



Annual Winter Meeting

**Legislative Update
January 19, 2007**

Workforce Development Council Annual Winter Meeting Legislative Update

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Introduction

The 110th Congress was sworn in on January 4, 2007. Democrats quickly got to work to fix a jurisdictional mismatch between the House and Senate spending committees that had complicated Congress' efforts to complete its appropriations work on time last year as one of their first steps toward tackling the budget process. In the 110th Congress, the Senate Appropriations Committee will continue to have 12 subcommittees, and the House Appropriations Committee will increase to a matching 12 panels, up from 10 in the last Congress in the hopes that the realignment will allow the FY 2008 spending bills to be completed by the start of the new fiscal year on October 1.

Additionally, House Speaker Nancy Pelosi (CA) and Senate Majority Leader Harry Reid (NV) set agendas for the first 100 hours that the new Congress was in session. The agenda topics included an increase of the minimum wage, student loan interest rate reduction, ethics reform, stem cell research, and implementation of the 9/11 Commission report. On January 10, the House successfully passed, 315-116, the *Fair Minimum Wage Act of 2007* (H.R. 2) to increase the minimum wage in three stages over the next two years from \$5.15 to \$7.25 an hour. The Senate Finance Committee unanimously passed a tax breaks package, *Encouraging Work Act of 2007* (S. 248), which will be folded into S. 2, also entitled the *Fair Minimum Wage Act of 2007*. A floor vote on the bill is expected in the Senate the week of January 22. There is concern that this will slow down the enactment of an increase to the federal minimum wage with Ways and Means Committee Chairman Charles Rangel (NY) voicing opposition to tax cuts being attached to the House measure.

On January 17, the House approved the *College Student Relief Act of 2007* (H.R. 5), sponsored by Labor and Education Committee Chairman Representative George Miller (CA), on a 356-71 vote to cutting interest rates to an estimated 5.5 million students who receive need-based federal loans. The Senate has not acted on this legislation, but it is expected that consideration of H.R. 5 will be addressed by the Health, Education, Labor and Pensions Committee (HELP) in the near future.

On December 12, 2006 Mr. Miller announced that the committee's focus during the 110th Congress will be on strengthening America's middle class. Representative Howard "Buck" McKeon (CA), Ranking Member of the Labor and Education Committee is eager to work with Mr. Miller to continue the momentum established by the committee in recent years. The committee plans to address the following concerns this year:

- High quality public schools;

- Affordable colleges;
- A competitive workforce;
- Fairness in the workplace;
- Retirement security; and
- Accountability and responsibility

By the end of the 109th session Congress was unable to complete the remaining nine fiscal year 2007 appropriations bills, pushing them to the new Congress. The current continuing resolution (CR), passed in December before the adjournment of both chambers for the 109th Congress, will allow the government to function through February 15 at the lowest level of either the House-passed, Senate-passed or FY 2006 levels. Currently the Labor-Health and Human Service-Education and Related Agencies funding, the largest domestic spending bill after defense, is at FY 2006 levels since neither chamber was successful in passing their respective bills.

To resolve the FY 2007 budget there will be a year-long CR through September 30, that will not include any earmarks allowing for additional funding to be divided up between domestic programs that the Majority deems priority. Additionally, in order to address the deficit issue, the House has instituted the pay-as-you-go (Pay-Go) rule – requiring that any new entitlement programs or tax cuts be offset – with the Senate expecting to follow suit before the resolution of the FY 2007 budget. It is anticipated that the FY 2008 appropriations bills will have increased funding levels, but there will be no earmarks allowed and the Pay-Go rules will be enforced.

Efforts to complete the reauthorization of the *Workforce Investment Act of 1998* (WIA) in the last weeks of the 109th Congress failed as other priorities took precedence. There is a great desire within the Congress and the workforce system to have the act reauthorized early in the first session of the 110th Congress, being it is the fourth year of reauthorization, so that it is no overshadowed by the reauthorizations of the *No Child Left Behind Act* and the *Higher Education Act* the committees will be addressing during this first session of the new Congress.

It is expected that the Senate will begin with S. 1021, which unanimously passed the Senate in July, again working in a bi-partisan manner. The House is expected to start with a new bill since the bill from the 109th Congress was strictly passed along party lines. Despite the fact that Congress has finalized the reauthorization process for this job training act, the Department of Labor has moved forward, through the regulatory process, to make changes to the workforce system both at the state and local level, circumventing Congressional jurisdiction and authority.

On January 10, Senator Maria Cantwell (WA) announced bipartisan legislation, the *Lifelong Learning Accounts Act* (S. 26), to give individuals and businesses new tax incentives to invest in continuing education and skills training opportunities. S. 26 would create portable asset accounts called Lifelong Learning Accounts (LiLAs), similar to 401(k)s, that workers could use to pay for continuing education and training. The bill, cosponsored by Senator Olympia Snowe (ME), would initially authorize LiLAs in 10 states as a demonstration project for up to 200,000 citizens.

Economic Outlook

As 2006 came to an end, the labor market performed stronger than expected by government and private economists with the unemployment rate remaining unchanged at 4.5 percent, down from 4.9 percent the pervious year.

There were job gains in several service industries, including professional and business services, health care, and food services, with hourly earnings rising by an average of 8 cents. The number of unemployed people was unchanged at 6.8 million, down from 7.3 million over the prior year. Unemployment rates for the major worker groups showed “little or no change,” according to the Bureau of Labor Statistics (BLS), with adult men at 4.0 percent, adult women at 3.9 percent, and teenagers at 15.2 percent.

According to government specialists and Washington based think tanks, there is expected to be slow job growth and a possible a recession to emerge in the coming year. The predictions suggest that the number of unemployed individuals needing help to find jobs will increase. With the possible slow job growth, the unemployment rate might climb upward only slightly to average out to a level generally accepted as “full employment,” according to the President’s Council of Economic Advisers, the Office of Management and Budget and the Department of the Treasury. The term “full employment,” which would fit that rate, according to administration officials, has been variously taken to mean anywhere between 2 and 7 percent, depending on the economist. The Organization for Economic Cooperation and Development gives an estimate of the rate at between of 4 and 6.4 percent for the United States, while the federal goal in the 1978 Humphrey-Hawkins Full Employment Act remains 4 percent.

There are predictions that a slowing housing market will likely bring a recession in 2007, boosting the national unemployment rate to a level not touched since mid-2003, climbing steadily to 6.3 percent by the end of the year. This will be due to a number of factors related mainly to the housing industry and consumer spending. In 2006, housing prices began to slow from record highs while the amount of home owners’ equity in their homes stood at record lows.

A slowdown in the housing market will lead to job loss in the construction sector as well as professional and business services related to real estate, but the effects on employment may extend beyond these industries for a number of reasons, including home owners curtailing their spending, stemming job growth or bringing losses in the retail sector as well as the dining and entertainment industries. It is projected that the economy will shed 1.2 million jobs, though growth in health care and public services will continue. Jointly released government semiannual economic projections, on the other hand, call for monthly payroll employment to increase by an average of 129,000 jobs per month in 2007. The national unemployment rate, which stood at 4.4 percent in October when projections were made, was thought likely to increase slightly, for an expected annual average of 4.6 percent from 2006.

