



Washington Update

Developments in Federal Workforce Policy

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Federal Funding

Appropriations

Vetoed Labor-HHS-Education Appropriations Bill Includes Significant Funding Cuts

On November 13th, President Bush vetoed the [appropriations bill](#) that would fund the Departments of Labor, Health and Human Services, and Education for fiscal year 2008 (H.R. 3043). The bill included about \$10 billion in spending above the Administration's budget proposal, and the President was clear that he would veto any legislation that exceeds the spending limits he set. An attempt in the House to override the veto failed, 277-141.

The government is currently operating under a continuing resolution (CR) that funds federal programs through December 14th. Congressional leaders have suggested that they will likely attempt to pass a multi-bill "omnibus" appropriations package in December that would "split the difference" between spending levels proposed by Congress and the President. It is unclear at this point if the President will accept such a compromise, or if he will insist on further cuts.

The vetoed Labor-HHS-Education Appropriations bill continues the unfortunate trend of underfunding federal workforce development programs. The bill would level-fund WIA in FY08 (a three percent cut when adjusted for inflation) and includes a \$245 million rescission of previous years' program funding. Although the bill containing these cuts was vetoed, it is likely that any future version of the bill will retain at least these cuts if not even more.

While the workforce development funding cuts in the vetoed bill are significant, the House-passed bill originally included even larger cuts: a \$335 million WIA rescission offered in committee by Representative Jim Walsh (R-NY) and a \$69 million WIA rescission offered during floor debate by Representative Scott Garrett (R-NJ). WIA is one of only a handful of programs in the bill that was targeted for such significant cuts. The \$335 million rescission was first proposed by the Administration, based on the Department of Labor's [discredited argument](#) that there is significant "carry-over" (unspent funds from previous years) in the system. Both amendments were accepted on a voice vote, meaning no Member of Congress offered any objection to the proposed funding cuts. The Senate version of the bill did not include any rescission and the \$245 million ultimately included in the final bill was negotiated between the two bills in conference.

While TWA recognizes that the Labor-HHS-Education Appropriations bill passed by Congress begins to undo years of federal disinvestment in a broad range of education, health, and human service programs, and ultimately supports passage of the bill, we [strongly object](#) to these workforce development funding cuts.

In response to this criticism, House leaders argue that they strongly support federal workforce development programs, and demonstrated this support by level-funding these programs in FY08 (as opposed to the [deep cuts](#) included in the Administration budget proposal). Key members of Congress maintain that Democrats accepted these amendments without objection as part of a larger strategy to pass the bill with enough votes to override a veto.

Whatever the reason, the workforce development field should understand that when faced with competing demands, this Congress repeatedly prioritized workforce development programs last—first by failing to increase funding for these programs despite years of deep cuts and then again by failing to reject efforts to further increase funding for politically popular programs at the expense of workforce programs. Not one Member of Congress objected to these cuts, and no one was willing to speak on the floor in favor of workforce development programs. That House leaders believed (accurately, apparently) that accepting cuts in workforce development funding wouldn't cost the bill votes—that it would, in fact, bring votes to the bill—is a problem that the field must begin to address.



Workforce Programs

Workforce Investment Act (WIA)

Stalled WIA Reauthorization Receives Some New Debate, but Little Legislative Action

To the list of reasons why WIA still has not been reauthorized (fights over block-granting, faith-based hiring, and more general partisan tensions), one can now add a new impasse: disagreements about how the federal workforce development system is to interact with the federal Employment Service (ES). Advocates for the ES, which is authorized under the Wagner-Peyser Act, have urged the new Democratic majority to delay WIA reauthorization yet again, hoping for a more favorable environment under a new Administration next year.

However, while disagreement over policy details is an important obstacle to WIA reauthorization, the larger problem is that this bill is simply not a priority for this Congress. Although many Members of Congress express support for workforce development programs in general, when it comes to allocating scarce resources such as funding and floor time, these programs seem to wind up near the bottom of the list again and again. Rather than spend time negotiating the fairly limited number of outstanding issues remaining in WIA reauthorization, the authorizing committees have instead worked on legislation seen as more important such as No Child Left Behind and Head Start. With increasing tension over the interaction between the ES and WIA—and the accompanying risk of alienating an important and politically powerful constituency—and the perception of little otherwise to be gained, key Members of Congress seem to have difficulty finding compelling cause to tackle this bill.

