



18th Annual Congressional Forum

**Legislative Update
September 21, 2006**

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Introduction

During the short September session, Congress has had a strict focus with the upcoming November election nearing. The issues that have been addressed by both chambers in this session include FY 2007 appropriations for the Departments of Defense and Homeland Security, anti-terrorism legislation and fiscal restraint measures. Since there is a definite lag in the appropriations process this year, Congress is going to once again rely on a stop gap measure – a continuing resolution – to keep the government functioning at the beginning of the new fiscal year on October 1.

It is almost certain that the continuing resolution will follow the precedent of funding programs at the lowest level of the House passed bill (H.R. 5647), Senate passed bill (S. 3708), or FY 2006 enacted levels. Additionally, the likelihood of a year-end appropriations omnibus package increases, and the inclusion of the Labor-Health and Human Services, Education and Related agencies bill is almost inevitable since it has not passed either chamber of Congress. H.R. 5647 is the only FY 2007 appropriations bill that the House has not passed (and is unlikely to pass prior to the election due to the inclusion of a measure to increase the minimum wage.

In addition, due to the full Congressional agenda for September, it is expected that conference for the reauthorization of the Workforce Investment Act will be taken up after mid-term elections, though congressional staff will be working to resolve differences over the next couple months.

This summer, Congress has been active passing the reauthorization of the *Carl D. Perkins Career and Adult Education Act*, transferring YouthBuild from the Department of Housing and Urban Development (HUD) to the Department of Labor, and attempting to pass an increase to the minimum wage.

The Department of Labor (DOL) has also been active this past summer, issuing new guidance on salaries and bonuses under ETA funded programs, releasing proposed rule changes for the Trade Adjustment Assistance (TAA) program, drafting strategic plan of activities for 2006-2011 and launching new initiatives through the Job Corps program.

The Department of Health and Human Services issued the final regulations for the Temporary Assistance Needy Families (TANF) program, which were effective June 30, with reporting requirements beginning on October 1, 2006.

Economic Outlook

As of August 2006, according to the Bureau of Labor Statistics (BLS), the unemployment rate remains steady at 4.7 percent. Unemployment among youth rose by 658,000 between April and July, a much larger rise than in 2005, but consistent with 2003 and 2004, a time when there is usually a bulge in employment due to the summer season.

In addition to the unemployment rate remaining steady, the national poverty rate held firm while workers' earnings declined last year and household income levels rose slightly for the first time since the 2001 recession. According to the Census Bureau, the U.S. poverty rate fell by 1 percentage point to 12.6 percent in 2005, with 37 million people continuing to live below the poverty threshold for their family size. The decline was statistically insignificant, according to Census officials, but it did mark the first break in what had been a steady expansion of poverty since just before the last recession. In 2000, the national poverty rate hit a recent low at 11.3 percent, representing about 31.6 million poor people.

Despite the fact that there has been a drop in the poverty rate and an increase in the medium household income to \$46,300 when adjusted for inflation, there is a widening of the wage gap. The last time household income rose over the year was in 1999, when the median U.S. household earned approximately \$47,600, adjusted for inflation.

According to the Census Bureau, earnings of working-age men and women who were employed full-time still remain unequal. In 2005, women continued to earn 77 cents on the dollar compared to their male counterparts, which has essentially been unchanged since 2000. Median earnings for both men and women fell during 2005 by 1.8 and 1.3 percent, respectively, adjusted for inflation. This was the third consecutive year this held true for female workers and the second for male workers.

There continues to be a widening gap in household income levels. The top 20 percent of households, those with at least \$91,700 in income last year, experienced 1.2 percent income growth. Together, these families commanded more than half of the nation's total household income. Alternatively, families in all other income quintiles experienced declines in their household revenue. For the 20 percent of households with the lowest income levels, all households below \$19,200 per year, real income levels dropped by 0.8 percent.

Youth employment

Youth employment for 16 to 24 year olds for the spring and summer months was at 2.5 million workers, slightly lower in 2006 than 2005, when 2.7 million youths were added to the workforce according to the Bureau of Labor Statistics (BLS). The spike covers employment from April to July, which is the traditional peak for youth employment. This summer, total youth employment for the year reached 21.9 million.

Unemployment among youth rose by 658,000 between April and July, a much larger increase than in 2005, though consistent with 2003 and 2004. In July 2006, 59.2 percent of the 16- to 24-year-old civilian, non-institutional population was employed, about the same as in 2005. BLS reported that the ratio has held "fairly steady" each summer since 2004, after falling by about 11 percentage points between July 1989 and July 2003.

Young men had the highest ratio of employment at 61.9 percent, followed by women at 56.5 percent – little change from 2005 according to BLS. The breakdown of youth employment by industry was as follows:

- 22 percent of youth workers were in the leisure and hospitality industry (including food services);
- 21 percent worked in retail trade; and
- About a third worked in construction, education and health services, professional and business services, and government collectively.

FY 2007 Appropriations

Both chambers of Congress are behind in advancing fiscal year (FY) 2007 appropriations measures – including the Labor, Health and Human Services, Education and Related Services bill (H.R. 5647 and S. 3708). As such, Congress will most likely rely on a continuing resolution (CR) to keep programs funded through November 13 while it breaks for the election. The funding levels would be consistent with last year’s continuing resolution, in which programs were funded at the lowest level set by the House passed bill, the Senate passed bill or in the previous year’s spending measure and continue until after the mid-term elections. The CR could be passed as a stand alone measure, but it will most likely be attached to either the Defense (H.R. 5631) or Homeland Security spending bills, since they are slated to be passed prior to the adjournment on October 6.

With the slow rate of passage on the spending bills, combined with election year politics and the short time Congress has to complete its work, the potential for some kind of year-end omnibus spending measure for remaining appropriations bills seems inevitable. Since neither chamber has passed the Labor, Health and Human Service, Education and Related Agencies appropriations bills, its inclusion in any omnibus appropriations package is almost certain.

The House Appropriations Committee had passed H.R. 5647, the largest domestic spending measure after defense, by voice vote on June 13 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 remains one of the hurdles to the bill being brought to the floor for a vote. In a tough election year, moderates are afraid to vote against an increase to the minimum wage, whereas conservatives will not support such a measure because of their belief that it will cause job loss and hurt business.

The Senate Appropriations Committee passed S. 3708, 28-0 on July 20, 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 page 9.)

It is important to note that both H.R.5647 and S. 3708 retain report language from last year’s 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. More specifically, the Committees instructed that no funds be used for DOL's proposed career advancement account initiative unless specifically authorized by law.