Appropriations

FY 2007

By the end of the 109th session Congress was unable to complete the remaining nine fiscal year 2007 appropriations bills, pushing them to the new Congress. The current continuing resolution (CR), passed in December before the adjournment of both chambers for the 109th Congress, will allow the government to function through February 15 at the lowest level of either the House-passed, Senate-passed or FY 2006

levels. Currently the Labor-Health and Human Service-Education and Related Agencies funding, the largest domestic spending bill after defense, is at FY 2006 levels since neither chamber was successful in passing their respective bills.

On December 12, 2006, Appropriations Committee Chairmen Senator Robert Byrd (WV) and Representative Dave Obey (WI) outlined an agenda to handle the remaining FY 2007 budget bills by passing a year-long CR by February 15, or shortly thereafter, in order to focus on the FY 2008 appropriations and supplemental war spending requests. The President is slated to present his budget recommendations to Congress for the upcoming fiscal year of February 5.

The year-long CR, funding the government through the remainder of the 2007 fiscal year which ends on September 30, will not be a straight forward resolution as the three previous ones have been. It is the intent of Mr. Byrd and Mr. Obey to devoid the CR of any Congressional earmarks or appropriations that members of Congress give for special projects. As such there will be additional funding that will be able to be dispersed among the remaining appropriation bills based on the priorities of the Democratic leadership. In the Senate Senators Tom Harkin (IA), Chair, and Arlen Specter (PA), Ranking Member, of the Appropriations Labor-HHS-Education Subcommittee are taking action to add an additional \$2 billion to S. 3708 to reach the full \$7 billion that was agreed to in last year's Senate budget resolution process, but was stripped out in conference of the supplemental spending bill. Representative Michael Castle (DE) could also seek to add an additional \$3 billion to increase the funding level of the House version of the bill that was promised by the past Majority leadership, but never came to fruition.

With all of the additional monies as a result of no earmarks, there is the likelihood that \$325 million rescission language that was included in H.R. 5647 could be removed. However, with the shifting of funding to increase the levels for priority programs – i.e. Medicare/Medicaid, Social Security, Education, among other, the rescission could remain in order for the Majority to fulfill the agenda that laid out in addressing the FY 2007 appropriations.

It is important to note that both H.R. 5647 and S. 3708 retain report language from the enacted FY 2006 appropriations bill requiring that the Department of Labor (DOL) take no action to amend, through regulatory or other administrative action, the definition established in 20 CFR 677.220 for functions and activities under Title I of the Workforce Investment Act (WIA) until reauthorizing legislation is enacted. The Committees expect that while WIA is in the process of being renewed, DOL will make no unilateral changes to the administration, operation and financing of workforce programs. The Committees specifically instructed that no funds be used for DOL's proposed career advancement account initiative unless specifically authorized by law.

The House Appropriations Committee had passed H.R. 5647 by voice vote on June 13, 2006 with a discretionary funding level of \$141.9 billion, nearly \$4 billion above the President's request. This reflected a total cut of \$150 million – a \$14.8 million total reduction in formula funding for Adult and Youth programs and a modest \$15 million increase in Dislocated Worker funding. Representative Steny Hoyer (MD), Minority Whip, was successful in adding an amendment to the bill to gradually increase the minimum wage over two years to \$7.25. The committee voted 32-27 in favor of the amendment, with 7 Republicans voting for it. The amendment was the main hurdle to the bill being brought to the floor for a vote. The Senate Appropriations Committee passed S. 3708, 28-0 on July 20, 2006, at a level of \$142.8 billion in discretionary spending, \$5 billion above the President's request and \$1 billion above the House level. This reflects an overall cut of \$55 million to workforce programs. (Please see the side-by-side comparison chart on the last page of this document.)

Pay-Go Rules

In order to be able to increase spending for domestic programs, without raising the deficit and maintaining the promise to be fiscally responsible, the House reinstated the pay-as-you-go rule (Pay-Go) as part the House rules changes (H Res 6) passed 280-152 on January 5. The Pay-Go rule requires that any new entitlement programs or tax cuts, or increases of funding to entitlement programs, be offset – a practice that is used to reduce federal debt.

Senate Budget Chair Kent Conrad (ND) has reiterated the need for Pay-Go budgeting rules and predicts the budget rule would be enacted most likely as part of a Senate rules change or budget resolution. According to Mr. Conrad, Pay-Go would not likely prohibit “middle class” tax breaks such as the child tax credit, which are slated to expire in 2011.

FY 2008 Outlook

On February 5, President Bush will submit to Congress his proposed budget for the 2008 fiscal year. There is the expectation the funding request for the Department of Labor (DOL) will look similar to those of the past two years, since the priorities of the department have not changed. Fortunately, Congress has not followed past years’ requests to consolidate the funding streams for Adult, Dislocated Worker, Wagner-Peyser (Employment Service), and Youth into a single block grant, and more will than likely continue to maintain the separate funding streams in the coming fiscal year appropriations process.

It is expected Congress will look to increase funding for all domestic programs, since there have been consistent cuts across the board for the past several years. There will be an increase for Function 500, which is where the funding for DOL is set under the budget resolution process, but degree of the increase is unknown at this time.

With whatever increases there are for the overall FY 2008 appropriations, the Pay-Go rules are going to apply and there will be no earmarks allowed on any of the separate appropriations bills.

Minimum Wage Increase

On January 10, the House of Representatives successfully passed legislation to increase the minimum wage in three stages over the next two years from \$5.15 to \$7.25 an hour. The *Fair Minimum Wage Act of 2007* (H.R. 2), the first increase of the federal minimum wage in over 10 years, cleared the chamber on a vote of 315-116. At this time 28 states and the District of Columbia already have a minimum wage higher than the current federal one. Increasing the minimum wage was one of the key priorities for the first 100 hours for the new House leadership.

The H.R. 2 would hike the federal wage floor from \$5.15 to \$5.85 60 days after enactment, then to \$6.55 one year after that point and finally to \$7.25 two years after the first raise takes effect. It also extends the minimum wage to the Northern Mariana Islands, but not American Samoa, in order to stem extremely low-wage employment in the Northern Mariana's garment industry while avoiding destabilizing a tuna canning industry in American Samoa that pays a \$3.26 per hour wage regulated by the federal Department of Labor.

In order for the Senate to pass a measure to increase the minimum wage, there will need to be tax breaks for small businesses to ensure that they can continue to be successful and create jobs for the economy. To that end, the Finance Committee passed legislation by unanimous consent on January 17. The tax package for small businesses, S. 248 (*Encouraging Work Act of 2007*), introduced by Senators Max Baucus (MT), Finance Committee Chairman, and Olympia Snowe (ME) – which would among other things extend and expand the work opportunity tax credits through 2012 – will be folded in to S. 2, also entitled *Fair Minimum Wage Act of 2007*. The Work Opportunity Tax Credit (WOTC) provides a credit of 40 percent on qualified wages up to \$6,000 in wages, or less for fewer hours worked, to help cover the cost of wages for low-income workers.

