

Fiscal Year 2005 Budget Request Overview

President Bush's efforts to prepare Americans for the growing and changing economy were pushed forward with the 2004 State of the Union announcement of his Jobs for the 21st Century Initiative. This broad proposal builds on the successes of his High-Growth Job Training Initiative, a strategic approach that has furnished seed money for job training ventures between high-growth industries and community colleges. The new measure would add more than \$500 million for a series of objectives directed toward current and future workers eager to take ownership of their employment opportunities.

Two major parts of the initiative would run through the U.S. Department of Labor. The Community College Initiative sets aside \$250 million for businesses, community colleges and workforce professionals to form or build on partnerships to train people in high-growth industries either already or soon to demand qualified workers.

Another \$50 million has been proposed to give unemployed workers greater ownership and flexibility in their reemployment efforts through Personal Reemployment Accounts (PRAs). Funds of up to \$3,000 per worker would go to those most likely to exhaust, or who have already exhausted, their unemployment benefits. Job seekers, in turn, would use their PRAs for retraining, child care, transportation, and other expenses incurred during their search. Following reemployment, PRA funds left unspent or saved by job seekers would be theirs as a bonus.

Helping former inmates make a positive return to society takes shape in a four-year, \$300 million proposal that offers ex-offenders housing options, transitional services, and job training. Pilot program successes have had dramatic results in reducing recidivism. To build on those gains, a \$90 million request is made for the Department of Labor's return-to-work part of this initiative. The Departments of Housing and Urban Development and Justice also will be principal federal partners advancing this endeavor.

The President's decision to tackle issues raised by undocumented workers takes form in principles he laid out in early January 2004. His initiative on guest workers offers them incentives to come and go from the United States lawfully while ensuring that the rights of Americans looking for work and immigrants who entered the country legally are protected.

Overall, the President's Budget seeks \$11 billion for the Employment and Training Administration to strengthen his commitment to leaving no worker behind.

The Administration presses forward with work underway in a variety of areas. It urges Congress to finish its reauthorization of the Workforce Investment Act. Consolidating three funding streams into one will allow workforce professionals to serve more people minus the waste of duplicated efforts. Also, state One-Stop Career Centers will receive budgetary increases for conducting 50 percent more face-to-face reviews for unemployment insurance benefit eligibility.

Reducing backlogs in the foreign labor certification program will continue with the publication of a final rule that will detail a reengineered process for reviewing applications more quickly. In addition, a user fee is proposed for employers seeking to tap international labor markets.

Accelerated gains in uncovering overpaid unemployment benefits are expected to bear fruit as states and the Department of Labor take advantage of and seek out additional tools to prevent waste, fraud, and abuse. The Department also will pursue legislation introduced in the House in late 2003 to end "SUTA Dumping," an abusive practice in which employers with track records of layoffs find ways to avoid paying higher state unemployment taxes.

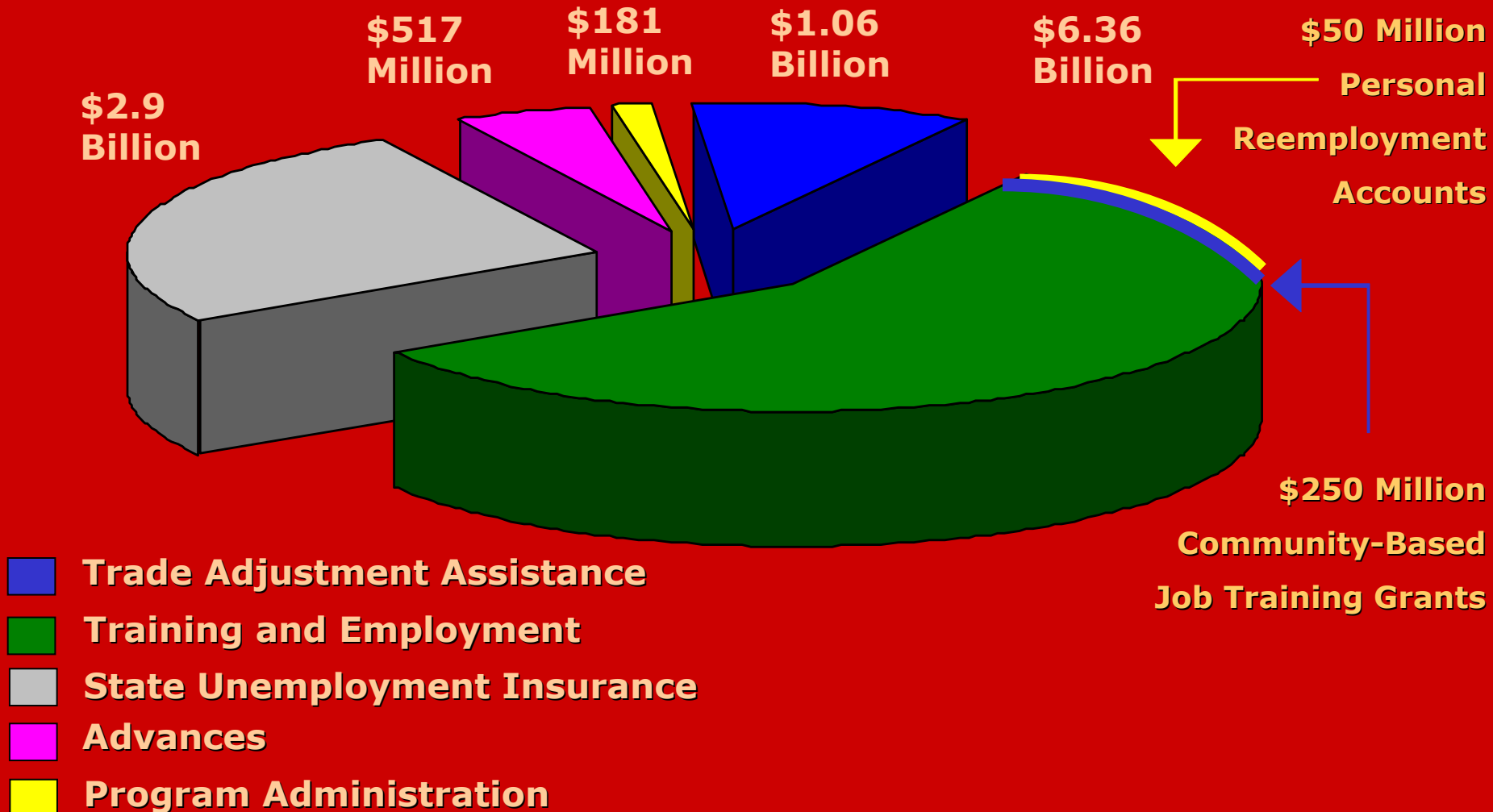
A numerical overview of these and other major ETA activities follows in the table below:

