


Employment and Training Administration (ETA)

Fiscal Year 2006
Budget Briefing

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EMPLOYMENT AND TRAINING ADMINISTRATION
UNITED STATES DEPARTMENT OF LABOR

President Bush's 2006 Budget combines the resources of faith-based and community organizations and federal assistance to reduce the costs of reincarceration. For the Department of Labor, \$35 million has been requested to fund the second year of this four-year initiative.

First proposed in President Bush's 2004 State of the Union Address, the Prisoner Reentry Initiative (PRI) is designed to strengthen urban communities through an employment-centered program that incorporates short-term housing, mentoring, job training, and other transitional services. It calls for a collaborative effort among the Departments of Labor, Justice, and Housing and Urban Development. This program seeks to reduce recidivism by helping non-violent prisoners being released to find work and stable housing when they return to their communities.

- More than 600,000 adult inmates will complete their sentences and be released this year.
- Studies show that approximately two-thirds of ex-offenders are rearrested within three years of release.
- In order to successfully reintegrate, ex-offenders must possess the skills and support necessary to enter and compete in the workforce. PRI also draws on the unique strengths of faith-based and community-based organizations (FBCOs) and relies on them for social service delivery to ex-prisoners in the communities to which they are returning.
- To date, tremendous progress has been made in developing a competitive Solicitation for Grant Applications (SGA) for organizations vying for funds to reintegrate qualifying ex-prisoners into their communities.
- Congress approved \$30 million for PRI in the 2005 Omnibus Appropriations Act. Of the \$30 million appropriated, \$20 million is allocated for the Department of Labor and \$10 million is for the Department of Justice.

FY 2006 ETA Congressional Justification

	FY 2005 Enacted	FY 2006 Request	Difference FY 06/FY 05
TRAINING AND EMPLOYMENT SERVICES	5,318,069	5,842,949	524,880
WIA Consolidated Grant Program -- Formula Grant		3,912,856	3,912,856
Adult Employment and Training Activities	890,922		-890,922
Dislocated Workers Employment and Training Activities	1,343,584		-1,343,584
Youth Activities	986,288		-986,288
WIA Consolidated Grant Program -- Competitive Grants	317,440	285,000	-32,440
Responsible Reintegration for Young Offenders	49,600	0	-49,600
Prisoner Re-entry	19,840	35,000	15,160
Community-Based Job Training Grants	248,000	250,000	2,000
WIA Consolidated Grant Program -- National Activities	96,061	39,936	-56,125
Pilots, Demonstrations and Research	85,167	30,000	-55,167
Evaluation	7,936	7,936	0
Technical Assistance	2,958	2,000	-958
Job Corps	1,546,333	1,517,019	-29,314
Operations	1,430,943	1,442,019	11,076
Construction and Renovation	115,390	75,000	-40,390
Indian and Native American Programs	54,238	54,238	0
Migrant and Seasonal Farmworkers	76,259		-76,259
YouthBuild	0	58,900	58,900
Denali Commission	6,944	0	-6,944
Rescission: Unobligated NEGs/TAA Health Care	0	-20,000	-20,000
Rescission: Unobligated New York Emergency Response Funds	0	-5,000	-5,000
COMMUNITY SERVICE EMPLOYMENT FOR OLDER AMERICANS	436,678	436,678	0
National Contracts	340,454	340,454	0
State Grants	96,224	96,224	0
STATE UI AND ES OPERATIONS (Discretionary)	3,636,709	2,716,830	-919,879
Unemployment Insurance	2,673,456	2,632,915	-40,541
State Administration	2,663,040	2,622,499	-40,541
National Activities	10,416	10,416	0
Employment Service	845,568	15,910	-829,658
Grants to States	780,592	0	-780,592
National Activities	64,976	15,910	-49,066
Foreign Labor Certification	44,144	13,144	-31,000
TAT/SWA Retirement	2,976	2,766	-210
WOTC	17,856	0	-17,856
Workforce Information/National Electronic Tools/System Building	97,974	48,294	-49,680
Work Incentive Grants	19,711	19,711	0
FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES	1,057,300	966,400	-90,900
Trade Adjustment	1,057,300	966,400	-90,900
TAA Benefits	750,000	655,000	-95,000
TAA Training	259,300	259,400	100
NAFTA Benefits	0	0	0
Wage Insurance	48,000	52,000	4,000
ADVANCES TO UNEMPLOYMENT TRUST FUND	517,000	465,000	-52,000
MANDATORY PROGRAMS	\$1,574,300	\$1,431,400	-\$142,900
DISCRETIONARY PROGRAMS	\$9,561,557	\$9,203,318	-\$358,239
EMPLOYMENT AND TRAINING ADMINISTRATION	\$11,135,857	\$10,634,718	-\$501,139