From 1995 to 2005, WOTC helped move more than two million Americans from public assistance to gainful employment. The legislation permanently extends WOTC and expands it to encourage employers to hire Ticket-to-Work participants and veterans who became disabled as a result of their service after September 11, 2001. WOTC is currently scheduled to expire on December 31, 2007. Additionally, it would expand the number of businesses allowed to use cash accounting to those with revenue of \$10 million and under, currently businesses with revenue of less than \$5 million can use cash accounting, which simplifies their tax filings and cuts some costs.

The WOTC is the most expensive part of the \$8.3 billion proposal and would cost \$3.6 billion from 2007 to 2016, according to the Joint Committee on Taxation. With the House now following the pay-as-you-go (Pay-Go) rule to offset the cost of any new tax cuts or entitlement spending, the Senate will need to find a way to offset the costs of the tax breaks, which is what Senator Charles Grassley (IA), Ranking Member of the Finance Committee, and Baucus have been trying to accomplish. In order to address the offset issue, the bill proposes to limit deferred compensation to business executives to \$1 million annually, tighten restrictions on foreign-based tax exempt leases – known as sale-in-lease-out (SILO) transactions and a tax based on fair market value of net gain from the sale of property exceeding \$600,000 for an individual, \$1.2 million for a couple, who becomes an expatriate.

There are concerns rising out of the House, specifically from Ways and Means Committee Chairman Charles Rangel (NY) about the Senate adding tax break provisions to the standing minimum wage bill. As it stands the Constitution requires that revenue measures, which these tax breaks are considered, originate in the House. Depending on the final provisions passed by the Finance Committee, the issue of tax breaks may hold up the new minimum wage from being instituted quickly if a compromise is not able to be reached between the chambers.

President Bush “strongly supports” adding business friendly provisions for small businesses to any minimum wage bill, but has not threatened a veto if they are not included.

Workforce Investment Act Reauthorization

Efforts to complete the reauthorization of the *Workforce Investment Act of 1998* (WIA) in the last weeks of the 109th Congress failed as other priorities needed to be addressed. There is a great desire within the Congress and the workforce system to have it reauthorized early in the first session of the 110th Congress.

Congress has worked to reauthorize the bill over the past four years, with the dynamics of the process as the hurdle, which was never able to be overcome. Since WIA has been in the process of reauthorization

for a number of years, both chambers would like to complete the process before it gets lost in the reauthorizations of the *No Child Left Behind Act* (NCLB) or the *Higher Education Act*.

As the Department of Labor moves, through the regulatory process, to make changes to the workforce system both at the state and local level, it is circumventing Congressional jurisdiction and authority. See more information about the DOL proposed regulatory changes on page 12. Congress would like to go through the reauthorization process for WIA to ensure that the changes will benefit the system to be more efficient and train the workforce that is need for the 21st century global economy, and could take measure to prevent the regulations from becoming effective prior to the completed process.

Senate

Though there has been a shift in leadership in the Senate, Senators Edward Kennedy (MA), Chair, and Michael Enzi (WY), Ranking Member, of the Health, Education, Labor and Pensions (HELP) Committee, the priorities have not changed and Committee activity will again be conducted in a bi-partisan manner. The Committee is planning to use S. 1021, *Workforce Investment Act Amendments of 2005*, as the basis for the new legislation they plan to introduce early this year, with slight changes to reflect difference in the system over the past three years. Senator Patty Murray (WA), incoming Chair of the Subcommittee on Employment and Workplace Safety, has requested that WIA reauthorization be addressed in subcommittee in the 110th Congress rather than full committee as it has in the 109th. S. 1021 was passed by voice vote on June 29, 2006 in an effort to complete the reauthorization of the bill in the 109th Congress and not have carry over into the new Congress.

Senate staff has already begun work on other provisions that may be included in the new legislation. One issue will most certainly not be included, the faith-based hiring provision that was included in the House version. With action beginning so early in the first session of the 110th, it is expected that the Senate will complete reauthorization by the end of the year, ahead of what is expected from the House.

House

To address the reauthorization of the WIA, the House is interested in starting with an entirely new bill from partisan H.R. 27, *Job Training Improvement Act*, which passed the chamber 224-220, on March 2, 2005 along party lines. There is no plan to make radical changes to the system, but rather to make current programs more efficient and successful.

The Labor and Education Committee moving forward with hearings to look at workforce more broadly, taking into account off-shoring, immigration, economy, dislocation of workers as it moves forward to reauthorize the job training system. Labor and Education Chairman Representative George Miller (CA) and Ranking Member Howard “Buck” McKeon (CA) are committed to work on WIA, and all other legislation under the committee’s jurisdiction, in a bi-partisan manner.

With the focus of the House on the 100 hour agenda and intent to hold hearings, the process is expected to move slower in the House. It is expected that the contentious issues that were in H.R. 27, including the consolidated block grant and the faith-based hiring provisions, will not be included in a bill, and if offered by amendment not be successful. Therefore, it is expected once a bill is considered by the Labor and Education Committee the process of reauthorizing will moving quickly through the chamber.

Issues Moving Forward

With reauthorization still not completed and the action of DOL moving forward with regulatory changes to the workforce system there are several issue that need to be addressed. These are key issues, but are not the only ones that will need to be addressed through the reauthorization process:

- The definition of administrative costs
- Re-designation of local workforce areas
- One-Stop infrastructure funding (including partner contributions)
- Percentage of required training

In the proposed regulations the Department has attempted to address several of these issues. In order to prevent the regulation language from becoming effective the above issues will need to be explicit within the statute in order to maintain a local workforce system that provides services to all customers – individuals and businesses, as intended by Congress with the passage of WIA in 1998.

Temporary Assistance for Needy Families

The Administration for Children and Families (ACF) of the Department of Health and Human Services has a number of rulemaking packages, with the most important being the Temporary Assistance for Needy Families (TANF), called for by the *Deficit Reduction Act of 2006*. The law gave the authority to the U.S. Department of Health and Human Services (HHS) to change certain definitions and requirements in 2006, rather than reauthorize them through the law. TANF was not originally included in the conference report for *The Deficit Reduction Act of 2006*, however conference negotiations resulted in the inclusion of welfare reauthorization.

The Department fast-tracked the new regulations defining permissible work activities, verifying work hours and determining who is work-eligible. The major change in the reauthorization pertains to “updating” the caseload reduction credit in the law. This penalizes any state not meeting a 50 percent participation requirement by October 1, 2006. Another significant change is that states are required to include families that are served by welfare programs entirely with state money in their work participation rate. The updated requirements and penalties associated with them are applied to separate state programs as well as TANF funded programs.

These rules took effect in interim form October 1, 2006 and ACF officials have stated publicly that they do not anticipate making “wholesale” changes. Nevertheless, the agency projects that it will finalize these rules in April. ACF plans to complete several other pieces of unfinished business throughout the year. The agenda indicated that May is when final regulations will be issued allowing states to designate alternate entities that receive private donations as organizations making child care expenditures for the purposes of calculating matching funds to federal child care dollars. Final rules, slated to be out in September, will govern how state welfare agencies are to account for shared administrative costs among their TANF, Medicaid and Food Stamp programs.

