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WASHINGTON UPDATE

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Congress Falls Short on 'Extenders' Legislation, Seeks Stand-Alone Unemployment Insurance Extension

Despite more than a month of negotiations and parliamentary maneuvering, congressional efforts to pass the American Jobs and Closing Tax Loopholes Act (HR 4213) – a tax 'extenders' bill that also included a range of investments in job training and worker support programs - fell apart in late June as the Senate rejected three separate attempts to end debate on the measure and proceed to a final vote.

The failure of the package, a key component of the Democratic job creation agenda, underscores the growing difficulty of advancing federal spending legislation in the run-up to the November elections. Senate leaders repeatedly reduced the overall funding level of the bill in an effort to attract the votes of a small group of moderate Republicans and fiscally conservative Democrats concerned about increasing the federal deficit, but in the end these modifications proved insufficient to get the 60 votes necessary to overcome procedural hurdles, prompting Senate Majority Leader Harry Reid (D-NV) to pull the bill from the floor.

As originally introduced, the Senate's version of the bill included a range of investments in key Democratic priorities, including a \$24 billion extension of increased federal Medicaid assistance to states (FMAP) intended to help states and localities avoid painful budget cuts that are projected to cost as many as 900,000 jobs in the public and private sector next year. The measure also included several important workforce provisions:

- A one-year extension, through September 2011, of the Temporary Assistance for Needy Families (TANF) Emergency Contingency Fund (ECF), which was established under the Recovery Act and provides for partial federal reimbursement of certain state TANF expenditures, including subsidized jobs programs. The bill would also have provided an additional \$2.5 billion for the program in Fiscal Year (FY) 2011. Approximately 30 states are currently operating, or are implementing, subsidized jobs programs for 185,000 low-income workers under the emergency fund, but will likely begin to close these programs down if the ECF is allowed to expire in September 2010.



- \$1 billion for summer youth employment programs, which was expected help to place up to 300,000 individuals between the ages of 16-24 in summer jobs.
- Expansion of participant eligibility under the Community College and Career Training Grant (CCCTG) Program to include individuals who are eligible (or are likely to be eligible) for UI, or who have exhausted their UI benefits. The CCCTG program was established as part of the Trade Adjustment Assistance (TAA) program reauthorization under the Recovery Act and recently received \$500 million per year in FY 2011-14 as part of the reconciliation bill.
- Extensions through November 2010 of expanded unemployment insurance (UI) benefits originally authorized under the Recovery Act.

While the workforce provisions remained intact in each of the proposed Senate amendments, Senate leaders reduced investments in the bill throughout the debate, eventually trimming FMAP spending to \$16 billion, eliminating an extension of a UI program that provided an additional \$25 per week for qualified individuals, and proposing to cut \$9 billion by phasing out increased assistance under the Supplemental Nutritional Assistance Program (formerly Food Stamps). However, the moderate Senators targeted by these efforts – including Republicans Susan Collins and Olympia Snowe of Maine, and Democrat Ben Nelson of Nebraska – refused to change their votes and allow the bill to move forward.

With the larger ‘extenders’ bill effectively dead, Congressional leaders have focused their immediate efforts on just the UI extension. Senator Reid and Senate Finance Committee chair Max Baucus introduced yet another substitute amendment on June 29 that includes an extension through November 2010 of expired federal UI programs and the homebuyers’ tax credit, both authorized under the Recovery Act, but otherwise retains little of the original Senate language; this stripped-down bill is slated for a floor vote prior to the July Fourth recess. It is expected that if the Senate is able to pass this bill, the House will immediately take it up and should not have difficulty getting the simple majority required for passage. It is vitally important that Congress pass this bill; more than one million jobless workers have already lost access to UI assistance since the most recent extension lapsed in early June, and it is estimated that more than two million will lose access to these benefits if Congress does not extend the programs prior to the July Fourth recess.

The House is also expected to take up a Senate-passed supplemental spending bill for the wars in Iraq and Afghanistan prior to the July recess, to which House leaders are seeking to add up to \$10 billion in aid to states to preserve education jobs, \$5 billion in additional funding for the federal Pell Grant program, and additional resources to

support employment and training activities for workers impacted by the Gulf of Mexico oil spill. As of this writing, the House is planning to hold two votes on the measure, one focused on the military spending provisions and one focused on domestic spending, but House Republicans have indicated they will not support significant non-military funding under the bill, which places the prospects of the overall package in doubt.