When the bills are finally brought to the floor, it is expected that Senator Tom Harkin, Ranking Member of the Appropriations Subcommittee on Labor, Health and Human Services, Education and Related Agencies, will offer an amendment to add an additional \$2 billion to S. 3708 to reach the full \$7 billion that was agreed to in the Senate budget resolution process, but stripped out in conference of the supplemental spending bill. We expect Representative Michael Castle (DE) will also seek the on additional \$3 billion to H.R. 5647, promised to moderate Republicans by House leadership to secure passage of the budget resolution. It is unlikely that either chamber will be successful in adopting an amendment, though the Senate originally approved the additional \$7 billion in an overwhelming majority.

Rescission

The House appropriations bill includes report language calling for a *\$325 million rescission for carryover of unexpended funds* from WIA programs. The Senate appropriations bill does not include this language. If enacted, the House language would enable the Department of Labor to determine which Employment and Training Administration programs, including all programs covered under WIA or the Employment Service, would be required to pay back their carryover funds. In light of cuts already facing local workforce systems, this rescission would have a drastic impact on workforce services currently being provided to residents across the country.

Also, both bills contain language regarding transfer of YouthBuild from the Department of Housing and Urban Development to DOL, and recommend that up to \$50 million of the funding made available for youth activities under DOL be dedicated to YouthBuild. Since YouthBuild was officially incorporated into WIA after passage by Congress earlier this month, the \$50 million for the program will be taken out of the FY 2007 youth formula funding.

Therefore, if the rescission is in fact enacted, the local workforce system is facing a potential cut of \$375 million to programs, which will without question have a drastic impact on localities' abilities to serve its customers.

Summary of the President's Proposal

The President's budget for the Department of Labor (DOL) calls for a new \$3.4 billion consolidated state block grant to deliver Career Advancement Accounts (CAA) by combining and cutting \$680 million from the Workforce Investment Act (WIA) Adult, Dislocated Worker and Youth formula grant programs with the Employment Service. This would provide greater flexibility for governors to redesign or eliminate the local workforce system and determine how funds are spent. Services to in-school youth are also eliminated, meaning no summer jobs or internships, no drop-out prevention services and no post-secondary and career opportunity initiatives for high school students under WIA.

Additional programs eliminated from the President's FY 2007 year's budget proposal include:

- Migrant and Seasonal Farm Workers
- Reintegration of Youth Offenders
- Work Incentive Grants
- America's Job Bank

The FY 2006 budget proposed to eliminate the Migrant and Seasonal Farm Workers and the Reintegration of Youth Offenders programs, but Congress funded both at levels at or above FY 2005 levels. Below is a summary of each proposal, with a chart comparing funding streams on page 9.

Consolidated State Block Grant

This block grant would consolidate funds from the WIA Adult, Dislocated Worker and Youth formula grant programs with the Employment Service, Work Opportunity Tax Credit Administration and Labor Market Information funds into a single state block grant. States would be required to use a minimum of 75 percent of the funds for CAAs, which the President proposed as part of the *American Competitiveness Initiative* announced during the State of the Union address on February 6. Administrative costs for states would be similar to the 3 percent cap carried by many Department of Education programs. States would use the remaining funds, up to about 22 percent, to provide basic employment services through existing One-Stop career centers, or through partnerships with the private sector.

This proposal does not define a role for the local workforce system but rather leaves it up to the states to negotiate with local areas on their role.

Career Advancement Accounts

The CAA program is very similar to Personal Re-employment Accounts (PRAs) that the Administration has proposed for the last three years but that have yet to be enacted by Congress. CAAs will be self-managed accounts of up to \$3,000 that workers and people looking for work, both adults and out-of-school youth, can use to obtain training and other employment services. The accounts may be used for two years for up to a total of \$6,000, and must be used to pay for expenses directly related to education and training, not supportive services.

The populations that will qualify for the CAA program include: high school dropouts, low-income adults, dislocated workers, and incumbent workers.

The Employment and Training Administration estimates that nationally about 800,000 accounts would be available to workers each year because CAAs would provide more flexible resources and services designed to meet their changing needs.

Community Career Centers

Under the CAA proposal, states and local areas would maintain what ETA is referring to as *community career centers* including, but not limited to, the existing One-Stop Career Centers to provide the basic employment services to job seekers and employers and provide access to CAAs. There is also the flexibility for state and local areas to develop partnerships with the private sector to provide these services.

Community Based Job Training Grants

The budget would fund the community college initiative at \$150 million as part of the President's High-Growth Job Training Initiative. It would fund competitive grants to community colleges that partner with employers to train workers with skills needed in growth sectors of the economy.

Prisoner Re-entry Program

The budget includes a total of \$60 million for the third year of funding for this four-year Prisoner Re-entry Initiative to help individuals exiting prison make a successful transition to community life and long-term employment. DOL would provide level funding of \$19.6 million for this initiative, HUD would provide \$25 million, and the Department of Justice would provide \$15 million. These agencies will work together with faith-based and community organizations to fund competitive grants which include job training, transitional housing assistance and mentoring.

Budget Resolution

As in the two previous election years, Congress was unable to adopt a joint budget resolution before the start of the appropriations process. Instead, the House and Senate separately “deemed” budget resolutions for each chamber that both reflected an \$873 billion cap on non-emergency discretionary spending, the level requested by the Administration.

The Senate passed S Con Res. 83 on a vote of 51-49 on March 16, which ignored President Bush’s proposal to find a net \$65 billion in savings to entitlement programs over the next five years, forgoing the opportunity for filibuster-free bills cutting entitlement spending and taxes this year. The measure also includes budget enforcement measures to kick in if emergency (supplemental) spending exceeds \$90 billion in a year, which includes a point of order requiring 60 votes to overcome.

The House adopted its 2007 budget resolution, H Con Res 376, by a vote of 218 – 210 on May 18 after the House Republican leadership included an amendment to provide a \$7.2 billion increase in Labor-HHS-Education programs as requested by moderates concerned about drastic cuts to domestic programs in an election season. \$4.1 billion of the additional funding came from deductions to Iraq reconstruction funds and other unspecified cuts elsewhere, with a promise that there would be no cuts in Medicare, Medicaid, food stamps or other programs for the needy. The remaining \$3.1 billion, still “promised” by the leadership, would come from decreasing overall defense funding – this is an action taken by the Appropriations Committee on May 9.

