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Introduction

On May 7th, President Obama released his Fiscal Year (FY) 2010 budget request, which provides the administration's detailed funding requests for all annually appropriated federal programs and activities. Because of the Inauguration, the timing of the release is somewhat unusual and much later than normal: the administration released a [budget summary](#) in February, and Congress has already adopted the FY 2010 budget resolution setting the parameters for federal spending for the coming year. However, congressional appropriators will undoubtedly give careful consideration to the President's requests as the appropriations cycle begins, and so an examination of the administration's workforce development proposals can provide both an insight into the President's agenda for promoting a skilled workforce and a hint of what the workforce development field can expect in the months ahead.

In his joint address to Congress on February 24th, the President [called upon all Americans to commit to at least one year of post-secondary education and training](#). The Workforce Alliance strongly applauds the President's vision, and believes that it is important that the President and Congress match this challenge with an equal commitment to ensuring that U.S workers can access and succeed in quality training toward family-supporting careers. The administration's proposed FY 2010 budget makes significant strides toward this goal in some areas, but in others simply maintains the status quo. If we truly wish to rebuild the economy and restore our competitive edge through investments in skills, now is not the time to stand pat.

This is particularly true in our current economic crisis. With a national unemployment rate now at nearly 9 percent—the highest rate in more than a quarter century—and with more than 13.7 million Americans out of work, the need for Congress to invest in the skills of the American workforce is greater than ever. Although the American Recovery and Reinvestment Act provided nearly \$4 billion for job training and related activities under the Department of Labor, this funding is only for the next two years and is principally intended to help states and localities cope with the sudden surge in demand for services from recently unemployed and underemployed workers. Congress should seize this historic opportunity by adopting a national skills strategy and making the investments necessary to ensure that U.S. workers and businesses can access skills training to keep up with the demands of the 21st-century economy.



Department of Labor

WIA Level Funded; New Funding for Career Pathways Initiative, Transitional Jobs Proposed

Overall, the Department of Labor (DOL) [budget request](#) for FY 2010 is \$13.3 billion, an increase of about \$400 million over FY 2009 levels. Training and employment services are funded at \$3.83 billion, an increase of about \$200 million over FY 2009 levels, although less than the \$3.95 billion appropriated under the Recovery Act. In itself, this represents a major victory for the workforce development field. For the past eight years, funding for job training and employment programs at the Department of Labor was under constant threat, as the Bush administration repeatedly sought to eliminate or consolidate programs. While Congress largely rejected these efforts to dismantle the nation's public workforce system, they did reduce annual funding for DOL programs by more than \$2 billion dollars (in constant 2009 dollars) between FY 2002 and FY 2009.

Workforce Investment Act (WIA)

The Obama administration, while not going as far as the workforce development field might have liked, at least does not propose to continue this downward trend. The President's budget would essentially level fund the WIA Adult, Dislocated Worker, and Youth formula grant programs at FY 2009 levels—\$861.5 million for adults, \$1.18 billion for dislocated workers, and \$924 million for youth—for combined total of \$2.97 billion. DOL's "[Budget in Brief](#)" document states that the Employment and Training Administration (ETA) will encourage states to use WIA Adult funds to support "transformational efforts to improve the effectiveness of the public workforce system," which is consistent with ETA guidance on implementation of the Recovery Act. Also consistent with Recovery Act guidance, ETA will continue to focus on enhanced service delivery to target populations, including low-income and low-skill workers, and expects to see renewed emphasis on summer employment and other work experiences with FY 2010 WIA Youth funding.

For Employment Services (ES) grants to states, the administration requests \$703.6 million, consistent with FY 2009 levels. The administration proposes eliminating funding for the Work Incentive Grant Program, a pilot program designed to enhance accessibility of One-Stop services for job seekers with disabilities. The program was funded at \$17.3 million in FY 2009.

Other ETA Programs

While the President's FY 2010 requests for WIA and ES may seem familiar, there are plenty of changes in other training and employment programs under ETA:

- **Community-Based Job Training Grants/Career Pathways Innovation Fund:** For the last several years, Congress has provided annual appropriations for the Community-

Based Job Training grant (CBJTG) program, which funds competitive grants for workforce development initiatives at community colleges. The Obama administration proposes to replace the CBJTG with a new Career Pathway Innovation Fund, which would provide grants to community colleges to develop or expand career pathways programs in partnership with education and training providers, employers, and the public workforce system. The new program would be funded at \$135 million, a \$10 million increase over the FY 2009 CBJTG appropriation.