(Reflects WIA Consolidated Grant Program; Dollars in 000's)



The President's FY 2006 Budget Supports a Demand-Driven System

President Bush seeks \$10.63 billion for the Employment and Training Administration (ETA) in FY 2006. The request is a reflection of his continuing effort to prepare Americans for the growing and changing economy and his commitment to ensuring that no worker is left behind.

The President's Proposal for Job Training Reform through WIA Reauthorization

The FY 2006 Budget includes a major new proposal for reforming job training programs through the reauthorization of the Workforce Investment Act of 1998 (WIA). This proposal builds on the principles of increased flexibility, strengthened accountability, and improved efficiency. Reform will allow more people to be trained for the jobs of the 21st century economy.

The President's Job Training Reform proposal, reflected in this budget request, consolidates the WIA Adult, Dislocated Worker, and Youth and Employment Service funding streams into a single grant to states for employment and training services. These WIA Consolidated Adult Grants will provide greater flexibility to Governors to "restructure for results" and will increase access to job training for America's workers. The President's Job Training Reform proposal will eliminate unnecessary overhead costs and simplify administration. Also, Innovation Training Accounts will be created, which will provide workers with more flexibility to combine funds from multiple sources to support training that meets their employment needs.

A critical component of the Administration's Job Training Reform proposal is the WIA Plus Consolidated Grants, which would provide Governors with the option of consolidating additional Federal job training and employment programs. Governors will have the option to consolidate core WIA programs with additional One-Stop partner programs, such as Adult Education and the Food Stamp Employment and Training program, into a single, coordinated program funded through a single funding stream. This option will empower Governors and local officials to design a streamlined workforce system that reduces administrative overhead, achieves better results, and trains more workers for the jobs of the 21st century.

Transformation of the U.S. Economy in the 21st Century

The President's Budget also supports the vision of a workforce investment system that anticipates the transformation of the nation's economy and links employers to job seekers in order to promote the success of both American workers and business.



The American economy is undergoing a significant transformation. Many industries will be adding new jobs and changing their business processes over the next decade, requiring new and different skills from workers. The growth of many industries, such as health care, advanced manufacturing and biotechnology, will open up opportunities to those who recognize the possibilities and are prepared to take advantage of them.

A Demand-Driven Workforce Investment System

The transformation of the public workforce system requires a new way of investing in the American workforce. The opportunities and challenges of our growing and changing economy call for a system that is more flexible and integrated. The workforce investment system will need to be responsive and agile enough to anticipate and respond to the changing needs of business.

The President's High Growth Job Training Initiative provides national leadership for a demand-driven workforce investment system. This successful initiative prepares workers to take advantage of new job opportunities in growing industries and sectors of the American economy. This strategic approach is based on partnerships that include the workforce investment system, business and industry, education and training providers, and economic development entities working collaboratively to develop workforce solutions for these industries.

Additionally, 80% of the jobs in the fastest growing fields require education and training beyond high school. Recognizing the important role community colleges will play in providing this job training, \$250 million is requested for Community-Based Job Training Grants, a competitive grant program for training workers in the skills needed by employers while building capacity at community and technical colleges. These grants build on the High Growth Job Training Initiative and strengthen the role of community and technical colleges as a workforce investment partner. The requested FY 2006 funding will build on investments to be made in the coming year under this initiative.

Other FY 2006 Budget Highlights

Other highlights of the President's FY 2006 Budget Request include:

- YouthBuild. Consistent with a recommendation made by the White House Taskforce on Disadvantaged Youth, the Administration proposes transferring the YouthBuild program, which is currently administered by the Department of Housing and Urban Development, to the Labor Department's ETA. YouthBuild is more closely aligned with ETA's employment and training mission, and transferring this program will promote a greater responsiveness to the workforce needs of the construction industry while offering greater placement opportunities for the youth involved.

