

Legislative and Appropriations Update

Prepared for the Philadelphia Workforce Investment Board

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Overview

Congress left for summer recess anticipating a full agenda for the fall – and that was before Katrina and the need to confirm a new Supreme Court Chief Justice. While Congress will have no choice but to address Appropriations relatively quickly, it is unlikely that the *Workforce Investment Act* will get much play in the coming months. However, there are at least rumblings that there will be action on other key workforce-related legislation – specifically, higher education and welfare reform. At the state level, the budget passed in early July with Governor Rendell's *Job Ready Pennsylvania* package intact, which is great news for the workforce system.

With new investments from the Commonwealth and the annual appropriation process rolling in Congress, one cannot help but wonder about the impact that Katrina will have across the nation on federal and state funding for the broad-based urban agenda advocated by cities. While national emergencies are no time for politicking, it is a fact that in addition to job training, in recent years there have been cuts across a range of programs from housing to healthcare and other key initiatives, while not necessarily cut, have not been funded to keep up with inflation. The devastating effects of Katrina on people and the economy, due in part to the decaying infrastructure in New Orleans, provide a hard lesson about the price of domestic disinvestment on this nation. Whether this translates into an invigorated investment targeted to urban centers, and if so what form that investment would take, is an open question that may be up for discussion when the immediate crisis passes.

State Funding: Job Ready Pennsylvania

It is a rare treat to be able to lead with truly great news about workforce funding, and credit goes to Governor Rendell and Pennsylvania's legislators for this one. While other provisions in the state budget – passed in early July – have been grabbing the headlines, *Job Ready Pennsylvania* is definitely news. It is a bold, ambitious, visionary strategy that has, with sustained investment, the absolute potential to provide the state with the skilled labor supply necessary to help the Commonwealth compete and grow. In summary, the plan aligns over \$100 million in resources for education, training, and economic development to support a comprehensive strategy that includes industry-led projects, increased job opportunities, and youth development coupled with articulated, cross-cutting accountability standards.

Federal Funding/Appropriations

In the meantime, Senate Appropriations Subcommittee Chair Arlen Specter continues to champion the workforce system; in July, he shepherded a favorable Appropriations Bill which, like the House, did not fund the Administration's *Workforce Investment Act* consolidated request. While the Senate bill funds most workforce and education programs more generously than the House (about \$129 million more), both bills far exceed the Administration's budget request. The

House and Senate staffs likely have been working over the summer to hammer out differences; expect the reconciliation process among members to commence by mid-September.

In a process that is rarely smooth and sometimes downright contentious, the annual appropriations reconciliation may face yet another complication this year: welfare reform. For more details, read on...

Welfare Reauthorization

Three years ago this month, *Temporary Assistance to Needy Families (TANF)* – better known as welfare reform – expired. Since then, it has been extended ten separate times, with the current extension set to expire on September 30, 2005. There are loud rumblings that the House leadership, frustrated with the inaction on reauthorization, would include TANF reauthorization as part of the budget reconciliation process. This would mean that no filibuster would be allowed in the Senate and the bill could be passed by a simple majority vote, potentially resulting in less for childcare funding sought by the Minority and moderates from the Majority. Philadelphia, which is home to nearly 50 percent of Pennsylvania's welfare caseload and currently receives funding to support training activities for over 9,000 recipients a year, has a great deal at stake in reauthorization.

Senator Rick Santorum, who as a member of the Senate Finance Committee supported childcare and other important provisions that might be lost through budget reconciliation, is working with Senate leadership to advance his Committee's bill to the Senate floor. If he and his colleagues are successful, there is a strong likelihood TANF will again be extended as the House and Senate move forward to reconcile their two bills. If Senator Santorum and company are not successful, it seems probable TANF reauthorization will move with the appropriations package.

Workforce Investment Act Reauthorization

It is tempting to defer any discussion of the *Workforce Investment Act (WIA)* in this update, because it is almost incomprehensible that, with all that is transpiring in Congress, they will even consider taking this up before the winter recess. However, as a refresher: when we last heard about WIA, the Senate bucked the Administration's request for consolidation of several major workforce funding streams by passing a bill without consolidation provisions. This non-consolidation was subsequently further supported by both the House and Senate in the way they reported out their Labor appropriations. And there we stand and will likely remain for some period of time. However, there are some interesting developments in states, including Pennsylvania. A handful of Governors, including Governor Rendell, have applied for and been granted waivers that allow them to implement common performance measures across a broad range of federal programs. Common measures are one of those good things that would come with reauthorization, and Pennsylvania's early movement in that direction provides a strong foundation for continued alignment of resources and shared accountability for outcomes.

Higher Education Reauthorization (HEA)

While WIA languishes for yet another season, there may be hope for the reauthorization of the Higher Education Act. In February, House Education and the Workforce Committee Chairman John Boehner (R-OH) introduced the College Access and Opportunity Act, with a laudable goal of

expanding college access for low and middle-income students. After a marathon three-day markup concluding on July 22, the bill passed along party lines out of Committee. A large portion of the debate focused on increasing maximum PELL Grant awards. Democrats offered a plan for this, arguing America is losing its competitive edge and needs to increase the number of students in the higher education pipeline; Republicans would not agree to any amendments aimed at increasing need-based aid, citing their commitment to control spending at the federal level. However, there were other promising provisions to expand the ways in which PELL can be used included in the final bill, including more flexibility that would benefit adult learners. The Senate HELP (Health, Education, Labor & Pensions) Committee staff have been working over the summer on a bipartisan HEA bill and committee leadership has announced it would move on the bill immediately following the August recess. A draft bill floated over the Labor Day break shows a strong focus on increasing grant aid for students and easing barriers for working adults pursuing post-secondary education.