- **Green Jobs Innovation Fund:** The administration requests \$50 million to provide competitive grants to help workers receive job training in green industries and sectors. This funding is expected to complement and build upon the \$500 million in funding for green jobs training provided under the Recovery Act.
- **Reintegration of Ex-Offenders:** The administration is requesting \$115 million—an increase of about \$6.5 million over FY 2009—to support adult and youth reentry programs under WIA and the Second Chance Act of 2007.
- **Pilots, Demonstrations, and Research:** The administration is requesting \$57.5 million, of which \$50 million will be used to demonstrate and evaluate transitional jobs programs, which combine short-term supported employment with case management and job training services. In particular, ETA intends to focus on programs that serve non-custodial parents.
- **H-1B Training for Employment in High Growth Industries:** The administration request includes continued funding for competitive grants for training in high-growth and emerging industries. This program is not funded through annual appropriations, but rather through employer fees generated through the H-1B visa program. The “Budget in Brief” indicates that ETA will continue to monitor grants made under the High-Growth Job Training Initiative and the Workforce Innovations in Regional Economic Development (WIRED) program, but seems to indicate that these programs will not continue in their current form.
- **Migrant and Seasonal Farmworker Program:** The administration proposes level funding this program at \$82.6 million for FY 2010. The Bush administration had proposed eliminating this program in their FY 2009 budget request.
- **Indian and Native American Programs:** The budget calls for level funding of the Native American program, at \$52.8 million. The Bush administration proposed cutting this program by about \$7.8 million in their FY 2009 budget request.
- **Workforce Data Quality Initiative:** The administration requests \$15 million for competitive grants to support the creation and expansion of longitudinal data systems that help track and integrate data between educational and workforce systems. This project would be carried out in collaboration with the Department of Education, which has been supporting research and implementation of longitudinal data systems in K-12 education for the last several years.

- **YouthBuild:** The budget calls for a substantial increase in funding for YouthBuild, going from \$70 million in FY 2009 to \$114.4 million (a 64 percent increase) in FY 2010. The Budget in Brief indicates that YouthBuild will promote green construction training in FY 2010, and will continue to build linkages with the Registered Apprenticeship system and community colleges.
- **Denali Commission:** The administration calls for the termination of this program for distressed communities in Alaska, which received around \$3.4 million in FY 2009, arguing that it is duplicative of other services. The Bush administration had also recommended elimination of the program in FY 2008 and FY 2009.
- **Women in Apprenticeship and Nontraditional Occupations:** The administration proposes level funding WANTO, which helps expand apprenticeship opportunities for women, at \$1 million.

Other DOL Programs

Senior Community Service Employment Program (SCSEP): The administration has proposed a modest increase, from \$572 to \$575 million, for this program that provides supported employment and training opportunities for low-income workers above the age of 55. The administration anticipates that 91,000 individuals would be served under the FY 2010 request.

Trade Adjustment Assistance (TAA): Congress reauthorized TAA through 2010 as part of the Recovery Act, expanding benefits to service and public sector workers and significantly increasing the annual cap on training expenditures under the program. In addition, Congress included a new TAA for Communities title, which contains among other things a \$40 million sector partnership grant program for communities impacted by foreign trade.

The administration's request reflects these changes, as well continuing high rates of trade-related unemployment, calling for an increase in overall funding for the program from about \$860 million in FY 2009 to \$1.8 billion in FY 2010. Of that total, approximately \$686 million will be allocated to TAA training, an increase from an estimated \$516 million in FY 2009 and \$260 million in FY 2008.

Job Corps: The administration requests an increase of nearly \$17 million to \$1.7 billion for Job Corps, which provides education and vocational training for at-risk youth. The program received an additional \$250 million under the Recovery Act.

Office of Apprenticeship: The administration boosts funding for this office, which is responsible for administering the national registered apprenticeship system, from \$21.4 million to \$27.8 million.

[Watch](#) Secretary Solis explain the Department's FY 2010 budget proposal.

A comprehensive [FY 2010 budget summary](#) is available on the Department's website.



