



Washington Update

Developments in Federal Workforce Policy

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Economic Recovery

American Recovery and Reinvestment Act (ARRA) Includes Billions for Workforce Development

On February 16th, President Obama signed into law the [American Recovery and Reinvestment Act](#) (P.L. 111-5). The \$787 billion bill includes almost \$4 billion for job training and related activities under the Workforce Investment Act (WIA), along with funding for a number of other key workforce provisions which will be critical to ensuring that U.S. workers and businesses have the skills they need to begin rebuilding our nation's economy.

These additional investments in job training and education offer an excellent opportunity for the workforce development community to demonstrate its effectiveness. It is critically important that the workforce development field not only deliver job training supports and services quickly and efficiently, but also promote innovative strategies such as sector partnerships and career pathways that begin to transform the public workforce development system.

Highlights of the final bill include:

- \$2.95 billion in additional WIA formula funding for adults, youth, and dislocated workers. Priority for Adult funds is given to low-income and other hard-to-serve individuals and local workforce boards are permitted to contract for training services with institutions of higher education and other eligible providers.
- \$750 million in competitive grants for worker training in high-growth industries, particularly in the health care, energy efficiency, and renewable energy sectors.
- \$400 million for State Unemployment Insurance and Employment Services.
- \$7 billion for incentives to states to modernize unemployment compensation programs through the adoption of certain provisions, including a provision allowing individuals enrolled in certain training programs to receive benefits even after exhausting their rights to regular compensation.
- Establishment of the American Opportunity Tax Credit, which (for tax years 2009 and 2010) amends the Hope Scholarship Credit to provide a partially refundable \$2500 credit for qualified expenses for post-secondary education.
- [Reauthorization](#) of the Trade Adjustment Assistance (TAA) program.

DOL Releases Preliminary Guidance on WIA, ES Implementation under ARRA

The Department of Labor's Employment and Training Administration (DOLETA) released on March 4th a [Training and Employment Notice](#) (TEN) regarding the implementation of WIA and Wagner-Peyser funds under the recovery bill. The department also issued a [Training and Employment Guidance Letter](#) (TEGL) on March 6th outlining state allotments for WIA and Wagner-Peyser formula funds under the Act.

In her [press release](#) announcing the allotments, recently-confirmed Labor Secretary Hilda Solis offered a strong vote of confidence in the workforce system, and echoed President Obama's call—as part of his February 24th speech to Congress—for a national commitment to at least one year of post-secondary education and training:

"In his recent address to the nation, President Obama asked every American to commit to at least one year or more of higher education or career training. This significant investment in employment and training presents a tremendous opportunity for workers and employers across the country. Through One-Stop Career Centers, unemployed, underemployed and dislocated workers can access career counseling, skill assessment, job search assistance, training and other services to upgrade their skills and find new jobs."

Key policy issues addressed by the March 4th TEN include:

- **Heightened Transparency:** The Recovery Act contains a slew of transparency and accountability requirements for funds provided under the Act, and workforce funds are no exception. ETA will be issuing a TEGL on new reporting requirements later this spring, but workforce development professionals should anticipate being asked to provide more data, on a more frequent basis, and as close to “real-time” as possible at both the state and federal level. It is likely that there will be strong emphasis on increasing the numbers of individuals served, job placement, and credential attainment.
- **Timing:** The TEN emphasizes that Recovery Act funds are to be spent simultaneously with regular WIA formula funds, with an expectation that states will provide services and training to significantly greater numbers of individuals over the next 18 months “using strategies that meet immediate needs while supporting longer term economic recovery.” (pg. 3) States are expected to keep administrative costs to a minimum.

There is a very strong expectation that this money will be combined with regular formula funds and that the majority of these funds will be spent within the first year of availability. Workforce development professionals should view this funding as an opportunity to expand capacity and increase services. The TEN specifically lists investments in regional sector strategies and approaches to reach low-income and low-skill workers, including engaging with community-based organizations, as principles guiding the workforce system in successfully meeting the goals of the law.

Now is the time to identify partnerships and programs to ensure they can hit the ground running as funding becomes available. We would emphasize that the provision allowing for the use of contracting for training slots—as opposed to utilizing individual training accounts (ITAs)—is an excellent tool for rapidly expanding training capacity. Workforce professionals should also revisit existing procedures for providing supportive services and needs-related payments; these are specifically highlighted in the law and ETA wants to see recovery funds used for these services.