The Social Security Administration (SSA) announced in the regulatory agenda plans to release long-awaited final rules revamping the Ticket to Work program for disability beneficiaries by the end of December, but this did not happen. Earlier this year, a senior SSA official disclosed that the agency actually was expecting these rules to be finalized and to take effect sometime this spring. SSA also

expects in March to propose regulations revising how individuals with drug or alcohol addictions can qualify for disability benefits, which may be of interest to social services case workers who must decide whether some clients are better off seeking disability benefits instead of work.

Older Americans Act

On October 17, 2006, *The Older Americans Act Amendments of 2006* was signed into law by President Bush becoming P.L. 109-365. On September 30 the Senate cleared H.R. 6197 by voice vote -- a bill to reauthorize the Older Americans Act that governs a \$1.8 billion worth of services such as Meals on Wheels, a jobs program in the Department of Labor that finds community service work for low-income seniors, healthcare screening, and counseling support for people who care for elderly relatives. The House adopted the measure on September 28.

H.R. 6197 is a compromise bill that brings together the two separate related bills – H.R. 5293 (*Senior Independence Act*) and S. 3570 (*Older Americans Act Amendments of 2006*) – that have not been able to move in their respective chambers. The compromise bill would require 25 percent of participants be in private sectors jobs by 2011 as opposed to community service jobs, and would continue to define the Senior Community Service Employment Program (SCSEP) in terms of community service, rather than job training.

The other major dispute that centered on the distribution of grants was compromised to phase out provisions in current law that guarantees every state a share of any increase in funding for the grants. Every state would be promised at least the amount of money it received in FY 2006.

The Employment and Training Administration (ETA) issued Training and Employment Guidance Letter (TEGL) No. 12.06 and No. 11.06 on December 28 for SCSEP. *TEGL No. 12-06* instructs program grantees to immediately implement changes in income eligibility determination procedures mandated by the *Older Americans Act Amendments of 2006*. This comes six months earlier than Congress had mandated in the statute. The legislation requires that, by July 1, providers disregard unemployment compensation, Social Security disability benefits, veterans' benefits and some Social Security retirement benefits from an individual's total income when determining if the person is poor enough to be given a subsidized job. Additionally, the law also requires ETA to allow providers to look back at income either over 12 months when determining eligibility, or to take into account income over the previous 6 months and double this figure. The agency had previously allowed providers to perform only a 6-month analysis, which led to complaints that the method inflated the income of individuals with sporadic employment. Under the guidance, providers are instructed, on a case-by-case basis, to compute eligibility both ways to increase chances for admission of an individual into the program.

In *TEGL No. 11-06*, issued along with the other policies, ETA officials attempt to inform local housing and food stamp administrators concerning the proper way to treat SCSEP participants' paychecks in eligibility determinations for this work supports for participants, or members of a participant's household. Section 509 of the *Older Americans Act* states that SCSEP income is not to affect any individual's eligibility for these benefits.

On June 21, 2006, the House of Representatives approved the *Senior Independence Act* (H.R. 5293) a bipartisan measure to reauthorize and strengthen services offered under the Older Americans Act by voice vote. The Committee on Education and the Workforce cleared the measure by voice vote on May 17,

2006. H.R. 5293 was cosponsored by then Select Education Subcommittee Chairman Representative Pat Tiberi (OH) and Ranking Member Representative Rubén Hinojosa (TX), and then Full Committee Chairman Representative Howard “Buck” McKeon (CA), Ranking Member Representative George Miller (CA).

In addition to reauthorizing Meals on Wheels, the bill would authorize all of the activities of the Administration on Aging, as well as a job placement program for seniors within the Department of Labor – Senior Community Service Employment Program. The program hires low-income seniors at minimum wage and places them in jobs at charities or public services. Under the reauthorization a provision is included that would require states and organizations administering the programs to place 30 percent of senior participants into subsidized jobs by 2011. H.R. 5293 encourages the establishment of partnerships with private sector business to provide participants on-the-job training and help individuals achieve their goal of attaining employment. The measure would require at least half of the subsidized jobs provide a community service element in order to maintain the valuable community service aspect of the program.

Department of Labor

Proposed Regulatory Changes

On the December 20, 2006 issue of the Federal Register, the Department of Labor’s Employment and Training Administration (ETA) published proposed revisions to Workforce Investment Act (WIA) Regulations to “avoid duplication of services, enhance the states’ flexibility, and clarify state and local roles in supervising workforce investment boards.” Comments on the proposed revisions are due by February 20, 2007.

The issuance of these proposed regulations was not scheduled on the ETA’s regulatory agenda, last issued in spring 2006. The proposed regulations would reshape state workforce investment boards by adding a mandatory vocational rehabilitation director seat and adding certifying One-Stops to the board’s duties. Additionally, they would allow the use of individual training accounts (ITAs) for youth, clarify certain financial management questions and beef up the local WIBs’ authority to oversee the use of funds.

In an effort for ETA to eliminate duplication of services offered through the Employment Service, functioning alongside and not “as part of the one-stop delivery system,” language was removed from 20 CFR 652.202 that allowed Employment Service offices to function “as affiliated sites, or through electronically or technologically linked access points.”

Furthermore, it is proposed to remove the section concerning memorandums of understanding between one-stops and Wagner-Peyser agencies. In addition, an interpretation by ETA of the Wagner-Peyser Act would allow for eliminating merit staffing requirements to provide maximum flexibility. However, the current regulation neither interprets Wagner- Peyser nor does it mention the 1935 legislation at all; citing WIA sections 3(a) and 5(b) and the Intergovernmental Personnel Act, the current rule asserts that WIA did not alter the requirement that labor exchange services be provided by state merit-based employees.

On the issue of governance, ETA proposes not only to add a seat for vocational rehabilitation directors at the state WIB level, but indicates the intention to unseat members who do not represent business — specifically labor unions, youth experts, and experts in the delivery of workforce investment activities, including community colleges and community-based organizations, to require a minimum of one member

representing these groups. These members are currently specified in WIA sec. 111(b)(1)(C)(iii) and (v).

The notice adds among new state WIB responsibilities the “development and review of statewide policies” for one-stops, including the criteria for certification of facilities, appropriate roles, cost allocation among partners and strategies for outreach to employers. The proposal would also change the rules on the sequence participants receive core, intensive and training services. While this would still require some basis for determining which service should be provided, it would allow certain steps to be skipped as best suits the program participants.

As you know, the Labor, Health and Human Services, Education and Related Agencies spending bill (S. 3708) passed by the Senate Appropriations Committee on July 20, 2006, retained language from last year’s bill requiring that the Department of Labor take no action to amend, through regulatory or other administrative action, the definition established in 20 CFR 677.220 for functions and activities under title I of WIA until reauthorizing legislation is enacted. Similar language was included in the House bill.

