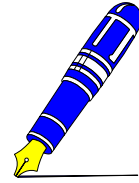


# DIRECTORS NOTES

3/11/04



## Local News

- **Youth Programs RFP**  
On February 24, 2004, the combined WIA Youth Program Request for Proposal was let. The proposal process will close on April 6, 2004.
- **Children' Summit**  
The Merced County Children's summit has been scheduled to begin April 30<sup>th</sup>. The First Five Commission, the Human Services Agency, and The California Endowment are the sponsors of this two-day event. The purpose of the summit is to develop a solution based action plan that addresses the needs of our youth. The Summit will be held at The Boys and Girls Club. Invitations will be forthcoming.
- **National Association of Workforce Boards (NAWB)**  
The Workforce Investment Board will be attending the NAWB conference in Washington DC, March 12-16, 2004. John Headding, Chair, Nellie McGarry, 1st Vice Chair and Andrea Baker, Director will represent the Board.

## State News

- **WIB Chair Forum**  
CWA hosted a policy forum on Wednesday, January 28th for WIB Chairs. The purpose of the forum, titled Jobs and California's Workforce: WIB Dialogue at the Capitol, is to carry our policy message, with one voice, directly to Governor and his Staff. The one-day event included conversations with new administration officials and members of the Legislature. WIB Chair, John Headding represented Merced along with the Director, Andrea Baker.
- **Migrant and Seasonal Farm workers/Workforce Investment Boards Dialogues**  
The Department of Labor (DOL) has contracted with the National Association of Workforce Boards (NAWB) to conduct regional dialogues to learn how National Farm Worker Jobs programs and State and Local Workforce Boards can increase collaboration through strategic planning efforts. The west coast regional meeting will be held in Sacramento, on March 30, at Cosumnes River College. Andrea Baker has been asked by the NAWB to be a member of a Practitioners Consulting Group for this project. As part of this project she will travel in May, to Washington DC, to meet with DOL and develop principals and recommendations for DOL model pilot projects.
- **California Regional Economies Project San Joaquin Valley Regional Forum**  
Hosted by the eight San Joaquin Valley Workforce Investment Boards, the California Regional Economies Project, funded by the State Workforce

Investment Board and the California Economic Strategy Panel held its San Joaquin Valley forum in Fresno, on February 26<sup>th</sup>, 2004. The project presented information that measures the performance of California's regional economies. Additionally, the Project presented regional economies report and an industry cluster or cross-regional economic and labor study. WIB members, WIB staff and Worknet Leadership Team members attended the forum.

- **State Formula Allocations**

WIA formula allocations to states are expected to be out in early March. Our understanding is that the DOL is using year 2000 Census data in the formula calculations, potentially giving California a 10 to 15 percent boost in its allocation. Last year, largely because the USDOL used 10 year-old Census data, California lost 20 percent (\$90 million) of its WIA funds to other states.

## National News

- **FY 2004 Appropriations – Omnibus Bill Signed**

On January 23, President Bush signed H.R. 2673, the “Consolidated Appropriations Act of 2004,” which contained the 7 remaining appropriations bills (including Labor-HHS) that Senate appropriators failed to pass prior to the winter recess. FY 04 funding for WIA programs is close to last year's levels. There is, however, a \$44 million cut due to zeroed-out Youth Opportunity Grant funding. The Omnibus also recaptured unspent Welfare-to-Work funds. Below are the funding levels for the major workforce programs.

<b>DOL Programs In Millions</b>	<b>FY02 Final</b>	<b>FY03 Final**</b>	<b>FY04 Admin</b>	<b>FY04 Final***</b>
WIA Total	5,674	5,200	4,951	5,130
Adult	950	898.7	900	900
Dislocated Workers	1,371*	1,461	1,383	1,457
Youth	1,128	994.5	1,001	1,001
YO	225	44.2	0	0
Job Corps	1,459	1,513	1,566	1,541
One-Stops/LMI	120	99.4	101	99.4
Migrant Workers	81	77	0	77
Youth Offenders	55	54.6	0	50

\* Includes the \$177.5 million rescission in the FY 01 Supplemental Appropriations bill, which was effective in FY 02. Pre-rescission FY 02 level was \$1.549 billion.

\*\* Includes a 0.65 percent across the board cut to all discretionary programs.

\*\*\* A 0.59 percent across the board cut was applied to these levels and all discretionary budget authority in the omnibus.

- **Bush Administration's FY 2005 Budget Request**

On February 2, the President released his budget proposal of \$2.4 trillion for FY 2005. With this request came more detail on new workforce programs first mentioned in the President's State of the Union address.

The President's 05 budget for the Department of Labor requests from Congress a modest 1.2 percent increase in discretionary spending. However, due to a proposed Consolidated Grant of Adult, Dislocated Worker, and Employment Service (ES) funding, significant reductions in both ES and Dislocated Worker dollars, new national initiatives paid for out of the Consolidated Grant, and a 25 percent reduction in Youth formula funding to pay for national Youth Challenge Grants, states and local workforce areas stand to lose as much as half a billion dollars in employment and training funds. It's important to note that the President's new national workforce proposals do not come with new money, but are paid for by offsets and reductions to existing programs within DOL and the Department of Education.

Elements of the High Growth Training Initiative are described below in the funding chart.

