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WASHINGTON UPDATE

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President Releases Fiscal Year 2012 Budget Request

On February 14, President Obama submitted his Fiscal Year (FY) 2012 budget to Congress, providing the administration's appropriations requests for all federal discretionary programs and activities beginning October 1, 2011. Although Congress will develop its own budget resolution, the administration's budget request nevertheless plays a critical role in the annual appropriations cycle, establishing a framework for congressional consideration of federal spending and signaling the administration's priorities for the coming year.

This year's budget debate is likely to be particularly difficult, as members of Congress face deep divisions over how to begin addressing the nation's federal debt. The administration's FY 2012 budget request came just days prior to the House passage of a continuing resolution (CR) for the remainder of FY 2011 that includes more than \$60 billion in funding cuts. The FY 2011 CR cuts more than \$4 billion from workforce development programs, including eliminating all funding in Program Year (PY) 2011 for the Adult, Dislocated Worker, and Youth programs under the Workforce Investment Act (WIA). While both the President and Senate Democrats have signaled their strong opposition to the House-passed CR, it is clear that pressure to reduce federal investments will define most policy conversations in Washington for the foreseeable future, including the FY 2012 budget and appropriations process.

Although the President's FY 2012 budget proposes a five-year freeze on all non-security domestic discretionary spending—which the White House estimates will reduce the federal deficit by \$400 billion over ten years—certain key administration priorities would see significant funding increases: transportation and infrastructure (a 60 percent increase in federal funding over six years), energy (12 percent over current funding levels), and education (11 percent over current levels).

Workforce development programs do face cuts or reprogramming of funding under the administration's FY 2012 budget proposal. Importantly, the administration renews its proposal for a new "Workforce Innovation Fund," jointly administered by the Departments of Labor and Education, to support innovative demonstration and



replication projects on the state and local level. However, funding for WIA Title I and II programs would be cut by 8 percent to pay for the Fund. And, while the budget proposes maintaining the current maximum Pell Grant award level, the administration seeks to cover the cost increase in part through elimination of a provision that allows students to receive two Pell Grants in a single academic year.

For additional information on the administration's FY 2012 budget proposal, read National Skills Coalition's complete [summary](#) and view our [interactive federal funding chart](#).

House FY 2011 CR Includes Devastating Workforce Cuts; Senate Proposes Alternative CR

On February 19, the House of Representatives voted 235-189 to approve a CR for the remainder of FY 2011 that would substantially reduce federal discretionary spending, including cutting \$3.8 billion in funding for job training programs under the Department of Labor.

As passed, the House CR would eliminate all PY 2011 funding for the Adult, Dislocated Worker, and Youth job training programs under WIA, including all [advanced appropriations](#), meaning the WIA system would receive no new funding until July 1, 2012. With many states and localities already overburdened by increased demands for services in the face of continued high unemployment, these cuts could effectively force the shutdown of the public workforce system in communities across the nation.

Other programs that would see FY 2011 funding eliminated or significantly reduced include:

- YouthBuild (\$102.5 million);
- Green Jobs Innovation Fund (\$40 million);
- Career Pathways Innovation Fund (\$125 million);
- Reintegration of ex-offenders program (\$108.5 million);
- Senior Community Service Employment Program (\$500 million);
- Dislocated Worker state formula grant program and the Dislocated Worker National Reserve (\$165 million rescinded from FY 10 funds); and
- Pell Grants (the maximum individual award would be reduced from the current \$5,550 to \$4,705).

The Senate has so far refused to consider the House-passed CR, which forced Congress instead to resort to a short-term stopgap CR to fund federal program operations. On March 2, Congress approved a two-week CR that extended most federal programs through March 18. However, congressional Republicans have insisted that any appropriations bill—including any stopgap measure—must include significant funding cuts. Essentially prorating the cuts in HR 1, the stopgap CR included \$4 billion in cuts, achieved by defunding eight programs slated for elimination under the President's FY 2012 budget request—including Even Start and the Leveraging Educational Assistance Partnership (LEAP) state grant programs under the Department of Education—and cancelling a number of congressional earmarks (including \$49 million in earmarks under DOL).

Senate leaders accepted the cuts under the short-term CR because they were generally seen as non-controversial, but it is unclear at this time whether the parties can find agreement on further cuts prior to the March 18 deadline. Senate Democrats have countered with their own [seven-month CR](#) proposal that would cut overall spending by about \$6.5 billion from current levels. The Senate CR would largely maintain current funding levels for workforce programs, including WIA, but would eliminate not only FY 2011 funding for the Career Pathways Innovation Fund, but also rescinding FY 2010 funds. The Department of Labor has just released a Solicitation for Grant Applications (SGA) for the FY 2010 grants under this program, but funding for these grants would not be available if the Senate proposal is adopted.

The Senate is expected to vote on both the House CR and the Democratic proposal on March 8; while neither measure is expected to pass, Democratic leaders hope a strong vote on the Senate bill will provide some leverage for future negotiations as the two chambers seek a compromise.

