

PWIB Quarterly Legislative Update

September 2006

Overview

Last we reported, there was a hold in the Senate on their version of the *Workforce Investment Act* bill for reauthorization (the House had passed a bill in early 2005). Then, in late June the hold was released and the bill was passed on the Senate floor. However, the bill might still die at the close of the 109th Congress...see below for the continuing saga.

Meanwhile, sometime in the wee hours of July 1, the Pennsylvania legislature delivered the FY2007 budget to Governor Rendell for his signature. The final budget contained the Governor's commitment to Job Ready Pennsylvania to support a range of activities that include industry partnership development and industry-specific training. To date, Job Ready has seeded and supported over 70 partnerships across the Commonwealth, including over a dozen in southeastern Pennsylvania.

Finally, some unexpected yet very welcome news came our way on the appropriations front. And, it is there we will start...

Appropriations

PY2006: On August 10, final Workforce Investment Act Title I allocations for the program year that started on July 1, 2006 were announced. Guess what? The Commonwealth of Pennsylvania received a modest *increase* in a year when the overall appropriations were cut by 5 percent. Overall, Philadelphia also saw a modest increase (see chart below). This is very welcome news considering earlier this year we were bracing for potential cuts of 5 percent or more.

Funding Stream	Commonwealth Allocation				Philadelphia Allocation			
	PY05	PY06	Diff.	%	PY05	PY06	Diff.	%
Adult	\$27.82M	\$29.23M	\$1.41M	5%	\$6.16M	\$6.22M	\$60,000	1%
DW*	\$26.84M	\$27.68M	\$0.83M	3%	\$3.36M	\$3.51M	\$160,000	5%
Youth	\$31.00M	\$32.30M	\$1.30M	4%	\$6.40M	\$6.40M	\$12,000	0%
Total	\$85.67M	\$89.21M	\$3.54M	4%	\$15.91M	\$16.13M	\$0.22M	1%

* Dislocated Worker

FY2007: Meanwhile, back in Washington, the FY2007 appropriations process has gone about as far as it will probably go until after the November elections. The news, thus far, could be better. First, the House passed an appropriations bill that rescinded \$325 million in current funds that, according to the Hill staff, the Department of Labor told them was unexpended and not needed in the field. The Department of Labor denies making this recommendation. In any case, the total cut in the House from current and new funds is about \$625 million in workforce and education programs. The Senate cuts total about \$557 million, but without a rescission. All of this is still infinitely better than the President's proposal to cut \$2.4 billion. Now, you may be asking "what about the Specter/Harkin Amendment that held such promise for FY2007 appropriations?" Great question! But first, a reminder to those that take this in quarterly doses instead of with their morning coffee...earlier this year, Senators Specter (R-PA) and Harkin (D-

IA), chair and ranking member, respectively, of the Senate Labor-HHS-Education Appropriations Subcommittee, won full Senate passage of a budget amendment that would restore \$7 billion in funding cuts for Labor-HHS-Education programs. And the answer to the question...unfortunately (like so many things having to do with money for domestic programs these days), only part of that \$7 billion is reflected in the current appropriations bill; it remains to be seen if another appropriations amendment will be offered (and passed) to restore the rest of that funding. In any case, there will be a great deal of activity related to the FY2007 appropriations in post-election season, if not before. *For an overview of where appropriations stand, see the chart – prepared by The Workforce Alliance – immediately following this update.*

Workforce Investment Act Reauthorization

The six-month hold in the Senate on legislation to reauthorize the *Workforce Investment Act* (WIA) was released in June and the committee's bill passed. However, the agreement reached was that the conference report would not be presented in the Senate unless there is reconciliation between the House (for) and Senate (against) positions on funding faith-based organizations that use faith-based hiring practices. In meetings with Senate and House staffers in July, all seemed interested in passing WIA this year but were guarded in predictions about whether the faith-based issue could be resolved. Generally, there was a sense that the rest of the provisions in the bills could be reconciled relatively easily. Congress adjourned in August without any reported progress on the key issue.

