

## **MAYOR'S OFFICE OF EMPLOYMENT DEVELOPMENT**

### ***Washington Update: April 2005***

#### **Administration's Proposal for Reauthorization of the Workforce Investment Act**

The President's FY 2006 budget request, released on February 7<sup>th</sup>, offers valuable insights into the Administration's agenda for Workforce Investment Act (WIA) reauthorization. Emphasizing economies of scale and the need to create a more flexible, demand driven and accountable workforce development system – one that is not overly burdened with bureaucracy or unnecessary overhead costs – the President's request continues the effort to undertake a major reform of the nation's job training system while reducing the Department of Labor's (DOL) budget for WIA title I and title II programs.

Included in the President's 2006 budget request are the Consolidated WIA State Grant and the new WIA Plus Consolidated Grant program, the latter of which is the focal point of the President's job training reform agenda. Like the Administration's earlier WIA reauthorization proposals, the Consolidated WIA State Grant combines the WIA Adult, Dislocated Worker, and Employment Service (Wagner-Peyser) funding streams into a block grant. However, the President's 2006 budget also includes WIA Youth funding in the Consolidated State Grant. As well, it gives Governors the option to bundle one or more additional programs – Veterans Employment, Trade Adjustment Assistance Training, Vocational Rehabilitation, Adult Education, and Food Stamps Employment and Training – administered by the Departments of Labor, Agriculture and Education, into the WIA Plus Consolidated Block Grant. Governors choosing to merge the WIA State Grant and the other job training and employment programs under the umbrella of WIA Plus would submit a single State Integration Plan to DOL and report through a single system. States electing to implement WIA Plus would ramp up over 10 years to achieve a 100% placement rate for all individuals trained with grant resources.

The President's 2006 budget request reduces funding for all programs included in the WIA Plus Consolidated Grant program by over 5% as compared to 2005 appropriation levels. Likewise, the proposed 2006 budget cuts the Department of Education's Vocational and Technical Education and Adult Basic and Literacy Education programs by 89% when contrasted to their 2005 enacted amounts. Though the President's 2006 budget request increases funding for Education's Pell grant program to \$4,150 per individual, Carl T. Perkins funding is zeroed out entirely. Additionally, funding is eliminated for the Reintegration for Youth Offenders Program, the Migrant and Seasonal Farm Workers Program and the National Youth Challenge grants. Other noteworthy 2006 budget initiatives include a proposal to transfer the \$59 million YouthBuild program from the Department of Housing and Urban Development to DOL. WIA Innovation Training Accounts and a second year of funding for the President's Community College Initiative are also included in the 2006 budget request, as is continued funding for the Prisoner Reentry Initiative, resources to strengthen the Unemployment Insurance program and funding to streamline the Foreign Labor Certification Program.

On Thursday, March 17, the Senate and House each passed a budget resolution. The House version passed H. Con. Res. 95 on a 218-214 vote, which includes \$69 million in entitlement cuts. In the Senate, S. Con. Res. 18 was adopted 51-59, with amendments that would increase funding for education and training. Senator Edward M. Kennedy (MA) offered an amendment to increase funding by \$5.4 billion for education and training. Included was full restoration of funding for WIA, Perkins, Trio Gear up and other higher education programs. Senator Arlen Specter (PA) offered an amendment, adopted 63-47, to increase discretionary health and education funding by \$2 billion. Senator Tom Harkin (IA) offered an amendment to restore the Perkins Vocational Education program and provide for deficit reduction paid for through the elimination of the phase out of the personal exemption limitation and itemized deduction limitation for high-income taxpayers now scheduled to start in 2006. The amendment was rejected 44-56

## *Workforce Investment Act Reauthorization*

### *House Action*

WIA reauthorization has moved forward quickly in the House in the 109<sup>th</sup> Congress. Representative Howard P. (Buck) McKeon (CA), Chairman of the 21<sup>st</sup> Century Competitiveness Subcommittee, introduced H.R. 27, the Job Training Improvement Act of 2005, on January 4, 2005. Essentially a reintroduction of the House's 2003 WIA reauthorization proposal, H.R. 27 promotes reform of the WIA service delivery system by "improving" and "streamlining" programs through block granting, eliminating "unnecessary bureaucracy", increasing cooperation among workforce development partners, and by expanding the role of the faith-based community as providers of job training.

One of the more controversial components of H.R. 27, as introduced, is its block granting mechanism, which consolidates funding for Comprehensive Employment and Training Activities for Adults, including existing Adult, Dislocated Worker and Wagner Peyser program funds (but does not include youth as the President's FY 2006 Budget proposes). H.R. 27 also implements personal reemployment accounts (PRAs), a national demonstration project, through competitive grants to States or local boards or consortia whereby they provide \$3,000 training vouchers to eligible individuals who are likely to exhaust their unemployment compensation. Further, H.R. 27 exempts religious organizations from WIA nondiscrimination requirements with respect to their employment of individuals of a particular religion, repeals the Wagner-Peyser provisions relating to the Employment Service, and revises requirements and reauthorizes appropriations for vocational rehabilitation services under the Rehabilitation Act of 1973.