It is critically important for workforce advocates to urge policymakers not to sacrifice long-term economic recovery through short-sighted spending cuts, and remind them that investments in job training and education can actually help reduce future deficits by ensuring workers and businesses have the skills they need to compete in the global economy. National Skills Coalition will continue to monitor any legislative developments relating to workforce investments, and will provide updates to the field as new information becomes available.

House Expected to Adopt Budget Measure Shortly; Consideration Begins on Fiscal Year 2011 Appropriations Bills

The House is expected to move shortly to adopt a one-year budget measure setting the overall discretionary funding levels for federal programs in FY 2011. According to some reports, the “budget enforcement resolution” would cap discretionary spending at about \$7 billion below the \$1.128 trillion level proposed by President Obama in his February budget request. The resolution would not dictate specific cuts, just overall levels; however, Appropriations Committee chair David Obey (D-WI) has indicated that all appropriations bills that receive committee or floor consideration in the House this year will be funded below the president’s requested levels, suggesting that funding for training and employment programs may be at risk for modest cutbacks next year. The Senate Budget Committee passed a five-year budget resolution in April that would cap discretionary funding at about \$4 billion below the president’s requested level, but committee chair Kent Conrad (D-ND) has indicated that the Senate will likely move to adopt a spending plan more closely aligned with the House approach.

The enforcement resolution under consideration by the House differs somewhat from the traditional budget resolution because it does not include the five-year budget projections normally included in such measures. House leaders have indicated that they are unwilling to include projections until they receive recommendations from a deficit reduction commission appointed by President Obama in February, although it is likely that the omission is also intended to help attract votes from fiscally conservative Democrats who might be unwilling to vote for a resolution that called for increases in the federal deficit. While the five-year

projections themselves are not binding – both chambers must adopt new budget resolutions and spending caps each year – the decision not to include them, along with the steep discretionary funding cuts, illustrates the degree to which deficit fears have come to dominate political conversations on Capitol Hill and the challenge workforce and other social service advocates face simply in maintaining current funding levels.

The House has also held or scheduled markups on six of the twelve FY 2011 appropriations bills, including funding for the Departments of State, Transportation, Commerce, Justice and Agriculture. However, no markup has yet been scheduled for the Labor-Health and Human Services-Education (Labor-H) bill, and it is unclear when or if the House appropriations committee will be able to move forward with this measure. House Democrats have signaled that they do not expect many of the FY 2011 appropriations bills to receive individual floor votes this year, and it seems likely that Congress will start the new fiscal year under a continuing resolution (CR), while deferring action on the actual appropriations bills until after the November elections. Workforce development advocates should be weighing in with policymakers now to ensure that Congress does not cut funding for the training, employment, and worker support programs that are so critical to our nation's economic recovery efforts.

Senators Seek to Attach On-the-Job Training Bill to Small Business Package; DOL Releases \$75 million in OJT Grants

On June 29, Senators Jeanne Shaheen (D-NH) and Thad Cochran (R-MS) introduced an amendment to the Small Business Lending Fund Act (HR 5297) – a small business job creation bill – that would create designated funding under the Workforce Investment Act (WIA) for the Department of Labor (DOL) to award competitive grants to local workforce investment boards to support the expansion of on-the-job training (OJT) activities with area businesses. Shaheen and Cochran introduced identical language as the “On-the-Job Training Act of 2010” (S 3459), on June 7. The small business measure is currently being debated in the Senate, and will likely receive a floor vote after the July recess.

OJT is a proven [“earn-and-learn” strategy](#) that can help address the skill demands of both workers and businesses. Employers participating in OJT contract with local boards to hire and train workers for a specified period of time, and in exchange may receive a subsidy to cover a portion of the employee's wages. Employers are able to minimize the upfront costs of training and supervision for new employees and ensure that training is aligned with the actual skill requirements of the job, while employees benefit from earning a paycheck while acquiring the skills to perform effectively on the job and advance their careers beyond the lifespan of the OJT program.

DOL data indicates that OJT can have a lasting impact for participants: in Program Year 2008, 80 percent of individuals participating in WIA-funded OJT programs were still on the job nine months after exiting the program. And, there is evidence that expanding OJT programs could have a positive impact on job creation, as a recent survey conducted by the Pennsylvania Department of Labor & Industry found that nearly 80 percent of employers would be more inclined to hire new workers if they had access to a well-designed OJT program.

In addition to funding grants for local boards, the Shaheen-Cochran amendment would provide resources to states and localities to engage in employer outreach and program development, and would authorize local boards to offer increased reimbursement rates for businesses that hire individuals with barriers to employment, or for small- or medium-sized firms.

