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The Workforce Investment Act (WIA): Program-by-Program Overview and FY2007 Funding of Title I Training Programs

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Summary

This report tracks current appropriations and related legislation for Title I of the Workforce Investment Act of 1998 (WIA) (P.L. 105-220). Following a brief summary of each WIA program, the report presents the status of legislative proposals contained in the Administration's FY2007 budget request and compares WIA funding in the FY2006 appropriation, the FY2007 budget request, and the FY2007 House and Senate Appropriations Committee reports.

WIA provides, in general, job training and related services to unemployed and underemployed individuals. WIA programs are administered by the Department of Labor (DOL), primarily through DOL's Employment and Training Administration (ETA). State and local WIA training and employment activities are provided through a system of One-Stop Career Centers.

WIA authorizes several job training programs: state formula grants for Youth, Adult, and Dislocated Worker Employment and Training Activities; Job Corps; and other national programs, including the Native American Program, the Migrant and Seasonal Farmworker Program, the Veterans' Workforce Investment Program, Responsible Reintegration for Young Offenders, the Prisoner Reentry Program, and Community-Based Job Training Grants (also known as the Community College Initiative). An additional national program, formerly in the Department of Housing and Urban Development (HUD), was made a part of WIA on September 22, 2006, by the YouthBuild Transfer Act (P.L. 109-281). For FY2007, the President proposes to consolidate WIA Youth, Adult, and Dislocated Worker Activities with Employment Service and other programs into a single funding stream called Career Advancement Accounts (CAAs).

Appropriations for WIA are made annually through the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriations Act (Labor-HHS-ED). In FY2006 (P.L. 109-149), \$5.14 billion was appropriated for WIA Title I programs. The President's FY2007 budget requested \$4.47 billion in WIA funding. On June 20, 2006, the House Committee on Appropriations reported H.R. 5647 (H.Rept. 109-515), which would provide \$4.98 billion for WIA. On July 20, 2006, the Senate Committee on Appropriations reported S. 3708 (S.Rept. 109-287), with \$5.06 billion for WIA. On September 29, 2006, the FY2007 Department of Defense appropriations bill (H.R. 5631) was signed by the President (P.L. 109-289). The bill included a continuing resolution to fund discretionary programs, including WIA, at FY2006 spending levels until November 17, 2006.

This report will be updated as major legislative developments occur.

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Most Recent Developments

On June 20, 2006, the House Committee on Appropriations reported H.R. 5647 (H.Rept. 109-515), its proposal for the Departments of Labor, Health and Human Services, and Education and Related Agencies (Labor-HHS-ED) for Fiscal Year (FY) 2007. On July 20, 2006, the Senate Committee on Appropriations reported its version of Labor-HHS-ED, S. 3708 (S.Rept. 109-287). Within these bills, the House committee would fund programs authorized under Title I of the Workforce Investment Act of 1998 (WIA) (P.L. 105-220) for \$4,975 million, and the Senate committee for \$5,061 million. These amounts include funds for YouthBuild, which was transferred to the Department of Labor (DOL) as a WIA program by the YouthBuild Transfer Act (P.L. 109-281) on September 22, 2006. On September 29, 2006, the FY2007 Department of Defense appropriations bill (H.R. 5631) was signed by the President (P.L. 109-289). Division B of the conference report (H.Rept. 109-676) included a continuing resolution to fund federal discretionary programs until November 17, 2006. Programs and activities funded through L-HHS-ED, including WIA, will continue to be funded at the FY2006 spending levels.

Introduction

Title I of WIA provides, in general, job training and related services to unemployed or underemployed individuals. This report briefly summarizes each WIA program and compares WIA funding under Labor-HHS-ED in the following:

- the FY2006 appropriation act (P.L. 109-149);
- the President's FY2007 Budget of the U.S. Government;
- the FY2007 House committee report (H.Rept. 109-515); and
- the FY2007 Senate committee report (S.Rept. 109-287).

Most WIA programs operate on a program year (PY) of July 1 to June 30. FY2007 appropriations would fund programs from July 1, 2007, until June 30, 2008. Although WIA authorized funding through September 30, 2003, WIA programs continue to be funded through annual appropriations.