Department of Education

Pell Grant Program Significantly Expanded, Funding Increased by Nearly 50 Percent

Overall, the administration has requested [\\$46.7 billion in discretionary funding for the Department of Education](#), while recommending some significant changes to the way federal financial assistance for education and job training is funded and administered.

Pell Grants: The federal Pell Grant program provides financial support for low- to moderate income undergraduate students. The budget request includes a legislative proposal that would make a number of significant changes to the current program:

- The maximum individual grant award would be set at \$5550 for the 2010-11 academic year, an increase from \$4731 in 2008 and \$5350 in 2009. The average grant amount would increase from \$2970 in 2008 to an estimated \$3770 in 2010.
- The maximum grant award would be indexed to grow at the rate of inflation plus one percentage point on an annual basis.
- Funding for the program would be made mandatory, rather than relying on annual discretionary appropriations that have consistently led to shortfalls in program funding. The administration has requested \$28.7 billion to fully fund the program as a part of this transition which, when combined with funds provided under the Recovery Act, would mean an increase in aid available to students from \$18.2 billion in 2008 to \$28.6 billion (48 percent) in 2010.

The administration expects that the number of students receiving Pell Grants will increase from about 6.1 million in 2008 to 7.6 million in 2010.

Career and Technical Education: The Obama administration level funds Career and Technical Education (CTE) programs under the Department of Education at \$1.27 billion, with \$1.16 billion for state CTE grants and \$102.9 million for the Tech Prep program.

Adult Education and Family Literacy Act (WIA Title II): The administration would significantly increase funding for Adult Basic and Literacy Education state grants in FY 2010, with funding going from \$554.1 million in FY 2009 to \$628.2 million in FY 2010. The request includes \$67 million to compensate certain States for errors in calculating formula grant awards between 2003 and 2008. The budget request also proposes the elimination of the National Institute for Literacy (NIFL), recommending that the functions of this independent body be assigned to the Office of Vocational and Adult Education.

Other Education Programs

College Access and Completion Fund: The administration has requested \$500 million for FY 2010 to support this initiative, which would permit flexible grants to states and national organizations to create or continue innovative programs to increase postsecondary enrollment and completion, particularly for disadvantaged students. The administration hopes to provide \$2.5 billion for this program over five years.

Rehabilitation Services and Disability Research: The budget request calls for an increase in funding for Vocational Rehabilitation state grants from \$2.97 billion in FY 2009 to \$3.08 billion in FY 2010. These grants provide a range of services, including education and training, job placement, and post-employment services for individuals with disabilities.

Federal Perkins Loans: The Perkins Loan program offers needs-based student loans to up to \$5,500 for undergraduate students and \$8,000 for graduate students. Historically, this program has been administered by participating schools, using a limited pool of federal funds, but the Obama administration proposes to have the program administered directly by the Department of Education. The administration estimates that these changes would provide up to six times the loan volume as the current program, while saving the federal government \$3.2 billion over the next five years.

TRIO and GEAR UP: TRIO and GEAR UP are college preparation programs serving disadvantaged students. The administration proposes to level fund both programs in FY 2010, with TRIO programs receiving \$142.7 million and GEAR UP receiving \$313.2 million.

Supplemental Educational Opportunity Grants (SEOG) and Leveraging Educational Assistance Partnership (LEAP): The administration would level fund these programs at \$757 million and \$63.9 million, respectively. The programs provide needs-based assistance for post-secondary students.

State Grants for Training of Incarcerated Individuals: The budget request calls for level funding of this program at \$17.2 million. The program helps state correctional agencies provide post-secondary education and vocational training to eligible incarcerated individuals.

American Opportunity Tax Credit: The administration's budget request includes a proposal to make the American Opportunity Tax Credit authorized under the Recovery Act permanent. The American Opportunity Tax Credit amends the Hope Scholarship credit for tax years 2009 and 2010, providing a higher education tax credit of up to \$2500 per taxable year. The credit is 40 percent refundable.

A comprehensive [FY 2010 budget summary](#) is available on the Department's website.