- Prisoner Reentry Initiative. The FY 2006 Budget combines the resources of faith-based and community organizations and federal assistance to reduce the costs of reincarceration. For the Department of Labor, \$35 million has been requested to fund the second year of this four-year initiative. The initiative is designed to strengthen urban communities through an employment-centered program that incorporates short-term housing, mentoring, job training, and other transitional services.
- Unemployment Insurance. The FY 2006 Budget reflects the Administration's commitment to strengthen the Unemployment Insurance (UI) program. Requests of \$30 million for an identity theft prevention initiative and \$10 million to build on an initiative begun in FY 2005 to conduct in-person eligibility interviews in One-Stop Career Centers are part of a multi-prong approach to raise the integrity of the UI system. The Budget also includes proposals that will assist in preventing and collecting overpayments of UI benefits and provide states with loans to improve their information technology infrastructure.
- Foreign Labor Certification. In FY 2006, ETA will continue its efforts to streamline the review and reduce the backlog of employer applications to hire alien workers when qualified American workers cannot be found.

The President's 2006 Budget for the Employment and Training Administration (ETA) includes the transfer of YouthBuild from the Department of Housing and Urban Development to DOL's ETA. The White House Task Force Report on Disadvantaged Youth had recommended such a transfer because the program is "at its core, an employment and training program for disadvantaged youth, and will benefit from administrative oversight in DOL within the Employment & Training Administration, . . ."

The amount requested for program costs in the DOL budget, \$58,900,000, is equal to the amount originally requested in the HUD budget. This represents no change from the previous year's request.

As the Task Force report noted, YouthBuild aligns directly with ETA's demand-driven focus and the need to create a prepared and competitive workforce. As the federal agency most responsible for bringing employment services to youth, logic also dictates that the YouthBuild program be integrated into DOL's portfolio.

YouthBuild features academic and occupational skills training for at-risk youth in construction, one of ETA's high growth industries. Transferring YouthBuild would provide the program with better contacts with One-Stop Career Centers, stronger ties to DOL's apprenticeship programs, new links to the President's High Growth Job Training Initiative, improved access to the post secondary and community college system, and stronger connections to DOL's national business and other partners.



Strengthening Unemployment Insurance Integrity

The Employment and Training Administration (ETA) for the last few years has been working to strengthen the integrity of the Unemployment Insurance (UI) system. In 2004, Congress took an important step by acting on the President's proposal to end the abusive practice known as SUTA dumping by which some employers pay less than their fair share of state unemployment taxes. This legislation also gave state UI officials access to the National Directory of New Hires to identify UI beneficiaries who have gone back to work but continue to claim UI benefits. The FY 2006 Budget includes both funding requests and a set of legislative proposals that will strengthen the integrity of the UI system further.

Promoting UI Payment and Tax Integrity

For FY 2006, the Department of Labor (DOL) continues its efforts to prevent, identify, establish and collect UI overpayments and delinquent employer taxes by advancing five legislative strategies to further safeguard the UI system. These approaches would give states new tools and resources to improve Benefit Payment Control (BPC) and tax collection activities. The Administration's legislative proposals would:

- Allow states to use 5% of the recovered overpayments for BPC activities.
- Require states to impose at least a 15% penalty on overpayments individuals obtain by defrauding the UI system. Such funds could only be used for BPC activities.
- Give states the option to allow private collection agencies to retain up to 25% of the fraud overpayments and delinquent employer taxes recovered when they were otherwise deemed uncollectible.
- Provide employers with an incentive to respond to state requests for an employee's separation information, thereby reducing one of the most common sources and reasons for overpayments.
- Authorize the U.S. Treasury Department to recover overpayments of UI benefits from Federal income tax refunds.

These proposals would reduce overpayments and increase overpayment recoveries and delinquent tax collections by a total of \$2,207,000,000 over 5 years.