As such, the Appropriations Committees fully expect that while WIA is in the process of being renewed, DOL will make no unilateral changes to the administration, operation and financing of workforce programs. Their action in publishing the regulations is in complete disregard of stated Congressional direction, and in direct opposition to its intent.

Please see the letters in the information packets from USCM Executive Tom Cochran to DOL Secretary Elaine Chao, and the committee leadership for the authorizing and appropriating committees in Congress, opposing the Department’s action to circumvent the authority of Congress to reauthorize WIA.

Trade Adjustment Act

New regulatory proposals scheduled for release over the next few months will bring changes to Trade Adjustment Assistance (TAA) eligibility certification and agencies’ use of confidential wage and education records for performance reporting. Federal agencies also expect to wrap up rule changes affecting to-work programs for individuals receiving welfare and disability benefits. This proposal was due out before the end of 2006, but it was not released by December 31.

This is according to the latest semiannual federal regulatory agenda, a calendar of anticipated administrative policymaking, issued in the Dec. 11 *Federal Register*. In April, the Employment and Training Administration (ETA) plans to release the third in a trio of rules governing the Trade Adjustment Assistance program, this version revising the petition and certification process ETA uses to determine whether groups of dislocated workers are eligible for trade-related employment and training benefits. On August 25 2006, ETA proposed rules governing the delivery of TAA income support and training benefits as well as Alternative Trade Adjustment Assistance.

According to the regulatory agenda, federal officials anticipate making the TAA-delivery rules effective during the same month they propose petition and certification rules. ETA also announced that officials plan to propose rules governing the disclosure of state unemployment insurance wage records, perhaps in the very near future. During a state-federal tug-of-war that occurred over the fall, several states raised questions concerning involvement in the Wage Record Interchange System. This is an ETA-funded mechanism that allows states to exchange, for performance reporting purposes, the wage records of individuals served by workforce programs. A handful of state economic security officials questioned whether an ETA takeover of the system, which used to be managed by the National Association of State

Workforce Agencies, would interfere with their responsibilities to keep individuals' wage records confidential.

The regulatory agenda says ETA is planning to propose a rule interpreting the kind of information the Social Security Act deems the agency may demand of states for the purpose of administering state-federal unemployment insurance programs. The new rules would require that state unemployment compensation agencies must provide confidential information instate wage reports for the purposes of measuring the performance of programs and initiatives.

Department of Education

The 110th Congress will be addressing the reauthorizations of the *No Child Left Behind Act* and the *Higher Education Act*. Additionally, as part of the first 100 hours, House Speaker Nancy Pelosi (CA) included student loan interest reduction. On January 17, the House of Representatives approved the *College Student Relief Act of 2007* (H.R. 5), sponsored by Labor and Education Committee Chairman Representative George Miller (GA), on a 356-71 vote to cutting interest rates to an estimated 5.5 million students who receive need-based federal loans. Under the House proposal the current 6.8 percent interest rate on subsidized student loans would be cut in half over five years, down to 6.12 percent in 2007 and dropping incrementally to 3.4 percent by 2011. According to the Congressional Budget Office (CBO) the estimated cost of the reduction reaches nearly \$6 billion. To avoid increasing the deficit, cost of the legislation would be offset by reducing the yield on college loans the government guarantees to lenders and cutting the guaranteed return lenders receive when students default, in addition to banks paying higher fees.

No Child Left Behind Act Reauthorization

Once the chambers concentrate on the reauthorization of the *No Child Left Behind Act* (NCLB), it is certain to be the primary focus of the respective committees since it is the first time that the landmark legislation is up for reauthorization. Mr. Miller is committed to the enacted law and would like to make minimal changes. On the other hand, Senator Edward Kennedy (MA), Chair of the Health, Education, Labor and Pensions (HELP) Committee, would like to make significant changes to the statute to ensure the level of education and achievement is attainable to students. The question becomes if there is a desire to make small changes or open up the law entirely, which could very easily bog down the entire reauthorization process.

The reality of this reauthorization is that it is not likely to happen until after the presidential election in 2008, with Presidential hopefuls using it as a part of their platforms. The authorizing committees in both chambers will hold an array of hearings to hear from experts what should be changed within the law. The testimonies, as well as the agenda set forth by the leadership in both chambers, will determine how much of the landmark legislation will be changed.

Issues To Address Within NCLB

Whether the process of reauthorization is one to make minimal changes or major reforms, there are several issues that need to be addressed in order to allow local school districts and systems to be able to function and meet the overall intent and goals of the legislation. To begin with the funding levels have remained far less than was authorized in the 2001 law, hence making it difficult to achieve the standards

and requirements set forth in the law. In addition, issues that will need to be at the very least discussed will include

- The basic flexibility of implementation of the law;
- The adequate yearly progress (AYP) vs. growth model/valued added model to measure the increases of student success;
- Definition of qualified teacher;
- The inclusion of disabled and English as a second language students in the AYP; and
- Supplemental choice of support services to change to reflect the need of serving students

Standards

One of the biggest conversations likely to occur is whether or not there should be a national standard for education. These national standards would not be federally mandated, but rather an agreement among states to have a uniform set of standards in which to measure the educational attainment of students across the country on a level playing field. It is expected that there will be great debate on this topic and pending on the degree that the law is opened for reauthorization, this topic could be part of the reauthorization or entirely separate.

Carl Perkins Vocational Education Act Reauthorization

On August 12, 2006, President Bush signed into law P.L. 109-270, the *Carl D. Perkins Career and Technical Education Improvement Act of 2006*, to reauthorize the *Carl D. Perkins Vocational and Technical Education Act of 1998* through fiscal year 2012 to provide states grants for career and technical education that fund training and programs for many low-income students. The bill had been in conference committee since the first session of the 109th Congress. The conference report was passed by unanimous consent in the Senate on July 27, with the House following suit the following day, before the August recess adjournment.

The hold up of the conference report had been the differences on placement of the Tech Prep program, which provides transitional education for high school students who attend vocational technical schools and other 2-year postsecondary education institutions, and the cap for administrative costs. The new law will have the Tech Prep program remain as a stand alone program and separate appropriations and will place a cap of five percent on administrative costs of basic grant funds.

The tech-prep program allows each state has the option of consolidating all or a portion of its tech-prep funds with its basic grant funds. If a state chooses to consolidate all or a portion of its funds, then those consolidated funds become basic grant funds and are subject to the basic grant requirements only. With respect to the administration cap, if a state does not consolidate all of its tech-prep funds, it may also take "reasonable and necessary" costs from its tech-prep allocation for tech-prep administration. Although the legislation does not specify a particular cap on tech-prep administration, the Department generally begins to question any state that spends in excess of 10% to 15% of its tech-prep allocation for tech-prep administration.

In addition, P.L. 109-270 strengthens the opportunities for coordination between secondary and technical education, and emphasizes academics as well as requires state agencies to manage the performance of schools receiving technical education funding based on negotiated goals for student outcomes. Furthermore, the new Perkins law will sets forth definitions for career and technical education, requiring

that course content be aligned with challenging academic standards, career guidance and academic counseling. This will include information on baccalaureate degree programs, articulation agreements, scientifically based research, and secondary and postsecondary tech prep students; repeals a prohibition against use of funds to provide funding under the School-to-Work Opportunities (SWO) Act of 1994 or carry out activities that were funded under SWO through programs funded under Perkins, unless such programs only serve participants eligible under this Act; and provides for separate local, as well as state, performance accountability systems, including core performance indicators, adjusted performance levels, and annual reports.