On the Senate side, Senators Arlen Specter (PA), Chairman of the Subcommittee on Labor-HHS and Tom Harkin (IA), Ranking Member of the Committee, had successfully offered an amendment to restore funding for education, health, social services, and WIA programs to FY 2005 levels by adding \$7 billion to the funding level for the Labor-HHS-Education spending bill. The amendment passed with strong bipartisan support on a vote of 73-27, and when combined with commitments from Senate Majority Leader Senator Bill Frist (TN) and Budget Committee Chairman Senator Thad Cochran (MS) provided a total of \$10 billion added to the appropriations for the Senate Labor-HHS Subcommittee (\$7 billion from the Specter/Harkin amendment and an additional \$3 billion by the Budget Committee, for Functions 500, 550 and 600, which comprise all programs within the purview of the Labor-HHS-Education Subcommittee.)

Unfortunately when the budget resolution was attached to supplemental spending legislation, the Specter/Harkin amendment for the additional \$7 billion was stripped. During the appropriations process the Senate Appropriations Committee shifted \$9 billion from the Department of Defense, from which \$5 billion was allotted to the Labor-HHS-Education and Related Agencies Subcommittee.

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

Workforce Investment Act Reauthorization

Efforts to move reauthorization of the *Workforce Investment Act* (WIA) forward have met with little success during the second session of the 109th Congress. Prior to the adjournment of the previous Congress the Senate was unable to pass S. 1021, *Workforce Investment Act Amendments of 2005*, which had been passed with bi-partisan support by the Health, Education, Labor and Pensions (HELP) Committee by unanimous consent on May 18, 2005. The House of Representatives passed the *Job Training Improvement Act*, H.R. 27, offered by Representative Buck McKeon (CA), Chairman of the Education and the Workforce Committee (when he was Chairman of the 21st Century Competitiveness Subcommittee), 224-220, on March 2, 2005 along party lines. McKeon had once again supported the local system by maintaining the local governance structure.

The Senate finally passed the bill by voice vote when it was brought to the floor on June 29. S. 1021 had been stalled since last fall due to a “hold” on the bill because of a faith-based hiring preference provision included in the House version. This remains a conference issue to be settled on the conferee member level. Several attempts in the House to strip the faith-based provision from H.R. 27 failed.

Key Issues For Conference

The current issues for conference remain to be the same as those in the 108th Congress with a few additions.

- The issue of block grants will be on the table which puts many local provisions at stake including local control of the system, the formula to the local level and designation of local areas. A compromise could include a pilot program, a state option or greater flexibility in moving funds from one funding stream to another. The U.S. Conference of Mayors is opposed to the consolidation and merging of the three funding streams into a single state block grant because of the loss of local authority and possible reduction in overall funding to local workforce areas, and because the history of block grants generally means continued reduced funding;
- Another issue to be decided is how the House bill’s faith-based hiring provision will be resolved with the Senate. Some predict that the compromise will be the elimination of the faith-based provision in exchange for a system-wide state consolidated block grant;
- The split between serving in school and out of school youth will likely be compromised at 50/50;
- Another possible issue will be administrative costs. If administrative costs are not defined in the bill, then DOL can define them in regulations. DOL’s summer 2003 proposed definition would severely damage the local system delivery of quality services. H.R. 27 includes a placeholder for administrative costs language; and
- One-Stop infrastructure funding will have to be worked out between the House and the Senate.

Summary of S. 1021

Overall, S. 1021 is very similar to the version of WIA reauthorization unanimously passed by the Senate last year. It does not include WIA Plus and maintains the existing funding streams for Adults, Dislocated Workers, Youth and Wagner Peyser with an increase in the flexibility to transfer between adult and dislocated worker funding at the local level up to 100 percent as noted above. It requires that the Employment Service be co-located in comprehensive One-Stop centers and places the Employment Service on local Workforce Investment Boards. S. 1021 maintains the current local governance structure,

expands services to business and to people with disabilities. It decreases the Department of Labor waiver authority response time limit to 60 days, instead of the 90 in current law. And in a strong showing for a possible summer jobs program comeback, S. 1021 directs the Secretary of Labor's discretionary youth funding for competitive grants be used for "first jobs" and people with disabilities. It also authorizes the President's proposal for community-based job training grants.

Since passing out of the HELP Committee, modifications have been made to S. 1021, primarily expanding local discretion to shift funds between their adult and dislocated worker program allotments. This should resolve the issue of the consolidated block grant that is in the House version. S. 1021, sponsored by Senator Enzi, would increase the transfer authority to 100 percent, allowing local boards this amount of discretion without regard to whether or not their state agencies possess a DOL waiver allowing such a transfer.

Other highlights are as follows:

Governance

- Maintains pre-existing language that dictates a rule for states wishing to operate without local service delivery areas and the oversight of board and agencies that come with them;
- Maintains strong local control for local elected officials within the workforce system;
- Includes automatic designation for cities over 500,000 and others if performance measures are met. Local workforce agencies must meet performance requirements and standards of fiscal integrity to hold onto the right for this designation;
- Protects local workforce systems (authority of local boards and chief elected officials) that are performing well, but allows for change in those areas with low performance (those eligible for sanctions under the law for failure to meet performance standards for two consecutive years) or problems with fiscal integrity; and
- Provides a grandfathering clause to override the provision allowing governors to do away with local areas if "prior to the submission of the state plan or modification to such plan so designating the state, no local area meeting the requirements for automatic designation requests such designation as a separate local area," only to allow current single workforce area states to continue to operate without local areas if they were doing so prior to July 1, 2004.

Youth – Creates "First Jobs" Competitive Grants Program

- Continues to serve in-school youth, including 14 and 15 year olds;
- Provides that up to 60% of Youth funds may be spent on in-school youth, and not less than 40% must be spent on out-of-school youth;
- Authorizes funding for Youth Challenge Grants, but not at the expense of the Youth formula program -- taking the funding approach previously provided for Youth Opportunity grants in WIA of funding only after \$1 billion in formula funds is appropriated. It also specifies that participants must be 14 – 21 years old; and
- Directs the Secretary of Labor's discretionary youth funding for competitive grants be used for "first jobs" for youth and assist youth with disabilities.

Business Services

- Encourages innovative service strategies for business -- including the addition of an expanded list of business services as allowable services within local WIA programs.

Performance

- Authorizes states to pay local areas for performance incentive grants awards that can be used for adult education and vocational rehabilitation activities, as well as WIA Title I employment activities.

Summary of H.R. 27

H.R.27, which is very similar to the House passed WIA reauthorization bill in the last Congress, maintains the locally driven, business led system. Key issues for debate in the House Committee and on the House floor were the faith-based hiring language and the consolidated block grant issue. H.R. 27 includes language which would allow faith-based groups that receive WIA funding to use religious preference in hiring. H.R. 27 includes a consolidated state block grant, which incorporates the adult, dislocated worker and Wagner-Peyser, funding streams. H.R. 27 does not include youth in the block grant as was proposed in the President's FY 2006 Budget.