Welfare Reauthorization

As you may remember, Temporary Assistance for Needy Families (TANF) was folded into last year's budget reconciliation package. This included potentially dramatic sanctions to states with low work participation rates, placing Pennsylvania at risk—and providing no additional funding to aid the state in making a transition. The Department of Public Welfare went into high gear and participation rates have been raised statewide. As of today, it looks as if Pennsylvania is within reach of meeting the new 50 percent requirement and moving the state out of risk of what could have been very substantial sanctions (*additional information on the Commonwealth's efforts to meet the welfare-to-work goal can be found in the appendix of this briefing book*). That is the good news.

For TANF recipients, the news is not so good. In June, the US Department of Health and Human Services (HHS) released interim final regulations defining permissible work activities. The list is neither as long nor comprehensive as it once was. For example, the lifetime maximum for vocational education is twelve months and there are all kinds of additional participation barriers, despite major efforts by a range of stakeholders to communicate the importance of a prepared and educated (that is, degreed) workforce. The fact that Philadelphia's TANF population tends to be not particularly well-educated and family-sustaining jobs tend to require an Associates Degree or more, combined with lifetime limits (hence *Temporary Assistance for Needy Families*) and the unlikely event that the economy, in a repeat of the late 1990s, will all of the sudden have an insatiable need for low-education workers...well, it has the potential to not be a pretty picture in

the long run. Not the long, long run, but not tomorrow – probably sometime after the '08 elections.

Overall, the regulations seem, well, awfully *regulatory* for a program that provided a block grant to states in exchange for state flexibility. *Washington Post* reporter Amy Goldstein, in an August 8 article, reported that “[M]any state officials and advocates are furious” about this shift away from state flexibility. To support this assessment, she included the following analysis, offered by Elaine M. Ryan of the American Public Human Services Association: “You had fixed block grants in exchange for state flexibility. Now you have fixed block grants in exchange for federal micromanagement...that was not the deal.”

In response to the rules, the same groups that earlier wrote to HHS about ideas for the regulations have followed up with comments suggesting changes for when the rules become final. The deadline for comments was August 28. There seems to be little optimism that these efforts will yield results, and so energy is being shifted toward a more legislative strategy. Stay tuned.

Want to Get Involved?

Should you wish to get involved in the PWIB's advocacy work, or if you would like more details about the information in this update or other legislative topics tracked by the PWIB, please contact Cynda Clyde (cclyde@pwib.org) or review materials on our website (www.pwib.org).

**FY 2007 Appropriations for Key Job Training and Education Programs
at U.S. Departments of Labor, Education, and Health & Human Services**