On March 9, 2005, basically one-month after the President introduced the proposed elimination of the \$1.3 billion Carl D. Perkins Vocational and Technical Education Act, known as Perkins, both the House and Senate committees moved bills forward that would renew this funding stream.

The Senate unanimously passed S. 250, 99-0, the *Carl D. Perkins Career and Technical Education Improvement Act of 2005* on March 10, 2005. On May 4, 2005 the House overwhelmingly passed, 416-9, the *Vocational and Technical Education for the Future Act* (HR 366). In the 108th Congress, Committees in both chambers passed legislation to reauthorize Perkins, but the legislation went no further because of the short legislative calendar.

Related Proposed Legislation

Lifelong Learning Accounts

On January 10, Senator Maria Cantwell (WA) announced bipartisan legislation, S.26, she introduced legislation to give individuals and businesses new tax incentives to invest in continuing education and skills training opportunities. Cantwell's bill would create portable asset accounts called Lifelong Learning Accounts (LiLAs), similar to 401(k)s, that workers could use to pay for continuing education and training. The bill, cosponsored by Senator Olympia Snowe (ME), would initially authorize LiLAs in 10 states as a demonstration project.

The goal of the LiLAs Act is to encourage employees to set aside money for continuing education, and to encourage employers to provide matching funds. LiLAs are portable asset accounts that individuals can use to finance education and training. Workers would pay into LiLAs, with employers contributing matching funds. Employers could offer matching funds as part of an employee compensation package. Individuals could use the funds at any time, without tax consequences and with no expiration date, for education, training, and other expenses related to any effort to upgrade their skills.

Additionally, S. 26 would create a competitive 10-state demonstration of LiLAs for up to 200,000 participants. Both the worker and the participating employer would receive a tax benefit for contributions up to a defined limit. In the selected demonstration states, any person who is employed, including those who are self-employed, could contribute up to \$500 annually to a tax-free account owned by the individual and receive a tax credit for contributions up to the limit. Employers who match their employees' LiLAs contributions would receive a tax credit of up to \$500 per employee.

At present, there is no federal law governing savings accounts similar to those this legislation would establish. The plan offered by Cantwell differs from existing education tax benefits in several key

respects:

- There is no age limit at which benefits expire, unlike Coverdell Education Savings Accounts, which expire at age 30;
- Employers would receive incentives to match employee contributions, unlike the Hope or Lifetime Learning Tax Credit, Coverdells, or 529 plans;
- LiLAs are portable and can be used by unemployed or laid-off workers, unlike employer-provided Section 127 plans;
- Part-time students can benefit from LiLAs, unlike the Hope credit or Coverdells, which require beneficiaries to be at least half-time students;
- There is no age limit on making contributions, unlike contributions to Coverdells, which must be made before the beneficiary turns 18.

Senate

Senate Majority Leader Harry Reid (NV) introduced S. 7, College Opportunity Act of 2007, on January 4, 2007 to amend Title IV of the Higher Education Act of 1965 and other laws and provisions and urge Congress to make college more affordable through increased Federal Pell Grants and providing more favorable student loans and other benefits. The bill was referred to the Health, Education, Labor, and Pensions Committee.

On January 4, 2007 Illinois Senator Barrack Obama (IL) introduced S. 116, a bill to authorize resources to provide students with opportunities for summer learning through summer learning grants. The measure was referred to the Health, Education, Labor, and Pensions Committee.

Senator John Kerry (MA) introduced S. 97, College Opportunity Tax Credit Act of 2007, on January 4, 2007, to amend the Internal Revenue Code of 1986 to replace the Hope and Lifetime Learning credits with a partially refundable college opportunity credit. S. 97 was sent to the Finance Committee for consideration.

On January 10, 2007 Senator Maria Cantwell (WA) introduced S. 26, the Lifelong Learning Accounts Act, to amend the Internal Revenue Code of 1986 to establish a program demonstrating multiple approaches to Lifelong Learning Accounts, which are portable, worker-owned savings accounts that can be used by workers to help finance education, training, and apprenticeships and which are intended to supplement both public and employer-provided education and training resources. The measure was referred to the Finance Committee for action.

House

Representative Jo Ann Davis (VA) introduced H.H. 102, Higher Education Science and Technology Competitiveness Act, on January 4, 2007, to strengthen and expand scientific and technological education capabilities of associate-degree-granting colleges through the establishment of partnership arrangements with bachelor-degree-granting institutions. H.R. 102 was sent to the Education and Labor Committee for consideration.

On January 4, 2007, H.R. 147, to amend the Immigration and Nationality Act to exempt elementary and secondary schools from the fee imposed on employers filing petitions with respect to non-immigrant workers under the H-1B program, was introduced by Representative Gene Green (TX). The measure was referred the Judiciary Committee, where it is awaiting action.

Representative Ronald Paul (TX) introduced H.R. 193, Make College Affordable Act of 2007, on January 4, 2007 to amend the Internal Revenue Code of 1986 to make higher education more affordable by providing a full tax deduction for higher education expenses and interest on student loans. The Ways and Means Committee will have consideration over this legislation.

On January 4, 2007 Representative Steven Rothman (NJ), introduced H.R. 200, Education for the 21st Century (E-21) Act to enable America's schools to use their computer hardware to increase student achievement and prepare students for the 21st century workplace. H.R. 200 was sent to the Education and Labor Committee for consideration.

GAO Reports

Workforce Investment Act: Employers Found One-Stop Centers Useful in Hiring Low-Skilled Workers; Performance Information Could Help Gauge Employer Involvement.

GAO-07-167

December 22, 2006

Regardless of size, employers completing our survey hired a small percentage of their employees through one-stops, and two-thirds of those they hired were low-skilled. About 80 employers who could provide estimates reported hiring about 9 percent of their new employees through the one-stops, roughly 1,300 of their 14,500 hires in 2005. They also reported that about two-thirds of those hired were low-skilled workers, in part because they thought the labor available from the one-stop centers was mostly low-skilled. Employers told us they would hire more job seekers from the one-stop labor pools if they had the skills for which they were looking.

Employers primarily used only one of the seven services generally available through the one-stop, but they generally viewed whatever services they did use as helpful. Most employers used the centers' job-posting service. Fewer made use of the one-stops' physical space or job applicant screening services. Still, when employers did take advantage of a service, they generally reported that it was useful because it produced positive results, such as reaching more job applicants than would have applied otherwise. When employers reported that they did not use a particular one-stop service, in most cases they either were not aware that the one-stop provided the service, obtained it elsewhere, or carried through on their own.

