

Legislative and Appropriations Update

Prepared for the Philadelphia Workforce Investment Board

June 2005

Overview: There has been a great deal of activity in Congress related to the reauthorization of the *Workforce Investment Act*, but as of this writing there is little new to report. Other legislative action, with the exception of the budget, was put on the back burner while the Senate negotiated its way out of – for the moment – invoking the “Nuclear Option.” In the meantime, negotiations continue in the Commonwealth, where Governor Ed Rendell is working on passage of his budget by the end of June, which includes a \$100+ million for *Job Ready Pennsylvania*.

Federal Budget/Appropriations: Rarely is there anything good to report these days with regard to federal funding for the workforce system (which has shrunk in value from about \$22 billion in 1979 to about \$4.5 billion in 2003). Our champions, including Senator Arlen Specter, face increasingly smaller appropriations with which to work, so of late even level funding is seen as a victory. However, in recent months we almost scored big: Senator Ed Kennedy (D-MA) introduced a budget amendment calling for \$5.4 billion in funding restoration of key workforce and education programs cut in the President’s budget proposal (including \$975 million in funding for WIA and Adult Literacy Programs). Senator Specter was one of five Senators who crossed party lines to vote in support of the measure, which passed on the Senate floor 50-49. Unfortunately, the amendment did not survive the budget reconciliation process in the House.

So what exactly is the funding challenge to the workforce system? On April 28, both chambers of Congress narrowly passed – along partisan lines – the FY2006 Budget Resolution. Overall, discretionary programs are slated for \$23 billion in cuts, or almost 6 percent as compared to FY2005 funding levels adjusted for inflation. Over the next five years, the cut in domestic spending will be close to \$250 billion. The resolution also includes \$70 billion in tax cuts, mainly targeted to those in higher tax brackets, and increases the national deficit.

Since it is only a blueprint, the resolution provides no clear indication as to which specific programs might absorb these cuts. However, there are some things that do seem clear. First, both the House and Senate Appropriations Subcommittees that fund labor and education programs will see cuts in their allocations (the House released its allocations on May 6 and the Subcommittee will have \$142 billion, close to \$1 billion more than the President’s proposal but \$163 million less than FY2005 spending levels). Second, Congress as a whole – yes, representatives from both parties – acted in support of full funding for the Community Development Block Grant, which the President proposed consolidating and cutting. In a time of relatively gloomy budget news, this is a great victory; Philadelphia alone receives about \$35 million annually in Community Development Block Grant funding.

The House Labor-Education-HHS Subcommittee is scheduled to mark up their appropriations bill on June 9. There are indications that, as in past years, the Senate Subcommittee will not schedule their mark up until after Labor Day.

In the meantime, Pennsylvania and subsequently Philadelphia were notified of the FY2006 (PY2005) *Workforce Investment Act* Title I appropriations. Overall, the Commonwealth’s funding

was cut by \$9.68 million, or 7.83 percent. However, unlike in PY2002 when Philadelphia absorbed over 50 percent of the state's cuts and saw percentage decreases in the double digits, this year's local funding cuts are actually less on a percentage basis than the Commonwealth's, as shown on the following chart.

Funding Stream	Commonwealth Allocation (in millions)			Philadelphia Allocation (in millions)		
	PY2005	\$ Change	% Change	PY2005	\$ Change	% Change
Adult	\$32.734	(\$2.877)	-8.08%	\$6.157	(\$.167)	-2.64%
DW*	\$44.741	(\$3.424)	-7.11%	\$3.358	\$.189	5.97%
Youth	\$36.475	(\$3.376)	-8.47%	\$6.398	(\$.521)	-7.53%
Total	\$113.949	(\$9.676)	-7.83%	\$15.913	(\$.499)	-3.04%

* Dislocated Worker

Workforce Investment Act Reauthorization: In January, a bipartisan bill to reauthorize the *Workforce Investment Act* (WIA) was introduced in the Senate. In April, with the introduction of "WIA Plus" by the Administration, that bill became extremely partisan and for a short time it looked as if WIA reauthorization was going to be a bloody battle in the Senate and in conference committee, if it even made it that far. But, alas, cooler heads prevailed and the Senate leadership opted to advance a bipartisan bill similar to the one introduced at the start of the session. The bill – S. 1021 – passed out of the HELP (Health, Education, Labor, & Pensions) Committee on May 18, and is awaiting a floor vote. However, the US Department of Labor – in a letter from USDOL Secretary Elaine L. Chao to HELP Committee Chair Senator Michael Enzi (R-WY) on May 17th – expressed opposition to S. 1021, citing the fact that a number of the Administration's priorities are not included in the bill. That is, the bill passed *without* WIA Plus, a consolidated block grant, or any change in the local governance structure. It is anticipated there will be considerable pressure on majority Senate members to introduce these provisions as amendments when S. 1021 comes to the Senate floor.

Vocational Rehabilitation: On March 9, approximately one month after the President proposed the elimination of funding for the \$1.3 billion Carl D. Perkins Vocational and Technical Education Act (known as Perkins), both the House and Senate moved bills forward that would renew this funding stream. Perkins provides state grants that help many low-income students pursue careers and technical education. This is positive news for Philadelphia: Community College of Philadelphia currently receives \$2 million annually and the School District of Philadelphia receives \$6 million annually under Perkins.

Higher Education Reauthorization (HEA): The 108th Congress adjourned without reauthorizing the Higher Education Act, instead passing a one-year extension. In February, House Education and the Workforce Committee Chairman John Boehner (R-OH) introduced the College Access and Opportunity Act to expand college access for low and middle-income students through reauthorization of HEA. This legislation, originally introduced in the 108th Congress,

includes measures such as strengthening Pell Grants, simplifying the college aid application process, reducing student loan fees, expanding student loan relief for teachers, and other items to remove barriers to higher education. However, last time around Representative Boehner faced opposition from college and university lobbying groups because the legislation included a provision that would allow for-profit schools to access campus-based aid programs. Current law distinguishes public and private non profit colleges and proprietary schools, and blocks for-profit schools from receiving aid. To date, the Senate has not taken action on HEA reauthorization.

Welfare Reform Reauthorization: *Temporary Assistance to Needy Families* (TANF), originally slated to expire in September 2002, has been extended nine separate times – most recently on March 25 extending the bill until June 30 – because agreement could not be reached in Congress. As of this writing, the Senate Finance Committee has passed a TANF reauthorization bill, but it has not been scheduled for floor action. The House has passed a bill in Subcommittee, and it is unclear when it will be forwarded to the Ways & Means Committee for mark up. Generally, Republicans favor tougher work requirements and Democrats argue for larger increases in child care funding. It is possible that if agreement cannot be reached with the Minority by summer, then the Majority may move a welfare bill through the 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 child care 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.