Other highlights are as follows:

Governance

- Maintains local control by maintaining the current governance structure; and
- Does not include WIA Plus.

Youth Provisions

- Requires 70 percent of youth funding to be used for out-of-school youth ages 16 to 21 and the remaining 30 percent on in-school youth ages 16 – 24 during non-school hours; and
- Maintains the provision that allows youth formula funds to be reduced by 25 % in order to shift these limited resources to fund National Youth Challenge grants.

Business Services

- Adds emphasis on strategies and services for business, including small business in several areas of the legislation including the local plan, in statewide activities and in one-stop delivery services.

Community College Program

- Authorizes the President's proposal for community-based job training grants at \$211 million, \$125 million from the DOL Secretary's discretionary Dislocated Worker funding account. This authorizes DOL to award competitive grants using currently appropriated FY 2005 funding. The grants would be awarded to community colleges or a consortium of community colleges that would work in conjunction with the local workforce investment system and a business or businesses in a qualified industry; and
- Chairman McKeon wants to make sure community colleges coordinate with local boards.

Administrative Costs

- Includes a place holder definition on administrative costs, pending further discussion.

Personal Re-employment Accounts (PRAs)

- Includes Personal Reemployment Accounts (PRAs) as a demonstration program, which was dropped from the House bill in the last Congress.

Transfer of YouthBuild

Congress has officially transferred the YouthBuild program from the Department of Housing and Urban Development (HUD) to DOL. The Administration had tried during FY 2006 and 2007 to move the program, but Congress did not follow the request. Senator Michael Enzi (WY), Chairman of the Health, Education, Labor and Pensions (HELP) Committee, introduced S. 3534, the YouthBuild Transfer Act on June 16, to amend the Workforce Investment Act of 1998 to include the YouthBuild program. The official transfer would allow the program to be more closely aligned with other job-training programs. The bipartisan measure, passed by unanimous consent on August 4, requires applicants for the YouthBuild grants to explain how they will integrate programs in their communities and how they will focus on preparing participants for high-demand occupations or secondary education. Additionally, local programs will be able to spend up to 10 percent of their grants to build community facilities, such as schools and recreation centers, rather than only housing.

On September 6, the House cleared S. 3534 under suspension of the rules. Representative Michael Castle (DE) had introduced H.R. 5837, the House version of the Senate bill, on July 19.

In the FY 2007 budget there were no funds appropriated under the DOL budget for the YouthBuild program, nor were there any funds appropriated under the HUD budget for the program. It is expected that the \$50 million required to fund the program will come out of youth formula funding in the FY 2007 Labor-HHS appropriations bills (H.R. 5647, S. 3708).

Minimum Wage Increase

Though it is highly unlikely that Congress will enact an increase of the \$5.15 per hour minimum wage to \$7.25 over the next two years, there still remains pressure from Democrats for an increase. They have attempted a stand alone bill to increase the federal minimum wage and to also attach such an amendment to numerous, unrelated bills in both chambers, but the majority leadership refuses to consider any measure that does not include offsets for companies.

In the House, an amendment to increase the minimum wage was successfully adopted by voice vote to the FY 2007 Labor, Health and Human Services, Education and Related Agencies appropriations bill (H.R. 5647) in full Committee, and is one of the few issues holding up the only FY 2007 appropriations bill not passed by the House. With the upcoming election there is concern about addressing the minimum wage, especially among moderate Republicans up for re-election. In response to concerns of moderates and conservatives about a minimum wage increase hurting business, the leadership introduced a package including a minimum wage increase, a permanent reduction of the estate tax, and extensions of several popular tax breaks.

The measure (H.R. 5970) passed the House, 230-180, on July 29 as one of the last actions before the adjournment for the August recess. On August 3, the Senate voted 56-42 rejecting H.R. 5970 prior to ending for the month-long recess.

A controversial “tip credit” in the proposal’s language had raised concerns for Senate Republicans. Forty-three states allow businesses with employees who receive tips to count those earnings toward reaching minimum wage, thus the tip credit. The seven remaining states and Guam do not allow a tip credit, requiring tipped employees to be paid the full minimum wage and their tips. Democrats contended that

the tax-wage bill language would nullify the laws in those seven states, allowing businesses there to begin paying tipped employees as little as \$2.13 an hour if the bill becomes law, resulting in a drastic pay cut.

The Congressional Budget Office and Congressional Research Service (CRS) issued statements supporting the Democrats' interpretation of the bill's language, while DOL said no wages would be cut as a result of the legislation's enactment. The language still remains in dispute.

Older Americans Act

On June 21, 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. H.R. 5293 is cosponsored by Select Education Subcommittee Chairman Representative Pat Tiberi (OH), Full Committee Chairman Representative Howard "Buck" McKeon (CA), the Full Committee's Ranking Member Representative George Miller (CA), and the Select Education Subcommittee's Ranking Member Representative Rubén Hinojosa (TX).

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 that at least half of the subsidized jobs provide a community service element in order to maintain the valuable community service aspect of the program.

The measure was sent to the Senate for consideration and is awaiting action by the Health, Education, Labor and Pensions (HELP) Committee.

TANF Reauthorization

After twelve extensions, the *Personal Responsibility and Work Opportunity Reconciliation Act of 1996* (PL 104-193), or Temporary Assistance for Needy Families (TANF) program, was reauthorized by Congress through 2010. The *Deficit Reduction Act of 2005* (PL 109-171) reauthorizes the welfare program at a funding level of \$16.5 billion per year, but does not make any direct changes to allowable work activities or work hour requirements. Instead the law gave the authority to the U.S. Department of Health and Human Services (HHS) to change certain definitions and requirements in 2006. TANF was not originally included in the conference report for *The Deficit Reduction of 2006*, however conference negotiations resulted in the inclusion of welfare reauthorization.

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.

The Department fast-tracked the new regulations defining permissible work activities, verifying work hours and determining who is work-eligible. The new regulations went into effect upon their initial release this summer, with a 60 day public comment period to follow. HHS has already cautioned that the comment period will not result in major “wholesale changes” to the regulations, which are required by law to be issued by June 30 in order for states to meet the October 1 deadline.

There were no cuts to the food stamp portion of the program in the reauthorization, originally included in the House version of the budget reconciliation bill, and it includes an additional \$1 billion extra through 2010 for subsidized child care, a shortfall from the \$6 billion the Senate wanted. Funding levels for Medicaid and child care are estimated to result in a drastic reduction of services.