Program	FY05 Enacted	FY06 Enacted	President's FY07 Request (Budget Proposal)	President's FY07 vs. FY06	House FY07 Approps (Full Committee)	House FY07 vs. FY06	Senate FY07 Approps (Full Committee)	Senate FY07 vs. FY06
Dept. of Labor								
WIA Adult Formula (to states)	889,498,000	864,199,000	712,000,000	(152,199,000)	854,000,000	(10,199,000)	800,000,000	(64,199,000)
WIA Dislocated Worker Formula (to states)	1,186,479,616	1,189,811,000	875,266,000	(314,545,000)	1,193,264,000	3,453,000	1,193,264,000	3,453,000
WIA Dislocated Worker Natl. Reserve*	157,104,032	157,800,000	239,316,000	81,516,000	157,800,000	0	157,800,000	0
WIA Youth Formula (to states)	986,288,054	940,500,000	840,500,000	(100,000,000)	885,500,000	(55,000,000)	885,500,000	(55,000,000)
Wagner-Peyser/Employment Service (to states)	780,592,000	715,833,000	688,769,000	(27,064,000)	688,769,000	(27,064,000)	688,769,000	(27,064,000)
Rescission of WIA "recaptured and carryover" unexpended \$\$					(325,000,000)	(325,000,000)	0	0
Sub-total WIA and ES programs	3,999,961,702	3,868,143,000	3,355,851,000	(512,292,000)	3,454,333,000	(413,810,000)	3,725,333,000	(142,810,000)
Youth Build**	62,500,000	50,000,000	50,000,000	0	50,000,000	0	50,000,000	0
Employment Service Natl. Activities	64,976,000	33,428,000	32,918,000	(510,000)	32,918,000	(510,000)	32,918,000	(510,000)
One Stop Career Centers/LMI	97,974,000	81,622,000	63,855,000	(17,767,000)	40,000,000	(41,622,000)	63,000,000	(18,622,000)
Job Corps	1,544,951,000	1,592,758,000	1,501,602,000	(91,156,000)	1,523,000,000	(69,758,000)	1,629,788,000	37,030,000
Youthful Offender	49,600,000	49,104,000	0	(49,104,000)	0	(49,104,000)	60,000,000	10,896,000
ETA Natl. Activities - Pilots & Demos	85,000,000	29,700,000	17,700,000	(12,000,000)	43,361,000	13,661,000	44,815,000	15,115,000
ETA Native Americans	54,237,600	53,696,000	51,458,000	(2,238,000)	50,000,000	(3,696,000)	50,000,000	(3,696,000)
ETA Migrant and Seasonal Farm Workers	76,259,000	79,252,000	0	(79,252,000)	80,053,000	801,000	80,053,000	801,000
Veterans Employment & Training	222,833,000	222,091,000	224,887,000	2,796,000	224,440,000	2,349,000	224,867,000	2,776,000
TAA Training	259,300,000	259,400,000	259,600,000	200,000	259,600,000	200,000	259,600,000	200,000
Community Based Job Training Grants	124,000,000	125,000,000	150,000,000	25,000,000	125,000,000	0	125,000,000	0
Prisoner Re-entry Initiative***	19,840,000	19,642,000	19,642,000	0	0	(19,642,000)	0***	(19,642,000)
Total DOL Selected Programs	6,661,432,302	6,463,836,000	5,727,513,000	(736,323,000)	5,882,705,000	(581,131,000)	6,345,374,000	(118,462,000)
Dept. of Health & Human Services								
Public Health Workforce Development	10,167,000	7,920,000	0	(7,920,000)	0	(7,920,000)	8,000,000	80,000
Nursing Programs	150,661,000	149,679,000	149,679,000	0	149,679,000	0	149,576,000	(103,000)
Total DHHS Selected Programs	160,828,000	157,599,000	149,679,000	(7,920,000)	149,679,000	(7,920,000)	157,576,000	(23,000)
Dept. of Education								
Vocational & Technical Education	1,326,106,592	1,296,306,000	0	(1,296,306,000)	1,296,306,000	0	1,296,306,000	0
Adult Basic and Literacy Education	585,405,984	579,552,000	579,552,000	0	579,552,000	0	579,552,000	0
Pell Grant****	12,364,997,280	13,045,230,000	12,659,713,000	(385,517,000)	13,009,000,000	(36,230,000)	12,606,713,000	(438,517,000)
Total Dept. of Education Selected Programs	14,276,509,856	14,921,088,000	13,239,265,000	(1,681,823,000)	14,884,858,000	(36,230,000)	14,482,571,000	(438,517,000)
Total Select Education and Training Programs	21,098,770,158	21,542,523,000	19,116,457,000	(2,426,066,000)	20,917,242,000	(625,281,000)	20,985,521,000	(557,002,000)

*FY06 Enacted total does not include one-time \$125 million supplemental for Katrina / Rita relief.

**YouthBuild program currently under Dept. of HUD. FY07 budget request calls for its transfer to Dept. of Labor.

***Senate bill includes funding for Prisoner Re-Entry within Youthful Offender funding.

****Senate bill assumes an additional \$271 million from FY06 appropriation

Source: US DOL and Congressional Budget and Appropriations Documents FY05 - FY07