In recent years, both the House and Senate have passed bills that would reauthorize and revise WIA. On March 2, 2005, the House passed H.R. 27 (H.Rept. 109-9), the Job Training Improvement Act of 2005. On June 29, 2006, the Senate

incorporated S. 1021 (S.Rept. 109-134), the Workforce Investment Act Amendments of 2005, as amended, in H.R. 27, and passed its version of H.R. 27. For information on WIA reauthorization, see CRS Report RL32778, *The Workforce Investment Act of 1998 (WIA): Reauthorization of Job Training Programs in the 109th Congress*, by Ann Lordeman.

Program-by-Program Overview of WIA Title I Programs

Except for Job Corps and the Veterans' Workforce Investment Program, all WIA programs are administered by the Department of Labor's (DOL) Employment and Training Administration (ETA). The administration of Job Corps and Veterans' Workforce Investment is discussed below.

Youth Activities (Subtitle B, Chapter 4). This program provides training and related services to low-income youth ages 14-21 through formula grants allocated to states, which, in turn, allocate funds to local entities.

Adult Activities (Subtitle B, Chapter 5). This program provides training and related services to individuals ages 18 and older through formula grants allocated to states, which, in turn, allocate funds to local entities. Any individual may receive "core" services (e.g., job search assistance); to receive "intensive" services (e.g., individual career planning and job training), an individual must need these services to become employed or to obtain or retain employment that allows for self-sufficiency.

Dislocated Worker Activities (Subtitle B, Chapter 5). In general, of the funds appropriated for this program, 80% are allocated by formula grants to states (which in turn allocate funds to local entities) to provide training and related services to individuals who have lost their jobs and are unlikely to return to those jobs or similar jobs in the same industry. Generally, 20% of the appropriation is reserved by DOL for a national reserve account, which in part provides for national emergency grants to states or local entities.

Job Corps (Subtitle C). This residential job training program provides services to low-income individuals ages 16-24 primarily through contracts administered by DOL with corporations and nonprofit organizations. Currently, there are 122 Job Corps centers in 48 states, the District of Columbia, and Puerto Rico. Neither New Hampshire nor Wyoming has a Job Corps center at this time. A total of approximately \$18.0 million was appropriated in FY2005 and FY2006 for the expansion of Job Corps, with priority to be given to states that do not have a center (H.Rept. 109-337).

Native Americans Program (Subtitle D, Section 166). This program provides training and related services to low-income Indians, Eskimos, Aleuts, and Native Hawaiians through formula grants to Indian tribes and reservations and other Native American groups.

Migrant and Seasonal Farmworker Program (Subtitle D, Section 167). This program provides training and related services, including technical assistance, to disadvantaged migrant and seasonal farmworkers and their dependents through discretionary grants awarded to public, private, and nonprofit organizations. This program is also referred to as the National Farmworker Jobs Program.

Veterans' Workforce Investment Program (Subtitle D, Section 168). This program provides training and related services to veterans through competitive grants to states and nonprofit organizations. It has been administered by DOL's Veterans' Employment and Training Service since FY2001.

Responsible Reintegration for Young Offenders (Subtitle D, Section 171). This competitive grant program funds projects that serve young offenders and youth at risk of becoming involved in the juvenile justice system. This program, first funded in FY2000, is specified only in annual appropriations language.

Prisoner Reentry Initiative (Subtitle D, Section 171). This competitive grant program funds faith-based and community organizations that help recently released prisoners find work when they return to their communities. First funded in FY2005 under the general authority of WIA Section 171, this program is directly specified only in annual appropriations language.

Community-Based Job Training (CBJT) Grants (Subtitle D, Section 171). This competitive grant program, also known as the Community College Initiative, funds entities to strengthen the capacity of community colleges to train workers in the skills required to succeed in high-growth, high-demand industries. First funded in FY2005 under the general authority of WIA Section 171, this program is directly specified only in annual appropriations language. For PY2005, competition was limited to community colleges. In PY2006, One-Stop Career Centers will also be eligible to apply, as directed by the FY2006 conference report (H.Rept. 109-337).

WIA FY2006 and FY2007 Appropriations: Comparisons and Proposals

The President presents the FY2007 budget request in two ways. It is presented as if the appropriations are made under current law and also as if legislative proposals contained in the budget request are enacted. The two legislative proposals, discussed below, would create Career Advancement Accounts and would transfer the YouthBuild program from the Department of Housing and Urban Development (HUD) to DOL. Legislation transferring YouthBuild was enacted in September 2006; for comparability, this report includes YouthBuild in totals for the FY2006 appropriation and all FY2007 requests and recommendations.