Preventing and Detecting Identity Theft

To prevent and detect fraudulent unemployment benefit claims filed using stolen personal information, the FY 2006 Budget requests a \$30 million increase to support the following suite of activities:

- New state investigative positions;
- Training for investigators and claims staff;
- Automated tools to help rid the UI system of identity theft and related fraud; and
- Training for front-line claims-taking staff to detect potential identity theft and alert employers and business representatives about how they can help to mitigate fraud.

A \$30 million investment in this initiative could result in annual trust fund savings of as much as \$105 million.

Reemployment and Eligibility Assessments at One-Stop Centers

The FY 2006 Budget requests a \$10 million increase to continue an initiative begun with an FY 2005 appropriation to assess UI beneficiaries' need for reemployment services and their continuing eligibility for benefits through in-person interviews in One-Stop Career Centers. Such attention to re-employment and eligibility already has yielded quicker returns to work for UI beneficiaries and reduced overall overpayments. An estimated annual trust fund savings of as much as \$225 million could be reaped from undertaking this initiative.

FUA Loans for IT Infrastructure

The Department proposes allowing states to borrow funds from the Federal Unemployment Account (FUA) to replace and/or update their Information Technology (IT) systems. This would be similar to the current practice of allowing states to borrow from FUA when their benefit trust funds become insolvent. States that opt to borrow would be subject to repayment of principal and interest at the same rate charged for loans used to pay benefits.

Background

Passage of the Workforce Investment Act (WIA) in 1998 marked the first step in streamlining service delivery in the public workforce investment system. Still, however, the workforce investment system is a collection of heavily regulated programs micromanaged by Washington and, too often, disconnected from the local economy.

In 2003, President Bush put forth a proposal to enhance and simplify the workforce investment system's ability to deliver services and training. Unfortunately, the 108th Congress did not complete final action on WIA reauthorization. As a result, substantial reform remained unfinished.

In early April 2004, the President expanded upon his 2003 job training reform proposal in a speech at Central Piedmont Community College in Charlotte, N.C., and reiterated his job training and WIA reform principles during remarks delivered to Florida Community College in mid-January 2005. With the release of the Fiscal Year 2006 Budget, President Bush's goal to double the number of workers trained takes further shape through the promotion of legislation calling for greater flexibility in exchange for higher levels of accountability.

The 109th Congress has the opportunity to enact legislation that has the potential for lasting impact along the lines achieved following the revamping of the nation's welfare programs that occurred in the mid-1990s. WIA reauthorization and reform has the potential to take a historic turn from the social services model of dependence on government to an ownership pursuit of knowledge, skills, opportunities and work.

Key Principles

The following principles spell out the Administration's WIA reauthorization package of 2005:

- **Increasing Flexibility.** The President proposes to provide greater flexibility to Governors and local officials in administering federal job training funds in exchange for greater accountability. The President's consolidated grant proposal combines four major job training and employment programs and their funding streams - WIA Adult, Dislocated Worker, and Youth programs and the Wagner-Peyser Employment Service program - into a single consolidated grant to states.
- **Strengthening Accountability.** While WIA did enhance accountability in the public workforce investment system, many issues remain. Reauthorization provides an opportunity to further strengthen and simplify the performance accountability system. Through reauthorization and reform, the Administration seeks to streamline and



improve WIA performance provisions while establishing more meaningful incentives and sanctions.


- **Reducing Overhead.** While administrative costs are currently capped at 15% (5% at the state level and 10% at the local level), regulatory loopholes allow too many training dollars to be spent on overhead and non-training services, such as management studies, planning expenses, and travel. By eliminating unnecessary overhead and simplifying administration through the melding of job training and employment programs, the President proposes to save \$300 million, which can be used to train an additional 100,000 workers.
- **Creating a More Effective Governance Structure.** The Administration proposes strengthening State and Local Workforce Investment Boards by streamlining membership requirements. One-Stop partner programs will assume a stronger role on the State Board to ensure their investment in and commitment to the integrated service delivery system. Local Board membership would be streamlined to provide an increased voice for business representatives, community groups and worker advocates. Further, Governors will have the authority to designate their states as a single workforce investment area.
- **Strengthening the One-Stop Career Center System.** Dedicated One-Stop infrastructure funding will alleviate a great deal of the current local negotiation issues around operations and allow local areas to focus on what is most important – meeting the service needs of businesses and workers. The One-Stop system will be authorized to offer a wider range of services for low-wage workers and directed to remove barriers to serving targeted populations.

