full-time personnel that would have to be let go when stimulus funding runs out, McDermott said.

In every workforce agency, a big part of the job is bolstering people's spirits. "It's an emotionally draining job," Holden said. "The staff is struggling and many are taking it home with them. But when we're successful, it's the best feeling in the world."

McDermott agreed. "When you lose a job, the model we keep in mind is death and dying. People experience shock first, then denial and anger, and finally acceptance. It's hard for staff and hard for the people."

For the nation's millions of unemployed workers, finding a local workforce agency can be challenging — some, but not all, are called One-Stops. In Maryland, the statewide workforce agency is dubbed Division of Workforce Development. On the Web, Frederick County's local office is called Frederick County Workforce Services, ads and Web sites use the logo FrederickWorks and the sign on the door says Business and Employment Center.

Florida goes by Agency for Workforce Innovation; Texas has a Web site labeled Work in Texas, Wisconsin offers an online Job Center to help job-seekers find local workforce agencies and California's Employment Development Department touts its CalJobs network.

The panoply of state and local names causes confusion, but Simoneau says the federal government has never tried to get states to standardize their titles. According to McDermott, "Coming up with a name is a way to get ownership. We work with all of our partners in the community to create a unique brand. It's a creative process that brings everyone together."

For a complete listing of One-Stops across the country, the U.S. Department of Labor offers a locator map.

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