Other Workforce Development News

Department of Labor Issues Final Recovery Act Guidance, Calls for “Transformative Efforts”

On March 18th, the Department of Labor’s Employment and Training Administration (DOLETA) issued the final [Training and Employment Guidance Letter](#) (TEGL) for implementation of Workforce Investment Act (WIA) and Wagner-Peyser formula funds under the American Recovery and Reinvestment Act. Throughout the document, DOLETA expresses an expectation that Recovery Act funds be used for “transformational efforts to improve the effectiveness of the public workforce system,” and articulates a vision for the system that includes the provision of multiple career pathways for adults and youth, regional and sectoral strategies connected to high-growth industries, expanded access to training, and increased focus on serving low-income and low-skilled individuals.

As part of this vision, DOLETA is requiring all states to submit revised WIA State Plans by June 30, 2009, and has made clear that states are to use the State Plan revision process as a means to rethink how they provide job training and education. USDOL has signaled that they will be watching to ensure states follow through on these plans, noting in the TEGL that “[T]he State Plan modification is the states’ primary vehicle for communicating to the public how it will implement the Recovery Act, and will be a key tool in ETA’s monitoring of Recovery Act implementation.”

The workforce development field should work to ensure this vision is effectively translated into practice on the state and local level by helping decision-makers engaged in State Plan revisions—and implementation of education and training programs under the Recovery Act more generally—understand what works in workforce development. To that end, The Workforce Alliance released [recommendations](#) to help advocates weigh in on State Plan deliberations, drawing on key points of emphasis in the TEGL to ensure that states are using recovery dollars effectively and efficiently while fulfilling the transformative goals of the Act.

House, Senate Committees Begin to Consider WIA Reauthorization, Again

After a disappointing 110th Congress in which neither chamber managed even to introduce a Workforce Investment Act (WIA) reauthorization bill, the first four months of the 111th Congress have seen a flurry of activity, with a series of hearings on the House side and committee staff-driven stakeholder meetings on the Senate side. With the national unemployment rate at its highest level in more than two decades—and with President Obama calling for all Americans to commit to one year of postsecondary education during his February joint address to Congress—it appears that lawmakers are feeling significant pressure to ensure that employers are able to find skilled employees, and that workers can access the training and education they need to secure family supporting jobs.

The House Education and Labor Subcommittee on Higher Education, Lifelong Learning, and Competitiveness has hosted four hearings on WIA since February, most recently a May 5th hearing on adult education and family literacy activities under the law (a fifth hearing, a field hearing scheduled in Representative Polis' (D-CO) district, was cancelled due to scheduling problems).

It is clear that committee members are paying closer attention to the public workforce system as a result of the significant investments in job training under the Recovery Act, and that members are looking to the system to respond quickly and effectively to the current economic crisis. As subcommittee Chairman Ruben Hinojosa (D-TX) stated in his opening [remarks](#) before the March 23rd hearing:

“We have taken bold and swift action with the passage of the American Recovery and Reinvestment Act, which will infuse approximately \$4 billion into our workforce investment system. This is an opportunity and a challenge for all of the stakeholders. The opportunity comes with the unprecedented increase in resources...The challenge is handling the dramatically increased number of individuals seeking services while scaling up best practices and testing innovative new ones. We need to do a much better job of putting youth and low-skilled adults on career pathways that will enable them to answer President Obama’s call to commit to one year of college or career training.”

The Senate Health, Education, Labor and Pensions (HELP) Committee has not yet held reauthorization hearings, but key committee staff convened a series of “listening sessions” during the month of April, with three sessions focusing on issues and recommendations relating to the WIA Adult, Dislocated Worker, and Youth programs, and another session devoted to system accountability. The Workforce Alliance joined a broad range of national stakeholders, including representatives of the business, labor, higher education, adult basic education and literacy, and vocational rehabilitation communities, to offer recommendations for improving the public workforce system. Specifically, The Workforce Alliance encouraged the committee to connect WIA reauthorization with the principles and priorities laid out in the Recovery Act, focusing on increased access to training for all workers, supporting sectoral partnerships and career pathways strategies, and adopting performance measures that more accurately reflect today’s labor market realities. The Workforce Alliance had submitted [written recommendations](#) for WIA reauthorization at a November 2008 “listening session,” which was also hosted by Senate HELP staff.