Table 1 shows FY2006 appropriations, the FY2007 budget request, and the amounts recommended by both the House and Senate Appropriations Committees. Amounts include all WIA programs described above and technical assistance; pilots, demonstrations and research; evaluation; and the YouthBuild program.

Current Law. Under the President's FY2007 request, aggregate funding for WIA programs would be decreased by \$668.1 million, or 13.0% compared to the FY2006 funding level of \$5.1 billion. In both the House and Senate committee versions, funding would also be decreased, but not by as much. The House committee would decrease aggregate funding \$163.3 million, or 3.2%; the Senate committee, by \$77.4 million, or 1.5%. For information on FY2005 and FY2006 WIA appropriations, see CRS Report RS20244, *The Workforce Investment Act (WIA): Overview and FY2006 Funding of Title I Training Programs*, by Ann Lordeman.

Rescission of Unspent Funds. The House committee would rescind \$325.0 million from the unexpended balances of local entities, which represents 28.6% of the \$1.142 billion DOL estimates to be unexpended at the end of PY2005 (as of September 1, 2006). These balances include the unspent funds of WIA's three state block-grant programs: Youth, Adult, and Dislocated Worker Activities. Nearly half is from Dislocated Worker Programs. The amounts include obligated, but not yet expended, funds. The House committee would require the department to make reductions to entities (states) with the greatest balances first. Neither the Senate committee nor the President's request would include this rescission.

The House committee report states that this rescission stems from its concern about the "lapsing" of funds not spent in the allowable time. The approximation of lapsed funds can be determined from DOL reports¹ of unexpended balances at the end of a program year, less carry-out to the next program year. At the end of PY2004, \$8.4 million of unexpended funds were not carried over to PY2005. This represents 0.7% of unexpended balances, and came from 13 states. From PY2005 to PY2006, \$6.4 million lapsed from 10 states, or 0.5% of unexpended balances.

Job Corps Administration. The FY2006 appropriations (P.L. 109-149, Section 102) directed DOL to transfer Job Corps from ETA to the Office of the Secretary of Labor. This transfer was effective on March 27, 2006. For FY2007, the President is requesting, and the House committee also would recommend, that Job Corps be transferred back to ETA. The House committee therefore would include Job Corps in the Training and Employment Service (TES) funds. The Senate committee would keep Job Corps in the Office of the Secretary, and in its appropriation bill would account for Job Corps under Department Management.

Due to this difference, appropriations relating to Job Corps' federal administration expenses are handled differently. The House committee would include administrative expenses in the aggregate ETA Program Administration funds for Youth Employment and Training (\$39,975,000). The Senate committee would reduce youth program administration funding by \$28,578,000 and move that amount to a separate line for Job Corps Administration under Department Management.

¹ For WIA state spending reports, see [<http://www.doleta.gov/budget/qtrlyspend.cfm>].

**Table 1. WIA Appropriations
for FY2006 and FY2007 Under Current Law**

(\$ in thousands)

Program	FY2006 Appropriation^a	FY2007 Request	FY2007 House Committee	FY2007 Senate Committee
WIA grand total^b	\$5,137,966	\$4,469,850	\$4,974,634	\$5,060,592
Youth Activities	940,500	840,500	935,500	935,500
- <i>Formula Grants (non-add)^c</i>	940,500	840,500	885,500	885,500
- <i>YouthBuild (non-add)^d</i>	—	—	50,000 ^d	50,000 ^d
Adult Activities (Formula Grants) ^c	864,199	712,000	854,000	800,000
Dislocated Worker Activities	1,471,903	1,114,582	1,476,064	1,476,064
- <i>Formula Grants (non-add)^c</i>	1,189,811	875,266	1,193,264	1,193,264
- <i>National Reserve (non-add)</i>	282,092	239,316	282,800	282,800
- - <i>CBJT Grants (non-add)^e</i>	125,000	—	125,000 ^e	125,000 ^e
- - <i>National Reserve (Grants and Other Activities) (non-add)</i>	157,092	239,316	157,800	157,800
Job Corps ^f	1,564,180	1,501,602	1,523,000	1,601,210
Native Americans	53,696	51,458	50,000	50,000
Migrant and Seasonal Farmworkers ^g	79,751	0	80,053	80,657
Veterans' Workforce Investment	7,425	7,445	7,425	7,425
Resp. Reinteg. for Young Offenders	49,104	0	0	60,000
Prisoner Reentry Program	19,642	19,642	0	0
CBJT Grants ^e	—	150,000 ^e	—	—
YouthBuild ^d	49,500	50,000 ^d	—	—
Technical Assistance	509	0	0	0
Pilots, Demonstrations and Research	29,700	17,700	43,671	44,815
Evaluation	7,857	4,921	4,921	4,921