Please see the letter from USCM Executive Director Tom Cochran to HHS Secretary Michael Leavitt along with the recommendations for changes to definitions in the work requirements in the packet with meeting materials.

Department of Labor

PY 2006 Allotments

On August 10, The Employment and Training Administration (ETA) announced final allotments for PY 2006, July 1, 2006 - June 30, 2007, for WIA youth and adult programs and additional PY 2006 funding from WIA section 173(e) for eligible states. Please see the charts beginning on page 27.

The *Federal Register* released on August 10 provides the update to the planning estimate levels for the WIA youth and adult programs originally announced in the April 11 *Federal Register*, which remain unchanged for outlying areas in the adult and youth programs and Native Americans in the youth program. The allotments are based on the funds appropriated in the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006, Public Law 109-149, which required a government-wide reduction of 1.0 percent to all FY 2006 discretionary programs.

WIA section 173(e) provides that up to \$15 million from Dislocated Workers reserve funds is to be made available annually to states that receive less funding under the WIA adult formula than would have been received had the *Job Training Partnership Act* (JTPA) adult formula been in effect. The amount of each eligible state's grant is based on the difference between the WIA and JTPA adult formula allotments, and the additional funding must be used for adult or dislocated worker activities.

As a result of the final allotment, ETA has also issued [Change 1 to Training and Employment Guidance Letter \(TEGL\) 25-05](#), which provides additional information on the PY 2006 final allotments. TEGL 25-05 can be accessed at http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=2256.

Additional information can be obtained at <http://www.doleta.gov/budget/statfund.cfm>. The August 20 *Federal Register* can be accessed at <http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/06-6849.pdf>.

TAA Rules Changes

On August 25 ETA published a Notice of Proposed Rulemaking (NPRM) in *Federal Register* (pages 50760 – 50832) to announce proposed rulemaking changes concerning the administration of the Trade Adjustment Assistance (TAA) Reform Act of 2002. The NPRM lays out changes that would ensure the administration of TAA programs will be more aligned with the employment and training services offered through the nation's One-Stop service delivery system established by the Workforce Investment Act of 1998 (WIA).

The proposed rule amends the WIA regulations at 20 CFR 665 to incorporate the statutory requirement that states provide rapid response services to worker groups on whose behalf a TAA petition has been filed. The proposed rule also incorporates the statutory requirement that states make WIA core and intensive services available to trade-affected workers. In addition, the proposed rule provides for the delivery of services to TAA participants through the One-Stop Career Center system and requires that states utilize an integrated service strategy to ensure that a comprehensive array of services is available to trade-affected workers.

On August 6, 2002, President Bush signed into law the *Trade Adjustment Assistance Reform Act of 2002*, which amended the Trade Act of 1974. The 2002 Act reauthorized the TAA program through fiscal year 2007 and made significant amendments to the TAA program, which generally took effect on November 4, 2002.

Additionally, the 2002 Act expanded the scope of the TAA program and increased benefit amounts available under that program, repealed the North American Free Trade Agreement Transitional Adjustment Assistance (NAFTA-TAA) program, provided a health coverage tax credit (HCTC) administered by the Internal Revenue Service (IRS) to subsidize private health insurance costs for qualified workers, and enacted a pilot program for Alternative Trade Adjustment Assistance for older workers (ATAA). These amendments were designed to augment and improve the delivery of benefits and services to certain workers adversely affected by foreign trade.

DOL invites comments on the proposed changes for the TAA program, which are due by October 24, 2006. More information and instructions for submission of comments can be obtained in the *Federal Register* NPRM at <http://www.dol.gov/eta/regs/fedreg/proposed/taa.htm>

Guidance on Salary and Bonuses Limitations with ETA Funds

On August 15, DOL released Training and Employment Guidance Letter (TEGL) 5-06, setting limitations on salary and bonus payments for ETA-funded recipients and sub-recipients. Section 7013 of Public Law 109-234 limits salary and bonus compensation for individuals who are paid by grant funds appropriated to the Employment and Training Administration. The compensation limit is currently \$165,200 annually. The limitation applies to appropriated funds available for expenditure on or after June 15, 2006, when the law became enacted.

Congress enacted language through legislation for the limitations due to allegations that surfaced in Iowa pertaining to the misuse of federal training dollars for salaries and bonuses to employees of the Workforce Investment Board (WIB). As a result of the misuse of federal dollars, Assistant Secretary Emily DeRocco of the Employment and Training Administration (ETA) also formally requested an investigation by the

Office of the Inspector General (OIG) looking into salaries, bonuses and benefits for all WIBs across the country.

TEGL 5-06 can be viewed at <http://wdr.doleta.gov/directives/attach/TEGL/TEGL05-06.pdf>. The *Federal Register* listing the limitations can be obtained at <http://a257.g.akamaitech.net/7/257/2422/01jan20051800/edocket.access.gpo.gov/2006/pdf/06-7056.pdf>

DOL Strategic Plan

On August 7, DOL published its draft strategic plan for FY 2006 – 2011 in the *Federal Register*. This draft was produced as part of the strategic planning process required under the Government Performance and Results Act (GPRA) and calls for all stakeholders to be provided with an opportunity for comment.

The document integrates DOL's many diverse missions and different program objectives into a presentation of performance goals under four strategic goals. These four strategic goals are: A Prepared Workforce; A Competitive Workforce; Safe and Secure Workplaces; and Strengthened Economic Protections. A main focus of the draft plan is the consolidation of the WIA funding streams and the Employment Service (Wagner-Peyser), and promotion of Career Advancement Accounts (CAA).

The text of the draft Strategic Plan is available at www.dol.gov/sec/stratplan-draft. The *Federal Register* notice can be accessed at <http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/06-6685.pdf>.

Job Corps

Job Corps Launches STARS Initiative

On August 24, DOL's Office of Job Corps announced the launch of an initiative designed to improve students' preparedness for high-demand industries in the 21st century. The new program called STARS (Speakers, Tutors, Achievement, Retention and Success) aims to increase Job Corps students' academic achievement, career skills attainment and retention in the program by providing motivational speakers to inspire them, and highly-qualified tutors and mentors to assist them in academics and personal skills. Thirteen Job Corps centers across the country have been selected for the STARS pilot phase.

Advisory Committee on Job Corps

The Secretary of the Department of Labor has determined that the establishment of the Advisory Committee on Job Corps is necessary and in the public interest in connection with the performance of duties imposed upon the Department of Labor by law. The purpose of the Committee is to advance Job Corps' new vision for student achievement aimed at 21st century high-growth employment. The Committee will evaluate Job Corps program characteristics, including its purpose, goals, and effectiveness, efficiency, and performance measures in order to address the critical issues facing the provision of job training and education to the youth population that it serves, particularly as related to creating a pipeline of young workers for a demand-driven workforce.