Workforce advocates should seize this opportunity to build upon the momentum for job training and education built through the Recovery Act debate. Let your representatives on Capitol Hill know that Congress should connect WIA reauthorization to work begun by states and localities under the Recovery Act to ensure that efforts to implement economic recovery and transform the workforce system will continue in the years ahead. The Workforce Alliance will continue to update the field on developments related to WIA reauthorization, and will work to ensure that Congress lives up to the vision and the promise of the Recovery Act.

Secretary Solis Testifies on Green Jobs before Senate HELP Committee

Green jobs remain a hot topic on Capitol Hill. President Obama has called for shifting to a clean energy economy in his [budget proposal](#), and the House and Senate energy bills include a range of worker training programs related to green jobs. On April 21st, the full Senate HELP committee held a hearing on green skills training for workers featuring recently confirmed Labor Secretary Hilda Solis, who worked with The Workforce Alliance and other stakeholders to include the [Green Jobs Act](#) as part of the 2007 energy bill (P.L. 110-114).

In her [opening statement](#), Solis argued that “[g]reen jobs play an important role in our economic recovery. The promise of green jobs is not only to help re-start the economy and put Americans back to work, but also to help make America more energy independent. Investment in our Nation’s clean energy future will not only secure America’s energy supply, but will do so in ways that promote economic stability and the advancement of all our communities.”

Secretary Solis noted that the Recovery Act included \$500 million for competitive grants to support job training and other employment activities in the energy efficiency and renewable energy industries—part of a larger \$750 million grant program to support workforce education and training in emerging and high-growth industries—and she indicated that grant solicitations for these funds would be issued by DOLETA by June 2009. She also signaled that DOL is encouraging states to invest in training, labor exchange, and other employment activities connected to green job creation under the Recovery Act, and expand existing training programs that can help workers prepare for green job opportunities.

Obama Announces Initiative to Increase Training and Education Opportunities for UI Beneficiaries

On May 8th, President Obama [announced](#) the first step in what he called a “fundamental rethinking of our job training, vocational education, and community college programs,” introducing an initiative to reduce barriers to education and training opportunities for dislocated workers. The President called on states to remove restrictions on allowable training activities for individuals receiving unemployment insurance benefits, and announced the creation of a new website, [Opportunity.gov](#), that provides job training and education resources for laid-off workers. The President stated that,

“[t]he idea here 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 to prepare yourself for a better job...It should offer folks educational opportunities they wouldn’t otherwise have, giving them the measurable and differentiated skills they need to not just get through these hard times—but to get ahead when the economy comes back.”

USDOL has issued a [Training and Employment Guidance Letter](#) outlining suggested changes states can take to implement the President’s proposal. Specifically, the Department is strongly encouraging states to review their current policies to ensure that workers may participate in community college programs with job skills components, adult basic education and language courses, and other programs that can enhance long-term employability. In addition, states are

encouraged to notify Unemployment Insurance (UI) beneficiaries of their potential Pell Grant eligibility, and UI state agencies are asked to direct individuals to the One-Stop Career system for information on available training opportunities. State UI agencies and One-Stop Career Centers are encouraged to work together to ensure that training for UI beneficiaries does not impact UI eligibility, and One-Stops are urged to assist unemployed workers with locating job training opportunities and in applying for financial aid.

Coupled with language in the Recovery Act that provides incentive funds to states that modernize their UI systems, this announcement presents the workforce development field with an excellent opportunity to weigh in with state and local policymakers, and advocate for expanded access to education and training opportunities for dislocated workers. The National Employment Law Project recently issued a [report](#) detailing how some states are improving their UI systems to meet the skill needs of workers and businesses, and offering examples for other states to draw upon.

In his speech outlining this new UI initiative, President Obama also seemed to suggest we should expect to see additional proposals to expand access to education and training coming from the Administration in the next few weeks.

“So this is a good start. But it is only a start. These steps are just a short-term down payment on our larger goal of ensuring that all Americans get the skills and education they need to succeed in today’s economy. To that end, I’ve also asked every American to commit to at least one year or more of higher education or career training. It can be community college or a four-year school; vocational training or an apprenticeship; but whatever the training may be, every American will need to get more than a high school diploma...

And in the weeks to come, I will lay out a fundamental rethinking of our job training, vocational education, and community college programs. It’s time to move beyond the idea that we need several different programs to address several different problems – we need one comprehensive policy that addresses our comprehensive challenges.”

The Workforce Alliance will continue to provide updates as events develop.



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