Source: Table compiled by the Congressional Research Service (CRS). FY2006 appropriations and the FY2007 budget request for all programs, except for Veterans' Workforce Investment, are compiled from data at [[http://www.doleta.gov/budget/07req\\$.pdf](http://www.doleta.gov/budget/07req$.pdf)]. The amounts for Veterans' Workforce Investment are from the DOL FY2007 Budget Justifications. The FY2007 House and Senate committee amounts are from H.Rept. 109-515 and S.Rept. 109-287, respectively.

- a. FY2006 appropriations are adjusted for the 1.0% rescission contained in P.L. 109-148, but do not include the \$125 million emergency supplemental appropriation for dislocated workers affected by the 2005 Gulf Coast hurricanes contained in the same law.
- b. Although not a part of WIA in FY2006, YouthBuild funds from HUD are included in the FY2006 total for comparability. YouthBuild was formerly authorized under the Housing and Community Development Act of 1992 (P.L. 102-550), which added YouthBuild as a subtitle in the Cranston-Gonzalez National Affordable Housing Act of 1990 (P.L. 101-625).
- c. For state formula grant allocations, see [<http://www.doleta.gov/budget/statfund.cfm>].
- d. In this table, YouthBuild is shown on two lines: first as a specified amount (non-add) reserved from a larger funding stream (as allowed for by the House and Senate committees), and second as a separate fund (as requested by the President).
- e. CBJT Grants, like YouthBuild, is shown on two lines to properly reflect funding stream options.
- f. Amounts shown for Job Corps do not include \$28,578,000 that the Senate committee would allow for federal administrative expenses, but which the House committee includes in aggregate ETA funds. These amounts are not shown in this table.
- g. Migrant and Seasonal Farmworker funds for FY2006 and in the Senate committee's version of FY2007 include funds for technical assistance (\$499,000 in FY2006, \$604,000 in FY2007).

Community-Based Job Training Grants Account. While the President is requesting separate funds for this program in FY2007, both the House and Senate committees would continue funding from the National Emergency Grants account of the Dislocated Worker Activities. The House committee is “not in agreement” with the separate request due to concern over the role of One-Stop Career Centers in the initiative, and would direct DOL to open the grant competition to One-Stops. (As noted earlier, the FY2006 appropriations conference report also contained this directive.) The Senate would similarly encourage DOL to make One-Stops eligible grantees and also would maintain the program as part of the Dislocated Worker funding stream.

Legislative Proposals in the FY2007 Budget Request. The President has proposed transferring the YouthBuild program from HUD to DOL in the FY2007 budget request, and creating a new program, Career Advancement Accounts.

YouthBuild Transfer. The President’s FY2007 request and both of the Appropriation Committees’ reports included funding for YouthBuild, contingent on passage of pending legislation for transferring the YouthBuild Program from HUD to DOL as a program under WIA. This program provides disadvantaged young adults with education and employment skills through rehabilitating and constructing housing for low-income and homeless people. YouthBuild was originally authorized under the Housing and Community Development Act of 1992 (P.L. 102-550), which added YouthBuild as a subtitle in the Cranston-Gonzalez National Affordable Housing Act of 1990 (P.L. 101-625). The transfer proposal was recommended in 2003 by the White House Task Force for Disadvantaged Youth and was included in the budget request for FY2006, but no action was taken at that time. The YouthBuild Transfer Act was signed by the President on September 22, 2006 (P.L. 109-281).

For FY2006, YouthBuild was funded at \$49.5 million. The budget request for FY2007 is \$50.0 million, as a separate national program. Both the House and Senate committees would fund YouthBuild at this level by directing that \$50.0 million be reserved from the \$935.5 million that would be appropriated for WIA Youth Activities.