The Committee will make recommendations to Department of Labor by April 30, 2008.

Release of TEGL 35-05

The Employment and Training Administration has issued Training and Employment Guidance Letter (TEGL) 35-05 to provide guidance on the rescission of Fiscal Year 2006 formula funds for the Workforce Investment Act Adult and Dislocated Worker Programs for Program Year 2005 as required by the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza Act, 2006, Public Law (P.L.) 109-148, December 30, 2005.

The TEGL specifically addresses "Within State Allocations of Adult Allotments," "Within State Allocations of Dislocated Worker Allotments," "Notice of Obligation," and "Reporting."

States are required to:

- Review financial reports regarding obligation and expenditure amounts to ensure the accuracy of the reports to be submitted as of the June 30, 2006 reporting period; and
- Promptly alert their ETA Regional Office regarding any significant errors found subsequent to their initial submittal of these financial reports. States are also asked to provide this guidance to all appropriate staff.

More information, including the TEGL can be viewed at http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=2213.

Department of Education

Perkins Reauthorization

After a year in conference, the *Carl Perkins Career and Adult Education Act* (PL 105-332) was reauthorized. One major issue was the status 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. The conference report on the final bill (S. 250) reauthorizes the \$1.3 billion in grants for coursework at high schools and community colleges that prepare students for careers not requiring four year degrees, such as welding and nursing through 2011.

The Senate approved S. 250 by voice vote on July 26, after House leaders pulled the measure from the floor following a Democratic threat to force a vote on raising the minimum wage. Representative George Miller (CA) planned to offer a motion to recommit the conference report, instructing conferees to add non-binding language in support of a \$7.25 minimum wage. The Senate action on the bill effectively prevented the motion to recommit the bill because adoption of the conference report officially dissolves the conference committee that produced it. This way, Miller couldn't offer a motion to recommit a bill to a conference committee that no longer exists.

As one of its final actions prior to summer recess the House passed the conference report (S. 250 – H Rept 109-597) on a 399-1 vote on July 29.

The biggest difference that needed to be resolved was the proposed merging of two grant programs – Perkins and Tech Prep. The conference report strikes a compromise, preserving both programs, while allowing states to transfer Tech-Prep money for use in expanding Perkins programs. The conference report also changes the name of the program to the *Carl D. Perkins Career and Technical Education Act*

of 2006 to reflect its intent to better prepare students for 21st century jobs. Finally, changes to the law make local schools and states more accountable for the funding, while giving states greater flexibility to direct spending. Other provisions in the bill include:

- Preserve the larger Perkins grant program and Tech Prep program as separate titles, but would allow state to consolidate Tech Prep funding with Perkins Grants;
- Require states to measure the performance of vocational and technical education programs at both the local and state levels;
- Require states to create six-year plans for their technical and vocational programs, in consultation with schools, parents, businesses, labor unions, and community members;
- Require states to distribute program funding so that 30% is based on the entire local population of school-aged minors and 70% is distributed based on the local population of children from impoverished families. For post-secondary programs, Perkins is to be distributed based on the populations of Pell grant or Bureau of Indian Affairs assistance recipients; and
- Prohibit states from using program funding toward inducements to business in an effort to lure them from other states.

No Child Left Behind

The landmark education legislation, *The No Child Left Behind (NCLB) Act*, is up for reauthorization in 2007. Though the House has had a series of informational hearings during the second session of the 109th, it is highly likely that the reauthorization will be pushed back to be addressed after the 2008 presidential election.

The President's FY 2007 Budget Proposal

The President's proposal for the FY 2007 education budget requests \$54.4 billion in discretionary appropriations, a decrease of \$3.1 billion, or 5.5 percent from the FY 2006 level. Despite the proposed decrease, discretionary appropriations for the Department have grown by almost \$12.2 billion, or 29 percent, since FY 2001.

One of the major priorities in this proposed budget is the agency's part of the American Competitiveness Initiative to strengthen math and science instruction in K-12 schools. This Initiative includes:

- Math Now for Elementary School Students – Modeled after the Reading First program, the President proposes \$125 million to institute proven practices in math instruction for students in grades K-7 and enables the students to take more rigorous math courses in middle and high school; and
- Math Now for Middle School Students – This program has a funding request for \$125 million and is also based on the Reading First concept. It will work with middle school students.

Also, there is a revised request for the High School Reform Initiative but details are not provided. The funding for this Initiative will primarily come from the proposed elimination of Vocational Education State Grants and National Programs including Tech Prep.

Other proposed budget highlights are:

- *American Competitiveness Initiative* – The President’s proposal to strengthen math and science instruction in K-12 schools. This initiative includes:
 - Math Now for Elementary School Students – Modeled after the Reading First program, the President proposes \$125 million to institute proven practices in math instruction for students in grades K-7 and enables the students to take more rigorous math courses in middle and high school.
 - Math Now for Middle School Students – This program has a funding request for \$125 million and is also based on the Reading First concept. It will work with middle school students;
- *Individuals with Disabilities Education Act (IDEA)* – The President’s budget proposal for IDEA supports his New Freedom Initiative to help people with disabilities lead independent lives. The request is for \$11.7 billion which is a \$100 million dollar increase. This is funding for the formula grants to states which is then sent to local education agencies;
- *Pell Grants* – The Administration is requesting \$12.7 billion and assumes that the \$273.2 million left over from paying off the shortfall will be available to support the 2007 program costs. Individual Pell Grants will remain at \$4,050 per year;
- *Academic Competitiveness Grants and National SMART Grants* – Created by end-of-the year legislation, this new needs-based mandatory program awards annual grants of up to \$750 to first year Pell recipients, \$1,000 for second-year Pell recipients and \$4,000 for third and fourth year Pell recipients to high achieving students who are majoring in the sciences, mathematics, technology, engineering or critical foreign languages. These annual grants would be over and above an individual’s Pell Grant. First and second-year students must have completed a “rigorous” high school curriculum as defined by the state and local education agencies, and third and fourth-year students must maintain a 3.0 grade point average. In FY 2007, the program will provide \$850 million in grants to approximately 600,000 low-income postsecondary education students; and
- *TRIO Programs* – The proposal significantly cuts these college preparation and support programs for high school and college students to \$380 million in FY 2007 from \$828 million in FY 2006. The proposal eliminates Upward Bound and Talent Search.

Related Proposed Legislation

House

Representative Rodney Alexander (LA) introduced **H.R. 5765**, *National Guard and Ready Reserves Employment Protection Act of 2006*, on July 12 to extend a tax credit to employers hiring members of the Ready Reserve or National Guard. The measure was referred to the House Committee on Ways and Means, where it remains.