The Department of Labor has signaled strong support for efforts to expand OJT activities, recently [announcing](#) \$75 million in Recovery Act-funded OJT grants to 41 states, three Native American tribes, and the District of Columbia. The grants will be used to provide additional OJT opportunities specifically for dislocated workers.

National Skill Coalition released an [Issue Brief](#) in January providing detailed analysis of OJT activities under WIA, and urging Congress to consider expanding OJT as part of our broader economic recovery strategy.

Education Department Proposes New Student Aid Regulations

On June 18, the U.S. Department of Education (DOEd) issued a set of [proposed regulations](#) intended to strengthen federal student aid programs by clarifying student eligibility rules, enhancing consumer protections, and defining the courses and programs that are eligible for federal assistance. However, the agency decided to delay a proposed definition of “gainful employment” that could impact eligibility for financial assistance for many postsecondary career training programs.

The Notice of Proposed Rulemaking (NPRM) is the product of a year-long negotiated rulemaking process that brought together agency officials and stakeholders across the higher education community to address a set of fourteen “program integrity” issues under Title IV of the Higher Education Act. The proposed rules include language that will, among other things:

- Require institutions to establish procedures for evaluating the validity of high school diplomas

- Extend eligibility for federal aid to students without a high school diploma if they complete six credits of college coursework
- Enhance the agency’s ability to take action against institutions engaging in misleading marketing and sales practices
- Eliminate a range of ‘safe harbor’ provisions allowing institutions to provide incentive payments to admissions recruiters based on enrollment
- Clarify state authorization requirements for institutions to receive federal student aid
- Provide a standard definition of a “credit hour”

The agency opted not to introduce full regulations on the controversial “gainful employment” issue, which had been viewed as a potential tool for reducing student loan burdens, particularly for individuals attending for-profit schools. Under current law, most programs offered by proprietary schools and postsecondary vocational institutions, as well as some non-degree programs at public or private non-profit schools, are eligible for federal assistance only if they prepare students for “gainful employment in a recognized occupation,” but this term has never been defined in law or through regulations. The agency had been considering a definition that would have made programs ineligible if the median debt-to-income ratio of program graduates exceeded eight percent, but this proposal met with strong resistance from for-profit institutions, who argued that the rule would force them to shut down many of their current programs. The agency did propose partial regulations that would require these institutions to provide students with data on graduation and job placement rates associated with the covered programs, and also to report certain financial and academic data on program completers to the agency. The agency is likely to issue the full definition in a separate NPRM, which will be released later this summer.

The current NPRM is open for public comments for a period of 45 days. The agency anticipates publishing final rules incorporating both NPRMs by November.

U.S. Department of Labor Announces More than \$12 Million in Grants for Longitudinal Workforce Data Systems

On May 17, the U.S. Department of Labor’s Employment and Training Administration (ETA) [announced](#) the availability of \$12.2 million in competitive Workforce Data Quality Initiative (WDQI) grants to state workforce agencies or consortiums of SWAs. The three-year grants will support the development and implementation of statewide or multistate longitudinal workforce data systems, which collect and track individual-level data across a broad range of employment,

training, and postsecondary education programs to help policymakers assess the effectiveness of those programs and improve service delivery options.

Statewide longitudinal workforce systems established or expanded through these grants should collect disaggregated individual data from programs funded under Title I of the Workforce Investment Act, the Wagner-Peyser Act, and the Trade Adjustment Assistance program, along with unemployment insurance wage records and benefit data and information from the Federal Employment Data Exchange System (FEDES). In addition, applicants must incorporate existing state education agency data, and establish (or plan to establish) linkages with existing state educational agency longitudinal data systems. Applicants are encouraged to include data from other programs, such as Registered Apprenticeship, Vocational Rehabilitation, and Temporary Assistance for Needy Families that could provide useful workforce outcome information.

Applicants must use grant funds to pursue the following objectives:

- Developing or improving state workforce longitudinal data systems, allowing for the coordination of workforce data sources so that individual records can be tracked across programs and over time.
- Enabling workforce data to be matched to education data, with the long-term goal of tracking individual records from pre-kindergarten through postsecondary and into the workforce system.
- Improving the quality and breadth of data in workforce longitudinal data systems.
- Using longitudinal data to help policymakers analyze the effectiveness of education and training programs.
- Providing information to consumers to help them identify appropriate education and training programs.

The Department of Education recently awarded \$245 million in Recovery Act-funded grants under their State Longitudinal Data Systems (SLDS) program, which supports the development of longitudinal data systems primarily focused on individuals in pre-kindergarten through grade 12. The WDQI grants are expected to complement these efforts and begin to establish the capacity for comprehensive systems that link education and workforce data across an individual's lifetime. These grants represent an important opportunity for the workforce community to ensure that the full range of education and training pathways serving a wide diversity of individuals is represented as states work to build comprehensive data systems.