- **Funding Availability:** ETA will make funds available to states no later than March 19, 2009, and states are required under WIA to make funds available to local areas within thirty days of receipt. States are being encouraged to look at how personnel hired with Recovery Act funds may be exempt from state hiring freezes. Although the period of availability for WIA and Wagner-Peyser funds runs through the end of Program Year 2010 (June 30, 2011), we again stress that ETA wants this money to be spent as “**quickly and efficiently as possible**” (Congress used this phrase repeatedly in the Recovery Act) and simultaneously with regular formula funds.
- **High Growth Grant program:** Distribution schedules for the high-growth competitive grant funds are still being developed. However, workforce development professionals can look to the industries and target populations specified in the [Green Jobs Act](#) for guidance on what types of green jobs programs will be funded, and should also consider health care programs that could be funded with this money. The TEN outlines a set of principles to “guide the workforce system in...meeting the goals of the Recovery Act” and specifically references “regional sector strategies.” (pg. 4) Workforce development professionals should focus on sector partnership and career pathway approaches as they begin to think about applying for these grants.
- **Summer Youth:** A significant portion of WIA Youth formula funds should be used to provide summer youth employment opportunities *this summer*. Because of the relatively short turnaround time, states and local areas are encouraged to identify vendors now and explore expedited procurement processes. States and local areas may contact ETA regional offices to inquire about waivers to facilitate rapid implementation.
- **Waivers:** All currently approved WIA formula waivers will apply to Recovery Act funds, with three major exceptions: waivers of the funds transfer limit between Adult and Dislocated Worker programs; waivers of the limitation on the use of funds for capitalization of businesses; and waivers to permit states to use rapid response funds for incumbent worker training. ETA will be reviewing *all* current waivers to determine their continued necessity for PY09. As part of the State Plan modification due by June 30, 2009, ETA will require states to submit a full waiver plan for all waiver requests, both current and new. Workforce development professionals should anticipate that some current waivers will be discontinued next year, particularly the ones specified above, and should be aware of the short timeframe for submitting any new waiver requests as well.

- **State Plans:** States will be required to submit a request for a one-year extension to their state plans by April 15, 2009. ETA will be requiring that states submit a modification to their WIA/Wagner-Peyser Act State Plans by June 30, 2009. States may expend Recovery Act funds under their existing plans before approval of modified plans.

Trade Adjustment Assistance Expanded and Reauthorized under Recovery Act

In addition to direct spending and tax provisions that support job training and education, the Recovery Act also included a two-year reauthorization of the federal Trade Adjustment Assistance (TAA) program, which provides training and other support services for workers displaced by foreign trade. TAA reauthorization has long been a priority for House Ways and Means Chairman Charles Rangel (D-NY) and Senate Finance Chairman Max Baucus (D-MT). Although the House was able to pass a bill in October 2007, reauthorization ultimately stalled last year, with the Bush administration threatening a veto unless Congress approved a series of free trade agreements in advance.

The language in the recovery bill incorporates a number of changes supported by The Workforce Alliance and others, including the expansion of eligibility to trade-impacted service and public sector workers, an increase in authorized funding for training services from \$220 million to \$575 million per year, and an expansion of allowable training options, including part-time and pre-layoff training, and prerequisite education.

One item of particular interest in the reauthorization is the creation of a new “TAA for Communities” section that, among other provisions, establishes a grant program for industry or sector partnerships in communities impacted by trade. Championed by Sen. Maria Cantwell (D-WA) and developed in cooperation with The Workforce Alliance, the language authorizes a total of \$90 million over the next two years to help eligible partnerships strengthen and revitalize industries and create employment opportunities for workers in communities impacted by trade. The section also includes a grant program to help eligible communities develop and implement economic recovery plans, and another grant for community colleges to provide training and education for dislocated workers.

While The Workforce Alliance applauds congressional action on TAA, we must point out that Recovery Act did not provide funding for the TAA for Communities program. The Workforce Alliance will strongly advocate full funding for these programs in the FY 2010 appropriations cycle.