The House Subcommittee on 21st Century Competitiveness marked up H.R. 27 on February 9<sup>th</sup>. Representative McKeon offered a Manager's Amendment, which was approved. Among numerous clarifications, additions and adjustments to the original bill, language was added to authorize the President's proposal to fund competitive, community-based job training grants for community and technical colleges to strengthen their role within the workforce investment system. Notably, a "placeholder" definition of WIA administrative costs was also added. H.R. 27 was ordered favorably reported, as amended, to the House by a vote of 26 - 20 on February 17, 2005. On March 2, the House of Representatives passed the H.R. 27 by a vote of 224 - 220.

The House passed bill includes provisions to maintain local control; consolidate the adult, dislocated worker and Wagner-Peyser funding streams, but not youth funding, into a single state block grant; require 70% of youth funding to be used for out-of-school youth, with the remaining 30% to be used for in-school youth during non-school hours; implement PRAs; allow youth formula funds to be reduced in order to fund National Youth Challenge grants; include the faith based/job training provider initiative. The House passed bill also authorizes the President's proposal for community-based job training grants; funded at \$211 million, more than half (\$125 million) of the resources for this program would come from the DOL's discretionary Dislocated Worker funding account - using currently appropriated FY 2005 funding to award competitive grants to community colleges or consortia of community colleges that work in conjunction with the local workforce investment system and a business or businesses to train workers for jobs in a particular high growth industry.

### *Senate Action*

Senator Mike Enzi (WY) introduced the Senate's reauthorization proposal, S. 9, the Lifetime of Education Opportunities Act of 2005, on January 24, 2005. This bill seeks to advance American competitiveness in the global economy by strengthening and improving Federal education and training programs. In addition to addressing a multitude of education policies and teacher quality standards, the bill includes the WIA Amendments of 2005, which amend title I of WIA to revise requirements and reauthorize appropriations for workforce investment systems for job training and employment services, including Job Corps. Also included in the bill are the Adult Education and Family Literacy Act Amendments of 2005, which amend WIA title II to revise requirements and reauthorize appropriations for adult basic skills education, including adult education and family literacy programs. S. 9 also addresses the WIA/Wagner-Peyser (Employment Service) relationship, amending Wagner-Peyser to

require Employment Service offices in each State to co-locate with comprehensive one-stop centers under WIA Title I and by revising requirements and reauthorizing appropriations for the workforce and labor market information system to be carried out through grants or cooperative agreements with states. Finally, S. 9 includes the Rehabilitation Act Amendments of 2005, which alter the Rehabilitation Act of 1973 to revise requirements and reauthorize appropriations for vocational rehabilitation services. S. 9 has been referred to the Senate Finance Committee.

The Senate Health, Education, Labor and Pensions (HELP) Committee expects to hold a hearing on life-long learning on April 14 with testimony from the Secretaries of Labor, Health and Human Services and Education. This would include testimony on WIA reauthorization. The U.S. Conference of Mayor's further reports that the HELP Committee plans to mark up S. 9 after the hearing and prior to the Senate's May recess. The Committee is focused on a bipartisan process. It is expected that most of the policy action on WIA will occur in conference with the House.

### **Reauthorization of Temporary Assistance for Needy Families (TANF)**

The House Ways and Means Human Resources Subcommittee approved, 7-4 H.R. 240, legislation that would reauthorize the 1996 welfare reform law. Introduced by Representative Deborah Pryce (OH) H.R. 240 would: require adult recipients to "work" 40 hours per week, an increase of 10 hours over current law; mandate that 24 hours (of the 40) per week be devoted to "direct" work activities, such as private or public employment, on-the-job training or supervised community service; allow the remaining 16 hours to be used for education or other training activities; increase child care subsidies over the next five years by \$1 billion; reduce from 12 to 3 the number of months that a cash assistance recipient could count vocational education and training as a direct work activity.

Representative Jim McDermott offered an amendment, which was rejected 5-8, that would have provided states more flexibility to reduce the caseloads, maintained the current work requirements of 30 hours per week and allow recipients to count vocational education and training as direct work for up to 24 months, with 18 months for rehabilitation services. Representative Peter Stark (CA) offered an amendment that would have increased childcare funding to \$11 billion over the next five years. The amendment was rejected 4-8.

The full Ways and Means and Education and Workforce Committees are expected to mark up the bill in April, with likely floor action following shortly thereafter.

With the current continuing resolution due to expire on March 31, 2005, the House passed H.R. 1160 on March 14 to extend the welfare program for the 9<sup>th</sup> time – until June 30. On Tuesday, March 15, the Senate cleared the same measure by voice vote.

On Wednesday, March 9, the Senate Finance Committee passed by voice vote the unnumbered bill sponsored by Senator Charles Grassley (IA), Chairman of the committee that would reauthorize the 1996 welfare reform bill (PL 104-193). The Senate bill includes the following: an increase child care funding by \$6 billion over five years, funded by a change in the eligibility standards for the earned income tax credit (EITC) – an amendment offered by Olympia J. Snowe (ME); a \$1 billion increase for the Social Services Block Grant (SSBG) over five years, which would be paid for by tightening eligibility standards for Supplemental Security Income beneficiaries; a requirement that adult recipients to work 34 hours per week, four more than required under current law; a provision to allow up to 12 months of vocational education to be counted as a work activity; and provisions to authorize \$5 million for a national teen pregnancy prevention center, \$200 million program to promote marriage and \$50 million effort to promote responsible fatherhood.