Signs had been more promising over the summer, when the House “Higher Education, Lifelong Learning and Competitiveness” Subcommittee, under Chairman Ruben Hinojosa (D-TX), held two hearings on WIA to reportedly inform a reauthorization bill to be introduced in September. TWA’s Rachel Gragg [testified](#) at the June hearing, noting the Alliance’s priorities for expanding training under WIA, establishing a line-item budget for WIA infrastructure to remove tensions both with the ES and local training provision, and creating a new sectoral subtitle for industry partnership development.

However, that House legislation never materialized, and news began to spread that no work was proceeding on the bill. Comparable to reports heard from the Senate HELP Committee—which has not even reintroduced the bi-partisan bill it unanimously passed under the last Congress—word was that House action had also stalled, with Members unwilling to invest the resources necessary to move the bill forward.

As Education and Labor Democrats assessed next steps on WIA, Committee Republicans, led by Ranking Member Buck McKeon (R-CA), stepped into the void on October 4th by introducing their own bill, the “Workforce Investment Improvement Act of 2007” (HR 3474). The bill included several controversial elements from prior Republican WIA bills, along with some new additions. Elements included:

- Block-granting of WIA and Wagner-Peyser funding streams, along with allowances for state or local officials to consolidate additional federal programs;
- Required integration of One-Stop and Employment Service labor-exchange functions;
- A redefinition of core and intensive services into a new category of “work ready” services, to be distinguished from training services (which were to be made more readily available);
- Allowances for faith-based hiring by WIA-funded organizations; and
- Formal authorization of USDOL’s controversial Workforce Innovation for Regional Economic Development (WIRED) grants.

Noticeably absent from the McKeon bill was the previously proposed Career Advancement Accounts (CAAs)—a focus of the Bush Administration which congressional Republicans seem to have finally abandoned after repeated rejections by previous Congresses.

House Republicans proceeded to make much of the fact that they were the only ones to have proposed a WIA bill, claiming their greater commitment to workforce training. Rep. McKeon repeatedly made that point later in October on the House floor, when he included his WIA bill within a Republican substitute to the Democrats’ TAA reauthorization bill (see [below](#)). Reps. McKeon and McCrery (R-LA, the substitute’s sponsor) argued that the Democrats’ proposed expansion of training for trade-impacted workers under TAA was better pursued by a reauthorization of WIA. (TWA has been a strong proponent of dramatically increasing training resources for trade-impacted workers under TAA, as well as training expansions under a reauthorized WIA for workers who do not meet TAA’s narrower guidelines.)

In his objections to the McCrery-McKeon proposal, Rep. Hinojosa went to the House floor to claim that his subcommittee was, in fact, continuing to work on a WIA reauthorization proposal, and that efforts by the Republicans to reauthorize WIA via TAA were therefore misplaced. TWA will continue to report on any action taken by the House Education and Labor Committee on WIA as it develops.

Other Workforce News

Congress Continues Scrutiny of ETA's "Demand Driven" Grants

On the heels of a recent [CRS report](#) critical of the Employment and Training Administration's (ETA) "demand driven" grants, Senator Tom Harkin (D-IA), chair of the Labor-HHS Appropriations Subcommittee, asked the Office of the Inspector General (OIG) to conduct an audit of the High Growth Job Training Initiative (HGJTI). Congress has repeatedly expressed concern over the fact that between July 2001 and March 2007, nearly 90 percent (133) of the 157 HGJTI grants—totaling \$235 million—were awarded on a non-competitive basis.

The OIG sampled 39 non-competitive HGJTI grants and found that for 35 (90 percent) of the grants ETA could not demonstrate that proper procedures in awarding the grants had been followed. Problems cited by the OIG included: a failure to adequately justify grant decisions; inconsistent documentation of reviews of unsolicited proposals; inadequate documentation of required conflict of interest disclosures; and matching requirements totaling \$34 million that were not carried forward in grant modifications. ETA strongly disagreed with the OIG's findings, arguing that the report is "fatally flawed" and that ETA followed federal law.

In response to these concerns and others, Congress recently included language in the Labor-HHS-Education Appropriations bill limiting ETA's ability to award such grants in the future. The bill includes language specifically prohibiting awarding not only HGJTI grants, but also WIRED grants and Community-Based Job Training Grants (CBJTG) on a non-competitive basis. The bill also includes language prohibiting the use of H1-B visa fees—currently used to fund HGJTI and WIRED grants—for anything other than training in the occupations and industries that generate these funds. The bill does allow ETA to meet obligations to multi-year grants awarded under competitive solicitations issued prior to April 15, 2007.