Career Advancement Accounts (CAAs). The President is requesting \$3.4 billion for new Career Advancement Accounts for FY2007. These accounts would be “self-managed” and would provide a maximum of \$3,000 to adults and out-of-school youth to pay for expenses directly related to education and training. A single funding stream would be allocated to states by an as yet unspecified formula. This funding stream would consist of the combined funding for WIA Youth, Adult, and Dislocated Worker Programs, plus funds for non-WIA programs including Employment Service (ES) Grants to States, Labor Market Information (LMI) Grants, and the federal funds for administering the Work Opportunity Tax Credit (WOTC) and the Welfare-to-Work (WtW) Tax Credit. **Table 2** shows the FY2006 appropriation for each program that would be consolidated to create CAAs, and the amount requested for each program under current law. The amount requested for CAAs is 15.6%, or \$630.7 million less than the total FY2006 funding for programs that would be consolidated to create the CAAs.

Under the CAA proposal, the Secretary would reserve an unspecified portion for a national reserve fund to be used to address unanticipated events, such as natural disasters, and for innovative projects for adults and youth. Under current law, 20% of the *amount appropriated for dislocated workers* is to be used in a national reserve for these types of activities.² Also under current law, states are required to use 25% of their dislocated worker allocation on rapid response activities, such as career counseling, delivered by states as soon as possible after the announcement of a plant closing or mass layoff. Under the CAA proposal, states would apply to the Secretary for funds from the national reserve for rapid response activities.

Of the amount allocated to each state, a minimum percentage of “approximately 75%” would have to be used for CAAs. Up to 3% could be used for administrative costs, and the remaining 22% would be used to provide “basic employment services to job seekers or employers.”³

DOL issued its solicitation for FY2006 Community-Based Job Training (CBJT) Grants on July 3, 2006 (71 Fed. Reg. 37948-37960), and included a priority provision assigning bonus points for applicants piloting Career Advancement Accounts, among other options. On July 7, 2006, ETA invited specified states⁴ to participate in a demonstration of CAAs. States were to respond to this grant offer by July 14. ETA clarified the intent behind awarding CBJT Grant application bonus points for CAAs on August 4, 2006 (71 Fed. Reg. 44321-44322), stating it included this program because “ETA recognizes that some states may be piloting CAAs in advance of the FY 2007 budget.”

On October 26, 2006, ETA announced that three states (Indiana, Pennsylvania, and Wyoming) would participate in a statewide demonstration project, while another five states (Georgia, Michigan, Minnesota, Missouri, and Ohio) would pilot CAAs for use by workers affected by the recent General Motors layoffs. Grants to each state are for \$1.5 million — contingent upon the state securing an equal level of matching funds — and are renewable for a second year, for up to \$24 million, allocated from the Secretary’s discretionary funds over two years. In addition, the announcement states that a competition for a CAA study “will be held shortly.”

Neither the House nor the Senate committees would fund Career Advancement Accounts for FY2007. Specifically, the Senate committee report (on July 20) specifies that “the Committee expects that no funds be utilized for the proposed career advancement account initiative unless specifically authorized by law.”

² In recent years, appropriations language has specified the National Reserve amount.

³ For further information on CAAs, see [<http://www.doleta.gov/budget/07bud.cfm>].

⁴ Nine states were invited to participate in the CAA demonstration “due to current or announced layoffs occurring in the automotive manufacturing industry.” They are Georgia, Michigan, Minnesota, Missouri, Ohio, Oklahoma, Oregon, Tennessee, and Virginia. Maximum demonstration grants per state are for \$3 million over two years, dependent upon leveraged funding. A tenth state, Pennsylvania, was invited in another correspondence “to participate in another facet of this CAA demonstration.”

**Table 2. FY2006 Appropriations and FY2007 Budget Request
for the Proposed Career Advancement Accounts**
(\$ in thousands)

Program	FY2006 Appropriation	FY2007 Request for Career Advancement Accounts
TOTAL	\$4,043,342	\$3,412,633
WIA Youth Activities	\$940,500	\$840,500
WIA Adult Activities	\$864,197	\$712,000
WIA Dislocated Worker Activities	\$1,471,903	\$1,114,582
ES Grants to States	\$715,883	\$688,769
WOTC/WtW Tax Credits (Admin)	\$17,677	\$17,677
LMI Grants	\$33,180	\$39,105

Source: Table compiled by CRS from information contained in the DOL FY2007 Budget Justification, and for the LMI Grants from Attachment VI to Training and Employment Guidance Letter (TEGL) 25-05, Apr. 11, 2006.

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