<b>DOL Programs In Millions</b>	<b>FY04 Final</b>	<b>FY05 Administration</b>	<b>Change for States/Locals</b>
Adult	900		0
Dislocated Worker	1,457		-74
<b>Consolidated Adult Grants</b>	<b>3,279</b>		
National Reserve	283		
Community College Grants	250		
Personal Reemployment Accounts	50		
Adult Formula Grants to States	2,695		-160
<b>Youth Grants</b>	<b>1,001</b>	<b>1,001</b>	
Youth Formula Grants to States	751		-250
National Challenge Grants			250
Employment Service/One-Stop	969	180*	-93
Job Corps	1,541	1,557	16
Migrant Workers	77	0	-77
Youth Offenders	49	0	-49
Prisoner Reentry Program	50	90	30
H-1B Rescission	100**	0	-100

*\*This number reflects the transfer of \$696 million to the Consolidated Adult Grants of Adult, Dislocated Worker, and Employment Service funding.*

*\*\*When the H-1B Grant solicitations were cancelled in early January 2004, there was approximately \$100 million in funding available for these grants. DOL proposes to rescind this \$100 million. Since these funds were generated by employer fees, rather than appropriated by Congress, it is not clear what DOL could do with these funds.*

- **Elements of Administration's "High Growth Training Initiative"**  
**Consolidated Adult Grants:** As it did with WIA Reauthorization, the Administration proposes to create a Consolidated Adult Grant by combining the WIA Adult and Dislocated Worker funding streams with Employment Service funding, but only after slashing \$90 million from ES and \$74 million from Dislocated Workers. Out of this much reduced block of funding, the Administration proposes to subsidize three national initiatives -- \$283 million for

the national reserve, \$250 million for a competitive grant program for community colleges, and \$50 million for a Personal Reemployment Account (PRA) pilot program. What's left is a significantly reduced Adult Formula Block Grant -- a nearly 17 percent reduction from FY04 in employment and training funds for states and local areas. The Administration also says it will tap \$1.4 billion in "unexpended" 2004 WIA balances to reallocate "...where they are most needed."

***Community College Grants:*** According to the Administration, the purpose of this \$250 million competitive grants program for community colleges is to better align training with industry. This program is not paid for with new money, but comes out of the proposed Consolidated Grant, and is more than offset by cuts to other existing programs that support job training at community colleges. The proposed Department of Education budget, for instance, cuts \$300 million (a 24 percent decrease) in funding available to community colleges and high schools for vocational education through the Perkins program -- a cut that alone exceeds the \$250 million pledged for the new Community College Grants program. The Education budget also designates the remaining \$1 billion in Perkins funding specifically to serve high school students -- not adult workers seeking job training at community colleges and other post-secondary institutions.

To implement this initiative, DOL says it will conduct a competitive Solicitation for Grant Applications (SGA) from eligible applicants. To be eligible, an applicant must include one or more community colleges involved in a partnership with a business or industry and a workforce investment board.

***Youth Challenge Grants:*** As in its WIA Reauthorization proposal, the Administration's 05 budget recommends taking 25 percent off the top of the \$1 billion WIA Youth formula grant to finance a competitive National Challenge Grants program. The remaining youth funds will go to state formula grants, from which local youth programs are funded. The budget also proposes a major focus on out-of-school youth and non-school programs that support academic achievement.

***Personal Reemployment Accounts:*** The Administration's request for a \$50 million PRA pilot project is significantly lower than its \$3.6 billion request for PRAs in the FY04 budget (the earlier request failed to win Congressional approval). The PRA pilot would distribute up to \$3,000 to selected unemployment insurance claimants who are most likely to exhaust their benefits or have already exhausted benefits. PRA pilot funds would be awarded to states through a competitive grant process.

***Prisoner Reentry Program:*** The President's 05 Budget proposes \$300 million over four years for a Prisoner Re-Entry Initiative to help individuals leaving prison make a successful transition to employment. DOL will be one of three federal agencies working with faith-based organizations to provide training, housing options, and transitional assistance to ex-offenders. The DOL budget proposes to fund the program at \$90 million (\$50 million from the Youth Offender program, plus an additional \$40 million). Department of Justice (DOJ) funding is proposed at \$15 million and Housing and Urban Development (HUD)

at \$25 million.

***Migrant Workers and H-1B Eliminated:*** The Administration proposes eliminating the Migrant and Seasonal Farm worker Training program, and proposes reforms to WIA to serve these workers through the one-stops. Also, the DOL will pursue a rescission of \$100 million in H-1B Training Grants, claiming the program has not reduced firms' reliance on foreign workers.

- **FY2005 Congressional Budget Resolution**

Congressional budget committees have already begun serious consideration of the Administration's budget request in preparation for formulating the Congressional Budget Resolution. This official budget agreement sets the broad parameters for the Appropriations process, which then sets the spending levels for specific programs. The House Budget committee will push to mark up its budget bill as soon as March 15, with the Senate looking to complete action by early April. This year promises to be a very difficult appropriations year for WIA and other discretionary, non-defense/non-homeland security programs.

- **WIA Reauthorization**

There is unfortunately not much to report at this point on WIA Reauthorization. Despite the passage last year of WIA bills in both houses, a conference committee has yet to be created to finalize the work. The hold up has less to do with the merits of the WIA bills than with partisan animosity that has delayed legislative progress on any bills that must go through conference negotiations. The hope, and the desire of the WIA authorizing committees, is that the differences between the bills are worked out and reauthorization is completed well before the Congress gets too distracted by election-year politics.

According to congressional staff from the authorizing committees on both sides, the contentious issues for conference will likely be:

- The combined Adult funding stream
- In-school vs. out-of-school youth percentages
- The faith based provisions (a contentious issue for other reauthorizations as well)
- One-Stop infrastructure funding (all the staff prefer the Senate language over the House's, mostly due to the caps. We hope to see a budget amendment this year by Sen. Cantwell to create a separate line item for One-Stop infrastructure).
- The efficiency measure

It is very unlikely that conferees will reopen items that have already been agreed to.