New Components

Building on these five principles, the Administration's reauthorization package contains two new important provisions: Innovation Training Accounts and the WIA Plus Consolidated Grant Program.

Innovation Training Accounts. America's growing economy is an innovation economy. Two-thirds of America's economic growth in the 1990s resulted from the introduction of new technologies. A consequence of this country's technology-fueled growth is that skills gaps now exist. Not enough workers are being trained to take advantage of many of the excellent new jobs and promising career paths that lie ahead. The President proposes Innovation Training Accounts to provide workers ownership over the education and training they pursue.

Innovation Training Accounts will build upon the success of Individual Training Accounts that were established by the Workforce Investment Act of 1998. Early evaluations show



that increasing a customer's ability to choose his/her training improves training program enrollment rates.

Individual Training Accounts were the first step away from the old system in which training decisions were made by case workers and too often depended on what training slots were available. The new system is designed to promote individual empowerment and market principles. Innovation Training Accounts increase customer choice by:

Allowing individuals to access a broad range of public and private training resources through a single, self-managed account.

- Authorizing longer-term training opportunities by acknowledging that many skills needed for today's jobs require more than just short-term attention and exposure.
- Providing access to improved labor market information to help individuals make training decisions based on what jobs are in demand in their local area.
- Holding training institutions accountable for results.
- Acknowledging the need for incumbent worker training in order for the current workforce to update their skills and advance their careers.
- Promoting the attainment of industry-recognized credentials and certifications to ensure that training meets the needs of business.

The Administration will seek to put Innovation Training Accounts into effect through reauthorization and reform of the Workforce Investment Act. Giving workers ownership over their future will empower them to prepare for 21st century careers.

WIA Plus Consolidated Grant Program. The current system of federal job training programs is too complex, with multiple funding streams and various federal, state and local bureaucracies. As a result, not enough of the available resources are used to provide skills training for workers, preparing them for the jobs of today or tomorrow. For too long, states and local communities have been hindered by archaic rules that make it difficult to train workers and respond quickly to economic downturns, natural disasters and shifts in industry skill needs.

The WIA Plus Consolidated Grants are the most important component of the Administration's proposal for reform and reauthorization of the Workforce Investment Act (WIA). This proposal builds on the President's call to consolidate four core Department of Labor job training programs and funding streams: WIA Adult, WIA Dislocated Worker, WIA Youth and Employment Services.

The WIA Adult, WIA Dislocated Worker, and WIA Youth programs and Employment Services will form the base of the consolidated program with nearly \$4 billion in resources. In addition, states will have the option of consolidating certain other federal job training and employment programs that are currently administered by the Departments of Labor,

Education and Agriculture. Federal resources for these other programs total about \$3.6 billion. Together, these programs represent \$7.5 billion in federal resources.

By choosing to consolidate programs, states will be empowered to train more workers; design a job training program and service delivery system that trains workers for jobs in the 21st century economy; rationalize the way they deliver related services; achieve better results; and reduce administrative overhead.

Participating states will submit a single State Integration Plan and will report through a single system. Program-specific requirements will be minimized. However, drops in participant levels for targeted populations, such as individuals with disabilities, will not be allowed.

States will develop strategies to meet increasingly rigorous performance standards each year, leading to a goal of 100 percent placement in employment of the workers trained with grant resources. As part of their State Integration Plan, states will be required to develop benchmarks to track annual yearly progress towards that goal.

Job training institutions will be required to demonstrate that they are training individuals for jobs in demand and are ensuring graduates have the skills that employers need.

Meaningful incentive and sanction policies will be applied.

Conclusion

The Administration will work with the 109th Congress to ensure the final WIA reauthorization bill contains these key components and reflects President Bush's principles for reform.

The President's High Growth Job Training Initiative

President George W. Bush laid out the main objectives of his ground-breaking approach for closing skills gaps during remarks to operating engineers in Ohio on Labor Day 2003: "The High Growth Job Training Initiative in this administration is aiming to give workers the skills they need to realize their dreams. It's a collaborative effort to help team up people with the jobs that are needed, to make sure that the changes in our economy don't leave people behind."

