

ATTACHMENT B

MASSACHUSETTS REQUEST TO RENEGOTIATE PERFORMANCE GOALS FOR PY 2009 AND NEGOTIATE PERFORMANCE GOALS FOR PY 2010

Massachusetts is requesting renegotiation of selected performance goals for Program Year 2009 and negotiation of performance goals for Program Year 2010. Proposed goals are shown on Attachment A.

The proposed goals reflect the impact of poor economic conditions and limited job opportunities for customers during the performance periods. We have not experienced any shift in the composition of our customer groups or other major factors that would otherwise explain the steady decline in performance rates since the end of Program Year 2008 (see Attachment C). These trends parallel the economic situation nationwide and national performance across workforce programs.

The unemployment rate rose on a quarterly basis in Massachusetts from 6.3% in the fourth quarter of 2009 to 9.4% in the first quarter of 2010 and the number unemployed increased by 107,300, while 123,200 jobs were lost. (See table below.) During the second quarter of 2009, there were 5.7 unemployed workers for each job opening, the highest rate in the Job Vacancy Survey (JVS) series since 2002. Full-time jobs in the JVS fell 10 percentage points from the second quarter of 2008 and employers demanding specific related experience increased from 38 percent to 66 percent, indicative of a tighter job market. The job vacancy rate remained largely unchanged in fourth quarter 2009, with 45 percent of vacancies for part-time jobs.

Several recent studies support these findings. A report by Michael Goodman and Robert Nakosteen, *The Outlook for 2010: A Long Hard Slog Ahead*, observed that while the pace of job losses began to slow at the end of 2009, “the Commonwealth will continue to shed jobs through the third quarter of 2010”. The number of UI claimants claiming benefits for 15 or more weeks rose from 28.5% in March 2009 to 32.9% in March 2010.

Bureau of Labor Statistics (BLS) data for April 2010 shows that longtime job seekers now represent 46% of the unemployed nationally, the highest percentage since 1948. To put it in perspective, at the peak of previous recessions rarely were more than 25% of jobless persons unemployed for more than six months. In Massachusetts in 2009, preliminary data from BLS’s Current Population Survey shows that 50% of jobless persons were unemployed for 15 weeks or more, with 31% unemployed for more than 27 weeks. New research by Michael Elsby, Bart Hobjin and Aysegul Sahin to be presented in the forthcoming *Brookings Papers on Economic Activity*, reports that the rate of exit from unemployment has reached a new post-war low in the current recession.

A just-released report issued by the Heldrich Center for Workforce Development at Rutgers University looked at experiences of a group of unemployed between August 2009 and March 2010. They found that only “one in five (21%) of those looking for work in August ...had found it by March of this year.” Two-thirds remained unemployed but were still looking and 12% had dropped out of the labor market. *Fifty-five percent of those who found employment searched for at least 7 months and twenty-eight percent searched for a year or more.* Of those who became employed, 6 in 10 settled for less than they desired and reported that the new job was something to get them by while they continued to search.

There are recent positive signs for the State and the nation, but job growth will be slow to pick up and there will continue to be limited opportunities for individuals who exit our programs. The participants in Wagner-Peyser activities and Title I WIA programs during PY 2009 and through PY 2010 will be significantly impacted by the severe economic environment and a highly competitive job market.

Quarterly Estimates of Massachusetts Unemployment and Non-Farm Employment

Calendar Year Quarters	QRT Avg. Unemp. Rate	QRT Avg. Number Unemp.	Change from Prior QRT	Change from Same QRT Year Ago	Non-Farm Emp (in thousands)	Change from Prior QRT (in thousands)	Change from Same QRT Year Ago (in thousands)
2008							
Jan - Mar	4.5%	154,567	3,467	-1,200	3,302.1	13.8	31.6
Apr - Jun	4.9%	168,567	14,000	16,733	3,300.9	-1.2	21.8
Jul - Sep	5.5%	190,500	21,933	39,800	3,292.0	-9.0	8.4
Oct - Dec	6.3%	220,367	30,533	69,267	3,266.0	-26.0	-22.3
2009							
Jan - Mar	7.4%	256,800	35,767	102,233	3,217.0	-49.0	-85.1
Apr - Jun	8.2%	285,867	29,067	117,300	3,179.3	-37.7	-121.6
Jul - Sep	8.8%	307,100	21,233	116,600	3,155.7	-23.6	-136.3
Oct - Dec	9.2%	319,533	12,433	99,167	3,143.2	-12.5	-122.7
2010							
Jan - Mar	9.4%	327,667	8,133	70,867	3,142.8	-0.4	-74.2

Source: Massachusetts Department of Workforce Development, Economic Research, April 2010