These ETA grants, for better or worse, are currently the only federal funding source for sector work. Given the mounting criticism of these programs as well as Congressional concerns about how the grants are administered, it seems unlikely that these grants will be continued past the current Administration's tenure. To begin to address the unpredictable nature of grant programs, as well as create necessary accountability through oversight mechanisms and outcome measures, TWA believes that it is important to develop sector partnership authorizing language, including a specifically designated funding stream. We have [advocated](#) for a separate sector partnership title as part of WIA reauthorization, and have worked to include sector partnership language in the [Energy Bill](#) and TAA reauthorization ([see below](#)).

To read the OIG's report, click [here](#).

House Passes Trade Adjustment Assistance (TAA) Program Reauthorization, Senate Likely to Take Up Bill Soon

On October 31, The House of Representatives passed the “[Trade and Globalization Assistance Act of 2007](#)” (H.R. 3920) reauthorizing the Trade Adjustment Assistance (TAA) program, as well as the Unemployment Insurance (UI) program and the WARN Act, which regulates required layoff notices and the COBRA health insurance program. The legislation authorizing the TAA program expired at the end of September and is currently operating under an extension that will expire on December 31st. The Bush Administration has issued a [veto threat](#) against the House-passed reauthorization bill.

The House-passed bill includes a number of important TAA policy reforms supported by TWA that will significantly increase the ability of trade-impacted workers to receive training. Among other things, the bill would:

- Increase funding available for training from \$220 million per year to ultimately \$660 million per year;
- Expand eligibility from just manufacturing workers to also include service workers and public employees;
- Clarify that training cannot be limited to 104 weeks, so long as an individual can demonstrate an ability to complete the training after TAA eligibility expires;
- Clarify that apprenticeship programs, prerequisites, and degree programs are permitted as training, and prohibit DOL from limiting training providers to those that are certified under WIA;
- Extend the current length of time workers have to enroll in training from the current “8/16 Week Rule” (16 weeks from the date of layoff or 8 weeks from the date of TAA-certification) to 26 weeks, with further extensions permitted if the worker does not receive timely information; and
- Extend the frequency with which a worker must renew a training waiver (available when training is not feasible or appropriate) from every 30 days to every 90 days.

The bill also includes language mandating that state merit staff determine TAA eligibility, eligibility for training, handle all Trade Readjustment Allowance (TRA) payments, and administer funding for employment and case management services. TWA has not taken a position on the expansion of mandatory merit staffing requirements.

House Republicans strongly opposed the bill, arguing that the expanded access to training included in the bill would be duplicative of services already available to workers through WIA. Congressman McKeon (R-CA), Ranking Member on the House Education & Labor Committee, focused his floor remarks almost entirely on WIA, praising the program and scolding House Democrats for their failure so far to pass a reauthorization bill. Republicans offered a substitute amendment that included both TAA and WIA reauthorization proposals (see [above](#) for a discussion of the WIA provisions), making the explicit argument that these are complementary programs that should work in an integrated fashion. The Republican TAA reauthorization proposal would:

- Create “New Economy Scholarships” of up to \$8,000 per participant that can be used over a 4-year period on a range of training and education programs, even if an individual becomes reemployed;
- Authorize \$50 million in new capacity building grants for community colleges and other training providers to offer enhanced training to TAA-certified workers;
- Allow TAA-certified workers to combine full-time work with either full- or part-time training, or to combine part-time work with either full- or part-time training; and
- Clarify that training programs that lead to a license, certificate or community college degree and are linked to a high-demand occupation and apprenticeship programs are permitted as training.

It is important to note that the “New Economy Scholarships” proposal—which looks remarkably similar to the Administration’s repeatedly rejected Career Advancement Accounts proposed under WIA reauthorization—would likely significantly reduce available funding for training under TAA. In FY05, ETA [estimated](#) that the average cost of training a TAA participant was \$13,358. If it’s assumed only that costs increased by the rate of inflation since 2005, the average cost today would be \$14,056. Yet the “New Economy Scholarships” would allow up to only \$8,000 over four years.

Food Stamp Employment & Training (FSET) Program Improvements Included in Senate Farm Bill

On October 25th, the [Senate Farm Bill](#) was passed out of committee. Due to the great work of committee chairman Tom Harkin (D-IA) and his staff, the bill includes two key reforms to the Food Stamp Employment & Training (FSET) program proposed by TWA. The first provision changes the current prohibition on FSET program participation for more than 120 per month and clarifies that those who do so on a voluntary basis can exceed this limit, ensuring that food stamp recipients working 30 hours a week or more can receive job training under FSET if they want to. The second provision clarifies that up to 90 days post-employment services can be counted as a reimbursable expense under FSET 50-50 match funding, helping food stamp recipients not only get a job, but making sure they also have the supports they need to keep a job.