This Presidential initiative is a strategic effort to prepare workers to take advantage of new and increasing job opportunities in high growth, high demand and economically vital sectors of the American economy. Fields like health care, information technology, and advanced manufacturing have jobs and solid career paths left untaken due to a lack of people qualified to fill them. The High Growth Job Training Initiative targets worker training and career development resources toward helping workers gain the skills they need to build successful careers in these and other growing industries.

Partnerships are the foundation of this initiative. Partnerships include governors, economic development leaders, business and industry, and educators, who work collaboratively to develop solutions to the workforce challenges and labor shortages facing these industries.

- Industry representatives define and design workforce solutions, e.g., getting career and skill information to young people charting their education and career courses; accessing new labor pools; defining core competencies for success on the job; training workers; building the capacity of educational institutions to train workers.
- Community colleges and other education providers assist in developing courses and curricula to build skills and train workers.
- The public workforce system accesses human capital (youth, unemployed and dislocated workers) and places prepared workers in jobs.

To put this approach into action, the High Growth Job Training Initiative identified 12 sectors that fit within the following criteria: (1) they are projected to add substantial numbers of new jobs to the economy or affect the growth of other industries; or (2) they are existing or emerging businesses being transformed by technology and innovation requiring new skills sets for workers. The sectors include:

- Health Care
- Information Technology
- Biotechnology
- Geospatial Technology
- Automotive
- Retail
- Advanced Manufacturing
- Construction
- Transportation
- Hospitality
- Financial Services
- Energy



Job Training Reform WIA Plus Consolidated Grant Program

President Bush has called for increased flexibility in the Nation's job training programs in exchange for increased accountability for results.

- The current system of federal job training programs is too complex, with multiple funding streams and federal and state bureaucracies. As a result, not enough of the available resources are used to provide skills training for workers, preparing them for the jobs of today or tomorrow. For too long, states have been hindered by archaic rules that make it difficult to train workers and respond quickly to economic downturns, natural disasters and shifts in industry skill needs.
- The WIA Plus Consolidated Grant program is the most important component of the Administration's proposal for reform and reauthorization of the Workforce Investment Act (WIA). This proposal builds on the President's call in 2004 to consolidate four Department of Labor job training programs and funding streams: WIA Adult, WIA Dislocated Worker, WIA Youth and Employment Services.
- The WIA Adult, WIA Dislocated Worker, and WIA Youth programs and Employment Services will form the base of the consolidated program with nearly \$4 billion in resources. In addition, states will have the option of consolidating certain other federal job training and employment programs that are currently administered by the Departments of Labor, Education and Agriculture. Federal resources for these other programs total about \$3.6 billion. Together, these programs represent \$7.5 billion in federal resources.
- By choosing to consolidate programs, states will be empowered to: train more workers; design a job training program and service delivery system that trains workers for jobs in the 21st century economy; rationalize the way they deliver related services; achieve better results; and reduce administrative overhead.
- Participating states will submit a single State Integration Plan and will report through a single system. Program-specific requirements will be minimized. However, drops in participant levels for targeted populations such as individuals with disabilities will not be allowable.
- States will develop strategies to meet increasingly rigorous performance standards each year, leading to a goal in the tenth year that they place in employment 100 percent of the workers trained with grant resources. As part of their State Integration Plan, states will be required to develop benchmarks to track annual yearly progress towards that goal.
- Job training institutions will be required to demonstrate that they are training individuals for jobs in demand and are ensuring graduates have the skills that employers need.
- Meaningful incentive and sanction policies will be applied.