H.R. 5744, introduced by Representative John Shadegg (AZ) on June 29, would increase the allotment of H-1B visas to the prior higher level of 115,000 by amending the *Immigration and Nationality Act* to increase competitiveness in the United States, and for other purposes. The measure awaits action by the House Judiciary Committee.

Senate

On June 29, Senator John Ensign (NV) introduced **S. 3629**, *Prisoner Opportunity, Work, and Education Requirement Act (POWER) Act*. The measure would require federal prison inmates to participate in job training and educational activities as part of a mandated 50-hour work week in light manufacturing or other labor-intensive tasks. Most of the wages paid to inmates would be used for victim restitution, to offset costs of incarceration and work programs and to pay for their daily basic needs. S. 3629 awaits action by the Senate Judiciary Committee.

GAO Reports

National Emergency Grants: Labor Has Improved Its Grant Award Timeliness and Data Collection, but Further Steps Can Improve Process

GAO-06-870

September 5

GAO found that the U.S. Department of Labor's (DOL) new electronic application system has, on average, shortened award processing time and most national emergency grants were awarded within Labor's goal of 30 working days as measured by GAO—from the time the application is submitted to the issuance of the award letter. In program year 2004, DOL averaged 25 working days to award grants, in contrast to program years 2000-2002, when it averaged 50 working days. Moreover, in program year 2004, DOL awarded 70 percent of all grants within 30 working days, in contrast to 38 percent for program years 2000-2002. Although DOL has improved the overall timeliness for awards, award times ranged from 1 to 90 working days and varied by type of grant. For example, disaster grants were awarded, on average, in 16 days, but regular grants were awarded, on average, in 45 days. Delays in obtaining funds adversely impacted some grantees' ability to provide services. GAO also found that DOL's electronic application system and its timeliness goal did not capture every phase of the award process. In addition, users of this system reported some technical problems.

DOL has taken steps to improve its two main sources of data for assessing how grant funds are used—the quarterly progress reports and the Workforce Investment Act Standardized Record Data (WIASRD) database. DOL introduced a new electronic quarterly report system in program year 2004. Since then, grantees have generally been submitting uniform and consistent information. Also, the review of available WIASRD data for program year 2004 shows that at least 92 percent of states that received national emergency grants included information on these grants in their WIASRD submissions.

Full report - <http://www.gao.gov/cgi-bin/getrpt?GAO-06-870>

Highlights - <http://www.gao.gov/highlights/d06870high.pdf>

H-1B Visa Program: Labor Could Improve Its Oversight and Increase Information Sharing with Homeland Security

GAO-06-720

June 22

While the Department of Labor's (DOL) H-1B authority is limited in scope, the agency could improve its oversight of employers' compliance with program requirements. DOL's review of employers' applications to hire H-1B workers is timely, but lacks quality assurance controls and may overlook some inaccuracies. From January 2002 through September 2005, DOL electronically reviewed more than

960,000 applications and certified almost all of them. About one-third of the applications were for workers in computer systems analysis and programming occupations. By statute, DOL's review of the applications is limited to searching for missing information or obvious inaccuracies and it does this through automated data checks. However, the analysis of DOL's data found certified applications with inaccurate information that could have been identified by more stringent checks.

DOL, Homeland Security, and Justice all have responsibilities under the H-1B program, but DOL and Homeland Security could better address the challenges they face in sharing information. Homeland Security reviews DOL's certified application, but cannot easily verify whether employers submitted petitions for more workers than originally requested on the application because the U.S. Citizenship and Immigration Services' (USCIS) database cannot match each petition to DOL's application case number.

Full report - <http://www.gao.gov/cgi-bin/getrpt?GAO-06-720>

Highlights - <http://www.gao.gov/highlights/d06720high.pdf>

Summary of a GAO Conference: Helping California Youths with Disabilities Transition to Work or Postsecondary Education

GAO-06-759SP

June 20

The federal government plays a significant role in supporting youths with disabilities, many of whom research has shown are less likely than other students to successfully transition from high school to postsecondary education or employment. Federal programs make considerable investments in providing transition services for youths with disabilities, often through state and local agencies. GAO has previously reported problems in how these programs support transition, such as difficulties youths with disabilities may experience in accessing services.

To better understand how federal programs interact at the state and local levels to support transitioning youths with disabilities, on November 15, 2005, GAO convened a conference of professionals and state and local program experts who are directly involved with transitioning youths with disabilities in California. While the perspectives offered were limited to one state's experience, California has wide variation in population, industry, disability rates, and employment rates among its counties, and thus may offer lessons to other states about the challenges and successes in serving transitioning youths. This report summarizes the views of panelists on challenges they experienced serving this population during critical transition years, and identifies several practices that they believe are helping to address those challenges in California.

Full Summary - <http://www.gao.gov/cgi-bin/getrpt?GAO-06-759SP>

Highlights - <http://www.gao.gov/highlights/d06759sphigh.pdf>

Grants Awarded

President's High Growth Job Training Initiative

Healthcare

The Employment and Training Administration (ETA) on June 5 announced a \$202,000 grant to Maryland's Department of Labor, Licensing and Regulation to conduct a study aimed at finding ways to retain older workers in health-care-industry careers.

Partners in this project include Johns Hopkins Hospital, Cedars-Sinai Health System and the Hospital Corporation of America. ETA will draw on the study's results to help its work in leading a federal interagency taskforce on older workers. Results from the study will also be made available to others in the health-care field.

More information can be obtained at <http://www.dol.gov/opa/media/press/eta/eta20060954.htm>.

Financial Services

On July 18, DOL announced five grants totaling \$5,989,023 to train workers for careers in the financial services industry. The grants were awarded to:

- Connecticut Department of Economic and Community Development (\$2,748,405)
- Florida Agency for Workforce Innovation (\$793,000)
- International Association of Jewish Vocational Services (\$1 million)
- ARCH Training Center (\$269,193)
- Ohio Board of Regents (\$1,178,425)

These grants will support projects for the financial services industry in California, Connecticut, Florida, Louisiana, New Jersey, Ohio and Washington D.C. Partners in the projects funded through these grants include Allstate, Bank of America, Citigroup, JP Morgan Chase, First Data Corporation, Freddie Mac, Sallie Mae, Jobs for America's Graduates, Wachovia Bank, Wells Fargo, Pacific Western Bank, Pershing, PNC Bank, the Fannie Mae Foundation, and state government agencies and community college systems.

