

The President's FY 2007 Budget

President Bush seeks \$9.4 billion for the Employment and Training Administration (ETA) in FY 2007. The request is a reflection of his continuing effort to educate and prepare Americans for the jobs of the 21st century and his commitment to ensuring that the nation remains competitive in the global economy.

Increasing Competition in the Global Economy

The world has become dramatically more interconnected and competitive. Today, our country finds itself in a situation unlike any we have experienced in our history. Advances in the fields of communication, technology and travel have effectively removed national borders as barriers to global commerce. Competition now comes from the company across the ocean as well as the company across the street.

Throughout history, the driving force of the American economy has been the ability to nurture ideas that result in job creation and prosperity. In this generation as in the past, American entrepreneurs and innovators have drawn on our well-educated workforce, as well as our large and diverse economy, technological capability and financial sophistication, to create the new industries and jobs that make America grow and prosper.

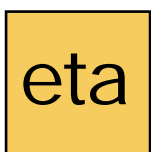
We maintain our competitive advantage by increasing the skill levels of Americans. The needs of the 21st century economy are very different than those we have encountered in the past. The fastest growing jobs of the future will need to be filled by "knowledge workers," who have specialized skills and training. These are the jobs that will drive innovation in the world economy and determine which countries will lead that economy.

A New Approach to Workforce Preparation in the 21st Century

As our nation's economy and businesses transform to meet the challenges of the 21st century, so too must the government systems and structures that support our economic growth and job creation. This includes changing the design and service delivery methods of the workforce investment system to reflect the new economy and meet the changing needs of workers and businesses.

ETA has taken steps to begin this transformation through the creation of a demand-driven workforce investment system that helps job seekers achieve self-sufficiency and promotes business prosperity. First, ETA implemented the President's High Growth Job Training Initiative. 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.

The FY 2007 Budget request includes \$150 million for Community-Based Job Training Grants, a second transformative effort. This initiative is an employer-focused competitive grant program for training and building teaching resources 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 training providers for the labor force.



Career Advancement Accounts

Although these efforts to create a more demand-driven workforce investment system are important, the challenges posed by a competitive global economy require even bolder solutions. The public workforce investment system, which has remained largely unchanged for decades, should be redesigned to support an ownership society by giving individuals control over the resources they need to pursue careers in today's innovation economy.

Therefore, the FY 2007 Budget includes a major new proposal for reforming the workforce investment's system approach to training. ETA proposes that funds previously appropriated for the following programs would be allocated to states as a single funding stream: Workforce Investment Act Adult, Dislocated Worker, and Youth and the Employment Service.

States would use this single fund source primarily to provide Career Advancement Accounts to individuals in need of employment assistance, primarily low-income adults, dislocated workers, and out-of-school youth. This funding would also be used to provide basic employment services to job seekers and employers.

Career Advancement Accounts are self-managed accounts that would enable current and future workers to gain the skills needed to successfully enter, navigate and advance in 21st century jobs. The accounts would be available to workers entering the workforce or transitioning between jobs and careers, or incumbent workers in need of new skills to remain employed or to move up the career ladder. Individuals would use their accounts to pay for expenses directly related to education and training.

By eliminating the maze of separate programs that currently exist in the workforce system, lowering administrative costs, and targeting more resources to education and training, the number of individuals receiving accounts would be more than triple the number of people receiving job training in the workforce system today. Nationally, about 800,000 accounts would be available to workers each year.

Restructuring and Reform

In addition to the fundamental changes being proposed for the workforce investment system, other ETA programs are in need of restructuring and reform so that they better meet the demands of the 21st century economy:

- Apprenticeship. ETA proposes to examine new approaches to apprenticeship training that focus on assisting individuals in re-gaining ownership of their career skills development, and identifying barriers in the current state/Federal apprenticeship system that impede career advancement. The evolution of the Federal role in the apprenticeship program should ultimately increase the flexibility and options available to employers to register programs and apprentices. This should also result in expanded apprenticeship integration with state workforce investment systems and more career opportunities for apprentices.
- Senior Community Service Employment Program (SCSEP). ETA's reauthorization proposal for SCSEP would streamline the program and make it easier to administer in order to improve program performance and get a greater return on investment for the Federal taxpayer's dollar. In addition, reauthorization would target program resources on those most in need, and tailor services to meet the needs of individual older workers by

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providing a range of training experiences, including community service and on-the-job and classroom training, depending on the individual's background and experience.

- Job Corps. The FY 2006 Appropriations Act for the Department of Labor transferred responsibility for administering the Job Corps program from ETA to the Office of the Secretary of Labor. The President's FY 2007 Budget proposes that ETA again be made responsible for administering the program. This will promote integration of Job Corps into the overall workforce investment system, locate it in the agency that has principal expertise on workforce development issues and in administering other job training and employment programs, and achieve efficiencies in overhead and administrative costs that can be directed to training additional Job Corps participants.

Other FY 2007 Budget Highlights

Other highlights of the President's FY 2007 Budget request include:

- Prisoner Re-entry Initiative. The FY 2007 Budget combines the resources of faith- and community-based organizations and Federal assistance to reduce the costs of reincarceration. For the Department of Labor, \$19.6 million is requested to fund the third 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.
- YouthBuild. \$50 million is requested for the YouthBuild program, assuming its transfer to ETA from the Department of Housing and Urban Development. 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.
- Unemployment Insurance. The FY 2007 Budget reflects the Administration's commitment to strengthen the Unemployment Insurance (UI) program. Requests of \$10 million for an identity theft prevention initiative and \$30 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 legislative proposals that will assist in preventing and collecting overpayments of UI benefits.