WIA Plus Resources
(in millions)

Consolidated WIA State Grant (DOL)		2005 Enacted	2006 Budget
1	Adult Training	\$891	These four programs are consolidated into one grant.
2	Dislocated Worker Training/ a	\$1,344	
3	Youth Training	\$986	
4	Employment Services/ b	\$838	
Subtotal		\$4,059	\$3,913
NEW MENU OPTIONS			
1	Veterans Employment (DOL)/ c	\$190	\$192
2	Trade Adjustment Assistance Training (DOL)/ d	\$243	\$259
3	Vocational Rehabilitation (Ed)	\$2,636	\$2,720
4	Adult Education (Ed)	\$570	\$200
5	Food Stamps Employment & Training (USDA)/ d	\$261	\$254
Subtotal		\$3,900	\$3,625
TOTAL		\$7,959	\$7,538

a/ For 2005, amount has been reduced by \$124 million to support the Community College Initiative.

b/ Includes State formula grants, Work Opportunity Tax Credit admin. grants, and Labor Market Information grants.

c/ Includes State formula grants, the homeless veterans reintegration project, and the Veterans Workforce Investment Program.

d/ Outlays

Innovation Training Accounts to Empower America's Workers

America's growing economy is an innovation economy. Two-thirds of America's economic growth in the 1990s resulted from the introduction of new technologies. A consequence of this country's technology-fueled growth is that skills gaps now exist. Not enough workers are being trained to take advantage of many of the excellent new jobs and promising career paths that lie ahead. The President proposes Innovation Training Accounts to provide workers ownership over the education and training they pursue.

Innovation Training Accounts will build upon the success of Individual Training Accounts that were established by the Workforce Investment Act of 1998. Early indications show that the increased customer choice of Individual Training Accounts improves training program enrollment rates.

Individual Training Accounts were the first step away from the old system in which training decisions were made by case workers and too often depended on what training slots were available. The new system is designed to promote individual empowerment and market principles. Innovation Training Accounts step toward the new system by:

- Allowing individuals to access a broad range of public and private training resources through a single, self-managed account.
- Authorizing longer-term training opportunities by acknowledging that many skills needed for today's jobs require more than just short-term attention and exposure.
- Providing access to improved labor market information to help individuals make training decisions based on what jobs are in demand in their local area.
- Holding training institutions accountable for results.
- Acknowledging the need for incumbent worker training in order to update their skills and advance their careers.
- Promoting the attainment of industry-recognized credentials and certifications to ensure that training meets the needs of business.

The Administration will seek to put Innovation Training Accounts into effect through reauthorization and reform of the Workforce Investment Act. Giving workers ownership over their future will empower them to prepare for 21st century careers.



The President's Community-Based Job Training Grants

Overview

In his FY 2005 Budget, President Bush proposed \$250 million for Community-Based Job Training Grants to strengthen the role of community colleges in promoting the U.S. workforce's full potential. This employer-focused competitive grant program seeks to invest in and offer training in community and technical colleges. It builds on the High Growth Job Training Initiative, an effort in which community colleges take part as grantees and key partners. For his FY 2006 Budget, the President requests an additional \$250 million for Community-Based Job Training Grants.

Technology and innovation, globalization, and the aging of America's workforce are continuously changing the nature of work as well as needs in the workplace. Businesses in high growth, high demand industries face increasing difficulties in finding workers with the skills they need. As a result, community colleges will be increasingly critical providers for workers wanting to develop, retool, refine, and broaden their skills. Because of their close connection to local labor markets, community colleges are well positioned to prepare workers for high demand occupations.

Grant Process

To implement this initiative, the U.S. Department of Labor's Employment and Training Administration will conduct a competitive Solicitation for Grant Applications. The \$248 million appropriated in FY 2005 for Community-Based Job Training Grants will begin to be available July 1, 2005. To be eligible for funds, community colleges (as defined by the Carl D. Perkins Vocational-Technical Education Act Amendments of 1998, Public Law 105-332) will be required to demonstrate they are engaged in a strategic partnership that includes business and industry and the workforce investment system. Proposals must be designed to identify workforce challenges and implement workforce solutions for the locally identified high growth, high demand industry.

The funds must be used for both of the following activities:

- 1) Increasing the capabilities of community colleges to provide training in a local high growth, high demand industry through activities such as the development of training curricula with local industry, hiring qualified faculty, arranging on-the-job experiences with industry, and using up-to-date equipment; and
- 2) Training new and experienced workers in identified high growth, high demand industries, with the aim of employing and/or increasing the retention and earnings gains of trained workers while meeting the skill needs of the businesses within the industry.