The FSET program is generally perceived by Members of Congress to be significantly underutilized, with many states having programs only on paper. As a result, when Congress began work on the Farm Bill reauthorization, there was a real threat of deep FSET funding cuts—particularly since any savings from the program could be put instead toward other, badly needed Food Stamp Program improvements. It is no small achievement that the worst of these cuts were not only avoided, but that the FSET program reforms included in the bill will likely result in new federal investments in the program. The importance of Senator Harkin’s willingness to find a way to include these improvements in the bill should not be underestimated, nor should the work of advocates around the country who clearly demonstrated the potential effectiveness of this program.

The Senate spent nearly two weeks debating the bill on the floor, but was unable to move the bill forward prior to adjourning for the Thanksgiving recess. More than 250 amendments were filed, including on such controversial topics as immigration, the estate tax, and biofuels. Senate leadership attempted to cut off debate and limit amendments by filing for cloture on the bill, but the vote failed, 55-42. Although congressional leaders have not proposed a timeline to return to the bill, it seems unlikely that they will leave it unfinished for long as it remains a very high priority for a number of key lawmakers and recent reports suggest that they are approaching an agreement on limiting the number of amendments. Once the Senate finishes the bill, it will go to conference with the bill the House passed last summer. Because the House bill does not include these FSET reforms, advocates will need to work to ensure that the Senate language remains in the bill.

To learn more about the FSET program and read TWA's FSET reform proposal, go to www.workforcealliance.org/FSET



Higher Education Programs

Higher Education Act (HEA)

Senate and House Committees Both Pass HEA Reauthorization Proposals; Bills Expand upon Funding Gains under Earlier Reconciliation Bills

Having already dramatically expanded funding for Pell Grants and student loans earlier in the year through budget reconciliation, the House and Senate have since proceeded on reauthorization of the Higher Education Act.

As [previously reported](#) by TWA, both the House and Senate moved during the summer to pass budget reconciliation bills that would expand funding available for Pell Grants and student loan subsidies by some \$20 billion through reductions in fees paid to student loan companies. In September, those conferenced House and Senate bills became the [College Cost Reduction and Access Act of 2007 \(HR 2669\)](#), touted as “the single largest investment in college financial aid since the GI Bill.” The Act was subsequently signed into law by President Bush.

The Act's main elements were an increase in maximum Pell Grants to \$5,400 by 2012 (up from the current \$4,310) and a halving of interest rates for federally subsidized student loans. However, there were some lesser known gains for non-traditional working students as well (a [summary](#) of which is available from the Center for Law and Social Policy), including:

- A reduction of the “work penalty” that otherwise limits the amount of money that poverty-wage working students can keep for living expenses without reducing their Pell aid;
- Exclusion of EITC benefits from countable income when assessing working students’ aid awards; and
- Automatic exemption of families making less than \$30,000 from expected out-of-pocket contributions when calculating Pell eligibility.

Even with these changes, however, there were still aspects of the Higher Education Act that remained to be reauthorized. Thus, in July, the full Senate unanimously passed the HELP Committee’s [Higher Education Amendments of 2007 \(S 1642\)](#). Among its provisions of interest to TWA and advocates for working students were:

- Allowances for Year-round Pell Grants, to better accommodate working students who would rather spread their course-taking across 12 months (vs. the traditional two semesters);
- Creation of a new “Partnership Grants” program, which would enable colleges to partner with workforce investment boards to develop new training programs for high-growth industries.

More recently, on November 15th, the House Ed & Labor Committee—after much debate and multiple amendments—unanimously passed the bi-partisan [College Opportunity and Affordability Act of 2007 \(HR 4137\)](#). In addition to including new allowances for year-round Pell, the bill also calls for an even more dramatic increase in the maximum Pell Grant ceiling (\$9,000 / year) than was achieved in earlier reconciliation bills, though there is no money provided under the bill to pay for such expansion. Also, through an amendment offered by Reps. Altmire (D-PA) and Woolsey (D-CA), the bill includes:

- New “Business Workforce Partnership” grants, to help colleges develop flexible means whereby working students could receive basic skills instruction and for-credit courses, either on campus or in the workplace, to meet the needs of local employers. (There is no funding attached to the bill.)

The House hopes to bring HR 4137 to the floor soon, so that it can be conferenced with the Senate bill.



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