More information can be obtained at <http://www.dol.gov/opa/media/press/eta/eta20061140.htm>.

Office of Disabilities

The Department of Labor (DOL) announced on June 30 nearly \$14.5 million in grants to fund Disability Program Navigators (DPNs) in 13 states and the District of Columbia. The DPN initiative aims to assist individuals with disabilities in accessing employment through workforce system services. First funded in 2003, the primary objective of the initiative is to increase employment and self-sufficiency for individuals with disabilities. Collaboration among the Department of Labor, the Social Security Administration, and state workforce investment boards helps provide access to programs and services that allow individuals with disabilities to enter the workforce.

Thirteen states were awarded grants under this initiative – Alaska, Hawaii, Indiana, Michigan, Minnesota, Missouri, Nebraska, New Jersey, Rhode Island, Tennessee, Texas, Virginia and West Virginia, and the District of Columbia. In addition to the new recipients, 17 states will maintain their funding levels to continue their DPN programs -- Arizona, California, Colorado, Delaware, Florida, Illinois, Iowa,

Maryland, Mississippi, Massachusetts, New Mexico, New York, Oregon, Oklahoma, South Carolina, Vermont, and Wisconsin.

More information can be obtained at <http://www.dol.gov/opa/media/press/eta/eta20061140.htm>.

Faith-Based Initiative

On June 28, DOL announced \$4 million in grants to 55 faith-based and community organizations competitively chosen to help hard-to-serve populations prepare for and succeed in employment opportunities. Projects receiving awards will serve individuals who face significant hurdles to employment, including welfare recipients, high school dropouts, and ex-offenders. Grantees will provide personalized care and supportive services, such as mentoring or life skills coaching, to enable individuals to fully utilize the employment services offered at local One-Stop Career Centers.

For more information please visit <http://www.dol.gov/opa/media/press/eta/eta20061088.htm>.

Veterans

On June 22, DOL Secretary Chao announced 91 grants, totaling nearly \$26 million, to provide approximately 17,000 veterans with job training to help them succeed in civilian careers. The grants were awarded under the Department's Veterans' Workforce Investment Program (VWIP) and Homeless Veterans Reintegration Program (HVRP). Funds were awarded on a competitive basis to state and local workforce investment boards, local public agencies, and nonprofit organizations, including faith-based and community organizations. These agencies have a familiarity with the area and population to be served and have demonstrated that they can administer an effective program.

More than \$6.8 million will be used to support 12 VWIP grants to help veterans from targeted groups overcome employment barriers and ease their transition into unsubsidized jobs. To assist our nation's homeless veterans, the Department is awarding more than \$19 million in 79 HVRP grants. These funds are being distributed nationwide through 42 newly competed HVRP grants and 37 current HVRP grants receiving second- and third-year funding.

More information including the list of grantees can be obtained at <http://www.dol.gov/opa/media/press/vets/VETS20061057.htm>.

Senior Community Service Employment Program (SCSEP)

On July 31, DOL Secretary Elaine Chao announced \$260 million in Senior Community Service Employment Program (SCSEP) grants to 18 organizations that will provide on-the-job experience and training to low-income workers age 55 and older. The grants, funded through SCSEP will help subsidize part-time employment and training in community service positions so that older workers can move to unsubsidized, private sector jobs.

The 18 grantees were selected through a competitive process based on the technical merit of each application. As required by law, Asian and Pacific Islander as well as Indian and Native American organizations were among the grantees selected. The variety of award-winning organizations will serve senior citizens in locales around the country.

For more information visit <http://www.usmayors.org/workforce/documents/8-4ETA-SCSEPGGrants.pdf>

Other Federal Agencies

Education

On August 7, Department of Education Secretary Margaret Spellings announced the award of 33 new grants totaling more than \$20.5 million that will directly benefit Hispanic-serving institutions of higher education.

Grants are awarded to Hispanic-Serving Institutions (HSIs) to expand educational opportunities for, and improved the academic attainment of Hispanic students. In addition, they expanded and enhanced the academic offerings, program quality and institutional stability of colleges and universities that are educating the majority of Hispanic college students and other low-income individuals completing post secondary degrees.

More information is available at <http://www.ed.gov/news/pressreleases/2006/08/08072006.html>.

HUD

On June 2 the Department of Housing and Urban Development (HUD) announced grant awards under the Community Outreach Partnership Program and HSIAC Programs. The grantees include 31 institutions in 14 states to conduct research and assistance with emphasis on economic development, business entrepreneurship and education

Community Outreach Partnership Center Awards

HUD has published its FY 2005 Community Outreach Partnership Center awards today. HUD notes: "Community Outreach Partnership Centers Program provides funds for: research activities which have practical application for solving specific problems in designated communities and neighborhoods; outreach, technical assistance and information exchange activities which are designed to address specific problems associated with housing, economic development, neighborhood revitalization, infrastructure, health care, job training, education, crime prevention, planning, and community organizing."

There are a total of 20 academic institution recipients of these HUD investments -- Arizona, California (2), Colorado (2), Iowa, Louisiana, Maine, Massachusetts (2), Missouri, Nebraska, New York (6), Oklahoma, and South Carolina.

Hispanic-Serving Institutions Assisting Communities Program Grant Awards

HUD has also announced today that 11 institutions will benefit from grant awards under the Hispanic-Serving Institutions Assisting Communities Program (HSIAC). This program provides funds for a wide range of eligible activities under the Community Development Block Grant including housing rehabilitation and financing, property demolition or acquisition, public facilities, economic development, business entrepreneurship, and fair housing programs. The institutions receiving FY 2005 funds are located in Arizona, California, Texas, and Washington State.

More information can be obtained at

<http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/E6-8533.pdf>.

Grants Available

President's High Growth Job Training Initiative

Advanced Manufacturing

On June 1, the Employment and Training Administration (ETA) announced a grant competition for \$10 million to be invested for advanced manufacturing training under the President's High Growth Job Training Initiative.

Grants awarded through this competition will be used to develop and implement innovative and industry-driven training solutions to address the advanced manufacturing industry's critical workforce challenges. Funded projects will be based on partnerships among the workforce investment system, business and industry representatives and education and training providers, such as community colleges.

Projects selected for funding under this competition are intended to complement and enhance existing ETA investments for the advanced manufacturing industry and, if applicable, make use of the recently announced industry-based advanced manufacturing competency framework. Applicants may be public, private for-profit, and private non-profit organizations. It is anticipated that individual awards will fall within the range of \$750,000 to \$1.5 million.

For more information please visit <http://www.doleta.gov/usworkforce/whatsnew/>.
The *Federal Register* notice is available at <http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/06-5139.pdf>.