At least three factors may affect one-stops' service to employers. The first of these is the skill set of the labor pool. One-stop officials said that their job candidates generally had either low skills or lacked the specialized skills needed by employers. The second factor cited by one-stop officials is the limited number of staff available to serve employers. Staff at one-stops must serve both employers and job seekers with the staff and funding available to them. The fact that the Department of Labor collects limited information on employer engagement in the one-stop system is a third factor that may affect the level of service to employers. While Labor collects information on employer satisfaction, this measure does not provide information on how employers use the system. Labor has said its new data collection system will include such information, but this remains to be seen.

The full report can be accessed at <http://www.gao.gov/cgi-bin/getrpt?GAO-07-167>
Highlights - <http://www.gao.gov/highlights/d07167high.pdf>

Grants Awarded

President's High Growth Job Training Initiative

Community-Based Job Training

On December 11, the Department of Labor (DOL) awarded 72 community college partnerships \$125 million for successfully competing under the President's Community-Based Job Training Grants initiative. The institutions selected will embark on projects in industries ranging from healthcare and construction to advanced manufacturing and energy. A total of 429 entries were submitted in response to a competition announced July 3.

The 72 grants awarded on December 11 will support projects in 34 states including: Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Idaho, Illinois, Iowa, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nebraska, New Jersey, New Mexico, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Texas, Utah, Virginia, Washington, Wisconsin, and Wyoming. Forty-five states now host such ventures.

Additional information can be obtained at http://www.doleta.gov/whatsnew/new_releases/2006-12-11.cfm

Advanced Manufacturing

On October 11, the Department of Labor awarded \$16.8 million in grants to 11 organizations in 10 states to prepare workers for careers in advanced manufacturing. The eleven organizations were selected from among 186 applicants competing under the President's High Growth Job Training Initiative. According to Secretary of Labor Elaine Chao these grants will prepare workers for rewarding careers in advanced manufacturing and help retain America's competitive edge in the worldwide economy.

The grants were awarded to:

- Connecticut Business and Industry Association
- International Association of NANO Technology
- Ivy Tech Community College of Indiana
- Los Angeles Valley College
- North Central Texas Workforce Board
- State of Oklahoma
- Philadelphia Workforce Investment Board
- Rochester Institute of Technology
- TechSolve, Inc. (Ohio)
- Virginia Biotechnology Association
- Western Iowa Tech Community College

Additional information can be obtained at <http://www.dol.gov/opa/media/press/opa/opa20061831.htm>

Office of Disabilities

New Freedom Initiative

On October 27, Secretary of Labor Elaine L. Chao honored the nine winners of the 5th Anniversary New Freedom Initiative Award for their outstanding efforts to improve employment opportunities for people with disabilities.

The Secretary of Labor's 5th Anniversary New Freedom Initiative Award recognizes exemplary and innovative efforts to recruit, hire and promote people with disabilities and to incorporate into workplaces the principles of President George W. Bush's New Freedom Initiative. Introduced in 2001, the New Freedom Initiative is a comprehensive set of proposals designed to give people with disabilities the opportunity to participate fully in all aspects of community life, including employment. Profiles of the winners are available at www.dol.gov/odep.

A list of winners follows:

Individuals

- Ilene Morris-Sambur, Marshall, Va.

Non-Profits

- Disabilityworks, Chicago, Ill.
National Technical Institute for the Deaf, Rochester, N.Y.
- PRIDE Industries, Roseville, Calif.
- The Rave Program, University of Alabama at Birmingham

Businesses

- Highmark Inc., Pittsburgh, Pa National Technical Institute for the Deaf, Rochester, N.Y.
- Aetna Inc., Hartford, Conn.
- Raytheon Missile Systems, a division of Raytheon, Tucson, Ariz.
- CVS/pharmacy Inc., Woonsocket, R.I.

Self-Employment Opportunities

The Department of Labor announced on September 21, grants to pilot projects and research in order to develop systems models designed to increase self-employment opportunities for individuals with disabilities.

The grants include a cooperative agreement to Virginia Commonwealth University, which will be partnering with Griffin-Hammis Associates LLC, to establish a National Self-Employment Technical Assistance and Research initiative. This initiative will provide direct technical assistance to the Sub-National Projects of Systemic Innovation and Technical Assistance; develop and implement a comprehensive strategy for increasing the capacity of existing systems for providing self-employment services to people with disabilities through training, technical assistance, and research; conduct research and analysis of resources currently available to persons with disabilities for pursuit of entrepreneurship; and analyze structures currently in place that either promote or impede the expansion of business ownership in the disability community. The cooperative agreement will be funded for 36 months.

The grants also include cooperative agreements to Sub-National Projects of Systemic Innovation and Technical Assistance to the Governor's Council on Disabilities and Special Education in Anchorage,

Alaska; the Onondaga County Department of Social Services in Syracuse, N.Y.; and the Florida Agency for Workforce Innovations in Tallahassee, Fla. Grantees will use these funds to research, test, and evaluate innovative models of self-employment service delivery that can be adopted nationwide. The cooperative agreements will also be funded for 36 months.

Additional information can be obtained at <http://www.dol.gov/opa/media/press/odep/ODEP20061604.htm>

Trade Adjustment Assistance

The Department of Labor announced on October 2, the release of more than \$43 million to aid states in providing job training, job search assistance and relocation assistance to workers who lose their jobs for trade-related reasons.

The funds are amounts remaining from fiscal year 2006 resources maintained in a reserve account set up under the Trade Adjustment Assistance (TAA) program. They will be distributed immediately along with initial allotments for fiscal year 2007, which began Oct. 1.

Congress allocates approximately \$220 million annually for TAA training. In fiscal year 2004, the Employment and Training Administration (ETA) began a new system for disbursing the allocations using a formula that aligns resources with state training needs.

Each year, 75 percent of available TAA funds, or \$165 million, is released on Oct. 1. The remaining 25 percent is reserved for qualifying states experiencing large, unexpected layoffs during the year. States may request additional money from the reserve account after having spent at least 50 percent of initially allocated formula funds.

In addition, DOL has authorized a one time \$250,000 lump sum for each state to upgrade their information systems for the purpose of improving TAA data and performance.

For more information on Trade Adjustment Assistance, visit www.dol.gov/dol/topic/training/tradeact.htm

State Unemployment Compensation System

On September 29, the Department of Labor announced grants to strengthen state unemployment compensation systems.

The grants support a variety of projects to prevent, detect and recover improper benefit payments including, using the National Directory of New Hires to block individuals from claiming benefits after their return to work; using automated systems to detect and recover improper payments; and matching claims data with other government databases to detect fraud.

Additionally, the grants will fund projects to promote quick re-employment through enhanced use of automated systems to assess beneficiaries' needs and connect them to re-employment services.

More information including the list of grantees can be obtained at <http://www.dol.gov/opa/media/press/eta/ETA20061713.htm>

Other Federal Agencies

Environmental Protection Agency (EPA)

The Environmental Protection Agency announced on November 13 plans to award more than \$2.3 million in job training grants in twelve communities in 10 states geared toward cleaning up contaminated properties and turning them into productive community assets. The EPA, under its Brownfields Initiative, is awarding grants of up to \$200,000 each to non-profit organizations and local governments. The grants will teach environmental assessment and cleanup job skills to individuals living in low income areas near Brownfields sites in Arizona, Arkansas, California, Connecticut, Illinois, Maryland, Ohio, Oregon, Virginia and Wisconsin.