Grant applications must be submitted by August 16, 2010. SWAs applying on an individual basis are eligible to receive up to \$1 million, while multistate consortiums may apply for awards of up to \$3 million. ETA has posted a pre-recorded webinar for prospective applicants at <http://www.workforceone.org>.

National Skills Coalition, Other National Workforce Groups Submit WIA Title II Recommendations to Senate Subcommittee

On May 26, National Skills Coalition joined with the Center for Law and Social Policy, the Corporation for a Skilled Workforce, the Council for the Advancement of Adult Literacy/National Commission on Adult Literacy, and Jobs for the Future in submitting [recommendations](#) to the Senate HELP Subcommittee on Employment and Workplace Safety on ways to improve Workforce Investment Act (WIA) Title II adult education programs.

The joint recommendations include:

- Increasing the focus on postsecondary and workforce success under Title II, requiring that all new federal funding for adult basic education, literacy, and English as a Second Language (ESL) services be used solely to support pathways into college or family-supporting employment.
- Explicitly allowing adult education and literacy, family literacy, and English literacy services to be provided either before or concurrently with work or postsecondary education and training, including through strategies that integrate basic skills and postsecondary education and training, or provide for dual or concurrent enrollment.
- Requiring states to develop comprehensive statewide plans for workforce and literacy services in consultation with a broad range of stakeholders, including WIA Title I and Title II programs, higher education, business, and labor unions. Plans should include descriptions of how states will recruit and serve very low-skilled adult learners.
- Requiring states to negotiate rates of co-enrollment in WIA Title I and II for eligible individuals, and holding states accountable for establishing and achieving annual increases in co-enrollment rates.
- Ensuring that individuals without a high school diploma or GED have access to a sufficient array of adult education programs leading to credentials with value in the labor market.
- Supporting local partnerships of cross-system providers – including basic skills, workforce, and postsecondary education and training partners – to

help ensure a continuum of services, integrated programs, and coordinated transitions for all learners.

- Requiring the Secretaries of Labor and Education to adopt common performance measures for employment-related services, including benchmarks of progress toward achieving and retaining family-supporting employment. States should be encouraged to engage in research to identify interim benchmarks most likely to lead to success, and the National Reporting System should be refined to more accurately reflect student achievements.
- Supporting innovative approaches to Title I and Title II collaboration under the proposed “Workforce Innovation Funds” at the Departments of Labor and Education, and encouraging collaboration with other federal programs and agencies.
- Increasing capacity for distance learning to expand the reach of services for underserved participants.

National Skills Coalition looks forward to working with our partners and policymakers to ensure these critical reforms are adopted as part of WIA reauthorization.

Department of Health and Human Services Announces “Health Profession Opportunity Grants”

On June 21, the U.S. Department of Health and Human Services’ (HHS) Administration for Children & Families (ACF) [announced](#) the availability of \$51 million in grant funding under the Patient Protection and Affordable Care Act (“Health Care Reform”) to support demonstration projects that provide TANF recipients and other low-income individuals with education and training leading to occupations in the health care sector.

Projects receiving grants under this announcement are expected to target the skills and competencies demanded by health care employers, support the development of career pathways, provide participants with an industry- or employer-recognized degree or credential, provide supportive services to help participants overcome barriers to employment, and provide services at times and locations that are convenient for target populations.

Eligible applicants include states, local workforce boards, community-based organizations, institutions of higher education, and other entities. Applicants must demonstrate that the program will be carried out in coordination with a state TANF agency, the local workforce investment board for the area in which the project will be conducted, the state workforce investment board, and the state apprenticeship

agency. In addition to these required partners, applicants are strongly encouraged to form strategic partnerships with other entities that can provide resources or expertise to support program activities, including employers, labor organizations, social services agencies, and representatives of the education and training community.

Applicants are permitted to propose a broad range of training and related activities that support the grant objectives, but the agency encourages applicants to use proven models such as on-the-job training, registered apprenticeship, and programs that integrate academic instruction and occupational skills training. Applicants are required to provide supportive services to participants where appropriate, including financial aid, child care support, and case management services.

The agency has indicated that it is particularly interested in projects that prepare target populations for careers in the allied health, long-term care, health information technology, nursing, and child care health advocate fields, but will consider applications for other subsectors with well-paying jobs.

It is estimated that ACF will award approximately seventeen five-year grants under this announcement, with awards ranging from a minimum of \$1 million to a maximum of \$5 million. Applications are due by August 5, 2010.