2004 Highlights of the President's High Growth Job Training Initiative

The President's High Growth Job Training Initiative, as implemented by the U.S. Department of Labor's Employment and Training Administration (ETA), is designed to provide national leadership for a demand-driven workforce system that ensures no worker is left behind. Launched by President Bush in 2002, the High Growth Job Training Initiative has provided \$141,118,227 in 83 partnerships nationwide among business and industry, the public workforce system, and education and training providers (including community colleges). Many of these grants were awarded in calendar year 2004, which saw 64 grants awarded in eight industries, totaling \$94,790,356. Significantly, grantees and their partners committed \$124,833,844 of their own resources and funds to foster projects developed through these grant partnerships. Below are highlights of projects funded under the President's High Growth Job Training Initiative in 2004.

Health Care

Kicked off in March 2004, 19 grants totaling \$24,288,757 were awarded, including:

- Johns Hopkins Health System (MD)
Award Amount: \$3,000,000
Leveraged Amount: \$3,900,000
- Berger Health System (OH)
Award Amount: \$200,000
Leveraged Amount: \$405,939
- Columbia Gorge Community College (OR)
Award Amount: \$1,250,000
Leveraged Amount: \$870,982
- Florida International University School of Nursing (FL)
Award Amount: \$1,421,639
Leveraged Amount: \$560,150
- Paraprofessional Healthcare Institute (NY)
Award Amount: \$999,902
Leveraged Amount: \$999,902
- The Evangelical Lutheran Good Samaritan Society (SD)
Award Amount: \$1,877,517
Leveraged Amount: \$1,204,000

Biotechnology

Kicked off in June 2004, nine grants totaling \$17,220,565 were awarded, including:

- San Diego Workforce Partnership (CA)
Award Amount: \$2,510,117
Leveraged Amount: \$1,756,066
- Forsyth Technical Community College National Centers (NC, NH, IA, WA, CA)
Award Amount: \$5,000,000
Leveraged Amount: \$7,490,000
- Massachusetts Biotechnology Education Foundation (MA)
Award Amount: \$1,372,250
Leveraged Amount: \$400,000
- Indian Hills Community College (IA)
Award Amount: \$996,250
Leveraged Amount: \$231,474



Geospatial Technology

Kicked off in September 2004, five grants totaling \$4,873,426 were awarded, including:

- Kidz Online, Inc. (VA)
Award Amount: \$1,000,000
Leveraged Amount: \$1,002,055
- Institute for GIS Studies – Central Piedmont Community College (TN, NC)
Award Amount: \$2,000,000
Leveraged Amount: \$4,387,327

Aerospace

Kicked off in October 2004, four grants totaling \$2,929,233 were awarded, including:

- Florida Space Research Institute (FL)
Award Amount: \$355,628
Leveraged Amount: \$174,703
- Edmonds Community College (WA)
Award Amount: \$1,475,045
Leveraged Amount: \$794,064

Advanced Manufacturing

Kicked off in October 2004, 11 grants totaling \$18,277,032 were awarded, including:

- Lower Rio Grand Workforce Development Board (TX)
Award Amount: \$2,000,000
Leveraged Amount: \$2,000,000
- Delaware Valley Industrial Resource Center (PA)
Award Amount: \$3,000,000
Leveraged Amount: \$2,350,000
- Integrated Systems Technology (IL, OH)
Award Amount: \$9,142,496
Leveraged Amount: \$16,830,867

Construction

Kicked off in September 2004, five grants totaling \$12,433,404 were awarded, including:

- Chicago Women in Trades (IL)
Award Amount: \$2,092,343
Leveraged Amount: \$1,792,398
- St. Louis Carpenters Joint Apprenticeship Program (MO)
Award Amount: \$2,187,107
Leveraged Amount: \$971,300

Retail Trade

Awarded in June 2004, the National Retail Federation Foundation received a grant of \$2,250,000 and committed \$10,162,670 in leveraged resources.

Automotive

Kicked off in September 2004, 10 grants totaling \$11,315,104 were awarded, including:

- AutoAlliance Downriver Community Conference (MI)
Award Amount: \$5,000,000
Leveraged Amount: \$25,000,000
- U.S. Hispanic Chamber of Commerce Foundation (CA)
Award Amount: \$136,000
Leveraged Amount: \$246,000