Read a [section-by-section analysis](#) of the sector partnership program, an [overview](#) of the new TAA for Communities section, and a [summary](#) of key workforce and training provisions under the bill.



Budget and Appropriations

FY2009 Omnibus Appropriations Bill Passed by Congress, Funds Federal Government through September 2009

On March 10th, Congress passed an [omnibus spending bill](#) (H.R. 1105) to fund government programs for the remainder of the FY 2009 fiscal year, which began on October 1. The bill combines nine separate appropriations bills that were left over from last year, including the Labor-HHS bill which provides funding for the Departments of Labor and Education.

The bill essentially level funds (at FY 2008 levels) job training and employment services programs under the Department of Labor (DOL) at around \$3.6 billion. In addition, the bill appropriates \$ 958.8 million for worker training and benefits under TAA, most of which goes to health care and income support, and sets the maximum Pell Grant award for the 2009-2010 award year at \$4860.

While the omnibus bill received relatively little attention, it is important to reiterate that DOL expects this money to be used in conjunction with recovery bill funding to support the expansion of training and supportive services. Workforce development professionals should begin planning now for how to leverage both funding streams to expand training capacity and prepare workers for current and emerging job opportunities to support economic recovery and growth.

President Obama Releases FY 2010 Budget Summary, Indicates “Strong Support” for Workforce Training

On February 26th President Obama released a [summary](#) of his FY 2010 budget proposal, which will be followed in April by the full budget proposal. While the summary document does not provide specific programmatic funding recommendations, it does provide some important clues about the new administration’s workforce and education priorities. Notably, the budget proposal emphasizes:

- “Strong support” for federal workforce training programs—a welcome change after nearly a decade of disinvestment in job training, including more than \$2 billion in annual funding cuts to the Workforce Investment Act since 2002;
- Interest in promoting transitional jobs and career pathways programs; as a candidate, President Obama called for investments of \$1 billion over five years to support these programs, and he sponsored legislation in the Senate that would have provided funding for career pathways and transitional jobs programs; and
- Expanding on the significant support for green jobs training under the recovery bill, including by encouraging existing programs to find ways to connect with the energy efficiency and other environmentally-conscious industries.

Additionally, the budget summary calls for making the new American Opportunity Tax Credit permanent, seeks to make Pell Grant funding mandatory (as opposed to the current annual appropriation), and proposes a new \$2.5 billion investment over five years for programs that increase persistence and completion in higher education for low-income students.

The Workforce Alliance will monitor developments relating to the FY 2010 budget and appropriations process and will provide additional details as they become available.



Other Workforce Development News

New Labor, Education Secretaries Confirmed; HHS Secretary Nominated

After months of delays, the Senate on February 24th voted 80-17 to confirm former California congresswoman Hilda Solis as the next Secretary of Labor. The Workforce Alliance [strongly supported](#) Secretary Solis' nomination when it was announced in December, with Executive Director Andy Van Kleunen calling Solis a “champion for giving every American the chance to share in the prosperity of the 21st-century economy.”

As a member of Congress, Rep. Solis worked extensively with The Workforce Alliance, the Ella Baker Center, Green for All, the Apollo Alliance, and others to develop the Green Jobs Act, which was signed into law as part of the 2007 Energy bill (P.L. 110-140). The Green Jobs Act authorized \$125 million in new training investments for skilled jobs in such sectors as alternative transportation and fuels, green building and energy efficiency retrofitting, and renewable energy production. Importantly, Rep. Solis included a “pathways out of poverty” program within the Act, targeting training programs specifically to low-income individuals whose skilled employment could help rebuild disadvantaged communities. The Workforce Alliance looks forward to working with Secretary Solis to reauthorize the Workforce Investment Act and to help U.S. workers and businesses acquire the skills the need to contribute to the nation’s economic recovery.

The Senate has also confirmed Arne Duncan to be Secretary of Education. Secretary Duncan is recognized as a national leader within the educational community, and we are hopeful he will continue that leadership by ensuring that all Americans are able to get the education and training they need to get and keep good jobs, particularly those individuals who are beyond the reach of traditional K-12 and higher-education educational systems. We further hope that Congress will act soon to confirm Kansas governor Kathleen Sebelius as the next Secretary of Health and Human Services.

Read [additional coverage](#) of Solis' confirmation.



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