Since 1998, EPA has awarded more than \$22 million in Brownfields job training funds. Approximately 3,000 people have completed training programs, with more than 1,880 obtaining employment in the environmental field, earning an average wage of \$13.26 per hour. The program is designed to ensure that the economic benefits derived from Brownfields redevelopment remain in the affected communities.

For more information on grant recipients go to <http://epa.gov/brownfields/jt1106/jt1106.htm>.

Department of Health and Human Services (HHS)

On October 10, the Department of Health and Human Services (HHS) announced awards totaling over \$58 million through the Compassion Capital Fund (CCF). The awards are made to 420 faith-based and community organizations designed to help grass-roots faith-based and community organizations enhance their ability to provide a wide range of social services for those in need. Those services include aid for homeless persons, at-risk youth and rural communities and initiatives to empower youth and promote healthy marriage.

The awards consist of several sets of grants:

The first set involves the CCF Demonstration Program totaling \$5 million for ten organizations in Alaska, Arizona, Georgia, Hawaii, Michigan, Minnesota, New York, Pennsylvania, Virginia and Washington to serve as intermediaries to help build the capacity of smaller faith-based and community organizations. In addition, grants totaling nearly \$8 million were awarded to continue currently funded CCF programs in Arkansas, California, Connecticut, Indiana, Kansas, Michigan, Mississippi, Ohio, Oklahoma, New York, Pennsylvania, Texas, West Virginia and Wyoming.

The second set totals \$15 million for 310 faith-based and community organizations under the CCF Targeted Capacity Building Program. The areas of focus for this program include at-risk youth, homeless persons, rural communities and strengthening marriage.

- The 154 at-risk-youth grants range from \$25,000 to \$50,000 with the majority of the awards at the \$50,000 level.
- The 49 homeless grants range from \$10,000 to \$50,000 with the majority of the awards at the \$50,000 level (or just below).
- The 54 rural community grants range from \$34,000 to \$50,000 with the majority of the awards.
- The 53 strengthening marriage grants range from \$39,000 to \$50,000 with the majority of the grants at the \$50,000 level.

Another set of awards inaugurates the Communities Empowering Youth (CEY) program created in response to First Lady Laura Bush's Helping America's Youth initiative. CEY provides funding to strengthen existing community coalitions working to combat gang activity and youth violence and provide positive alternatives for at-risk youth. Under this new program, \$30 million is awarded to 100 organizations to build the capacity of their coalitions, better enabling them to reduce youth violence in communities across the country.

More information is available at <http://www.hhs.gov/news/press/2006pres/20061006.html>

Department of Housing and Urban Development (HUD)

YouthBuild

On November 29, the Department of Housing and Urban Development (HUD) announced a number of YouthBuild grants that will offer job training and leadership skills to an estimated 3,075 young people. YouthBuild grants will help these students, ages 16-to-24, to earn their high school diplomas and train them for a future in the construction trades while producing 702 homes for lower income families, many facing homelessness.

HUD's announcement marks a transition of the YouthBuild program from HUD to the Department of Labor. This transfer represents the fulfillment of a 2003 White House Task Force Report on Disadvantaged Youth and resulted in the passage of The YouthBuild Transfer Act, signed by President Bush in September.

More information including the list of grantees can be obtained at <http://www.hud.gov/news/release.cfm?content=pr06-147.cfm>

Housing Choice Voucher Family Self-Sufficiency

On October 19, the Department of Housing and Urban Development (HUD) announced that public housing agencies in 48 states, the District of Columbia and Puerto Rico will receive over \$47 million in funding to help low-income people get job training, employment and homeownership counseling.

The funding is from HUD's Housing Choice Voucher Family Self-Sufficiency (HCV/FSS) program that provides grants to public housing agencies (PHAs) to hire FSS program coordinators. FSS coordinators link adults in the HCV program (Section 8) to local organizations that provide job training, childcare, counseling, transportation and job placement. PHAs can also hire homeownership coordinators to help families get homeownership counseling.

Participants in the HCV/FSS program sign a contract that stipulates the head of the household will get a job and the family will no longer receive welfare assistance at the end of the five-year term. As the family's income rises, a portion of that increased income is deposited in an interest-bearing escrow account. If the family completes its FSS contract, the family receives the escrow funds that it can use for any purpose, including a down payment on a home, paying educational expenses, starting a business or paying back debts.

More information including the list of grantees can be obtained at <http://www.hud.gov/news/release.cfm?content=pr06-138.cfm>

FY 2007 Budget for Department of Labor Job Training Programs

Department of Labor Appropriations (in millions)	FY 2004	FY 2005	FY 2006	FY 2007 President's Request	House Full Comm. Passed 6/13	Senate Full Comm. Passed 7/20
Consolidated State Block Grant (CBG)/ Career Advancement Accounts (CAA)	N/A	N/A	N/A	3,412**	0	0
Adult Training	898.9	891	857.3	CBG / CAA	847	800
Dislocated Worker Training	1,454	1,344 ¹	1,461	CBG / CAA	1,476	1,476
Community-Based Job Training Grants (Community College)	N/A	248	123.8	150	125	125
Youth Training	995	986	940.5	CBG / CAA	936	935 ³
National Youth Challenge Grants	N/A	0	0	0	0	0
Job Corps	1,541	1,546	1,557	1,501	1,523	1,620
Reintegration of Youth Offenders	49.7	49.6	49.1	0	0	60
Prisoner Re-entry Program (Ex-offender) ²	N/A	19.8	19.6	19.6	0	0
Migrant Seasonal Farm Workers	77	73	79.2	0	80	80
Wagner-Peyser (E/S)	786.9	780	715.8	CBG / CAA	689	721
YouthBuild ³	N/A	67	49.5	50	N/A ⁴	N/A ⁴

¹ - This figure reflects the \$124 million transfer to the Community-Based Job Training Grants (community college initiative)

² - Proposed funding for the second year of this program is \$60 million -- \$25 million at DOL, \$25 million at HUD and \$15 million at Justice

³ - YouthBuild has officially been transferred from HUD to DOL, since there is no appropriated level at DOL for the program, it will come out of youth formula funding for FY 2007.

⁴ - House Labor-HHS Subcommittee did not include YouthBuild in the DOL budget.

** The Consolidated State Block Grant to administer Career Advancement Accounts combines and cuts the following current programs:

WIA Adult - \$712 million, cut by \$145 million from \$857 million in FY 06

WIA Dislocated Worker - \$1.113 million, cut by \$348 million from \$ 1.461 million in FY 06

WIA Youth - \$841 million, cut by \$100 million from \$941 million in FY 06

Wagner-Peyser - \$649 million, cut by \$27 million from \$716 million in FY 06

LMI/One-Stop Information - \$39 million

Work Opportunity Tax Credit Administration - \$18 million

Total – \$3.4 billion consolidation