TAA Expansion Allowed to Expire

On February 12, Congress allowed key 2009 amendments to the federal Trade Adjustment Assistance (TAA) for Workers program to expire, significantly limiting participant eligibility for training services and reducing annual funding for training from \$575 million to \$220 million per year. The amendments, originally passed as part of TAA reauthorization under the American Recovery and Reinvestment Act (PL 111-5), were set to expire on December 31, 2010, but had been operating under a short-term extension passed by Congress late last year. The Department of Labor has issued [guidance](#) indicating that they will continue to administer the TAA for Workers program through February 2012, but will do so according to law in effect prior to the 2009 amendments unless Congress acts to extend.

Workers who are covered by petitions submitted on or before February 14, 2011 will continue to be eligible for expanded benefits under the 2009 amendments, but failure to extend the 2009 amendments will have a significant impact on a broad range of trade-impacted workers going forward. For example, the amendments expanded eligibility to service and public sector workers whose jobs are threatened as a result of foreign trade, and to workers whose jobs were lost due to trade with countries—including India and China—that are not covered by free trade agreements with the U.S. More than 40 percent of workers currently covered by TAA qualify because of the 2009 amendments, and an estimated 155,000 dislocated workers who otherwise would not have been eligible have received benefits and services under the program. These workers will not be eligible for TAA benefits and services under any new petitions unless Congress reauthorizes the amendments.

Efforts to extend the amendments have been complicated by Republican efforts to link reauthorization to consideration of several pending free trade agreements, including a controversial FTA with Colombia that many Democrats oppose due to violence against labor leaders in that country. New House Ways and Means committee chairman Rep. Dave Camp (R-MI) proposed a [draft bill](#) in early February that would have extended the 2009 amendments for an additional four and half months, through the end of June 2011, but would have offset the costs of the extension by taking \$238 million out FY 2014 appropriations for the [TAA Community College and Career Training](#) (TAACCCT) program. (Congress appropriated \$500 million per year for FY 2011-2014 as part of the 2010 budget reconciliation bill). Sen. Sherrod Brown (D-OH) and other Democratic senators made several efforts advance a TAA extension through the Senate by unanimous consent, but were unable to overcome Republican resistance.

DOL Announces Career Pathways, Transitional Jobs Grants

Career Pathways Innovation Fund Grants

On February 28, the Department of Labor released a [Solicitation for Grant Applications](#) (SGA) announcing the availability of \$122 million in FY 2010 funds for competitive grants under the Career Pathways Innovation Fund, which replaced the Community-Based Job Training Grant program. Importantly, the Senate has proposed rescinding these funds as part of their FY 2011 CR proposal (in addition to eliminating FY 2011 funding). If the rescission is included in a final appropriations package, funds would not be available for this SGA.

As proposed, the SGA would support three-year grants ranging from \$1 million to \$5 million to local Workforce Investment Boards, community and technical colleges, community college districts, and state community college systems to develop and implement career pathways programs in partnership with employers and other relevant organizations.

Applicants would be required to propose projects that develop and implement career pathways programs aimed at unemployed or dislocated workers, with an emphasis on pre-college “bridge” programs and postsecondary education that enables participants to obtain job skills and industry recognized credentials. At least \$65 million of total grant funds would be reserved for projects that focus on the health care sector, with the remaining funds targeted to projects that increase credential attainment to enable students to compete for employment in high-demand or emerging industries and occupations, including (but not limited to) advanced manufacturing, information technology, law enforcement, wireless and broadband deployment, transportation and warehousing, and biotechnology.

Applications for the Career Pathways grants are currently due by March 31, with grants awarded by June 30. However, should the Senate proposal for a long-term CR be enacted, these funds would no longer be available. Interested applicants should monitor the DOL website for status updates relating to this grant announcement.

Transitional Jobs Grants

On March 2, the Department of Labor’s Employment and Training Administration (ETA) released a [Solicitation for Grant Applications](#) (SGA) announcing the availability of \$40 million in grant funds to support enhanced transitional jobs (ETJ) programs for low-income non-custodial parents and ex-offenders. ETA expects to award between six and twelve four-year grants, ranging from \$3 million to \$6 million, to local workforce investment boards and non-profit community or faith-based organizations to implement program models that expand on existing or previously tested transitional jobs models.

Funded projects must include a set of core components that make up effective basic transitional jobs programs—including case management, temporary paid work experience, and support services—as well as specific enhancements that go beyond these core components and address the specific barriers facing target populations. Applicants are required to partner with child support agencies, criminal justice agencies, One-Stop Career Centers, and employers, and may also partner with education and training providers, health and human service agencies, and

community- and faith-based organizations with experience providing supportive services.

Grant recipients will be required to participate in a random assignment evaluation designed to assess the effectiveness of enhanced transitional jobs programs, and must recruit as least 1,000 qualified applicants over two years as part of the evaluation, about half of whom would receive services.

Applications are due by April 15, 2011, with grant awards to be announced no later than June 30, 2011.