FY 2005 ETA BUDGET OVERVIEW		
(Dollars in 000's)		
	FY 2004	FY 2005
TRAINING AND EMPLOYMENT PROGRAMS	6,356,470	6,362,492
TRAINING AND EMPLOYMENT SERVICES	5,917,820	5,922,292
Consolidated Adults Grants	3,129,741	3,279,040
Youth Grants	995,059	1,000,965
Job Corps	1,537,075	1,557,287
National Programs	255,945	185,000
H-1B Rescission		(100,000)
COMMUNITY SERVICE EMPLOYMENT FOR OLDER AMERICANS	438,650	440,200
STATE UI AND ES OPERATIONS	2,869,657	2,897,434
Unemployment Insurance	2,687,169	2,711,214
Employment Service / One-Stop	182,488	186,220
Workforce Information (One-Stop/ALMIS)	98,764	99,350
Work Incentives Grants	19,753	19,870
National Activities	63,971	67,000
PROGRAM ADMINISTRATION TOTAL	172,349	181,018
TOTAL MANDATORY	1,805,200	1,574,300
Federal Unemployment Benefits and Allowances	1,338,200	1,057,300
Advances	467,000	517,000
GRAND TOTAL ETA	11,203,676	11,015,244

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FY 2005 Budget Request

Total Request : \$11.0 Billion



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Consolidated Funding

(Dollars in 000's)

Current Services

Future Services

Adult
\$900,000



Dislocated Workers
\$1,383,040



Employment Services
\$696,000



State Grants



Flexibility in the President's 2005 Employment and Training Administration (ETA) Budget



New initiatives in the Employment and Training Administration's FY 2005 Budget and reforms in the reauthorization of the Workforce Investment Act (WIA) will provide additional flexibility to the state and local workforce investment system and the customers it serves.

Community-Based Job Training Grants

The President's FY 2005 Budget includes a new initiative for the workforce investment system to partner with community colleges to train workers for high-growth jobs. ETA's High-Growth Job Training Initiative is a strategic effort to improve the publicly funded workforce investment system's responsiveness to the needs of the labor market. By making the workforce system demand-driven, it will more flexibly and efficiently serve the workforce needs of business and also help workers find good jobs at good wages. The FY 2005 request includes \$250 million for partnering with community colleges and employers to train workers with skills needed in growth sectors of the economy.

Personal Reemployment Accounts

Personal Reemployment Accounts are a flexible new approach that gives unemployed workers more control over their access to training and services and help them return to work quickly. The President is requesting \$50 million for new competitive grants to states to offer these Personal Reemployment Accounts.

WIA Reauthorization

Many of the Administration's WIA reform proposals have been adopted in bills that are now in House-Senate Conference Committee. Specific changes that will increase flexibility include:

- Consolidating the Adult, Dislocated Worker, and Employment Service funding streams into a single, more flexible, comprehensive and effective program for adults.
- Enhancing state flexibility through expanded waiver authority.
- Allowing Governors and State Workforce Investment Boards to establish criteria and procedures relating to eligibility of service providers.
- Providing Governors greater flexibility in the statewide activities they undertake by making "required activities" discretionary.
- Broadening Individual Training Accounts to "Career Scholarship Accounts" that can be enhanced with other sources of funding.



- Including new authority for the workforce system to assist incumbent (employed) workers.
- Allowing WIA funds to be used for economic development, in certain situations.
- Providing authority to Governors to designate their states as a single state area.
- Giving faith-based service providers the right to take religion into account in hiring staff.

Accomplishments and Remaining Challenges



Accomplishments

- During the year ending on June 30, 2003, Employment and Training Administration (ETA) programs served over 21 million people, helping them find jobs, providing benefits when they were laid off, and delivering intensive workforce services and training needed to get and keep new or better jobs.
- 15,000 workers have been hired into jobs as a result of the Partnerships for Jobs forged by the Business Relations Group (BRG) between 19 national businesses and the public workforce system.
- The Health Coverage Tax Credit (HCTC) was implemented last year, in partnership with the Internal Revenue Service (IRS) and the Department of Health and Human Services, so that workers who lost their jobs as a result of trade could still have health insurance.
- New systems to detect and prevent overpayments in the Unemployment Insurance (UI) system helped states save \$55 million last year.
- The Career Voyages Web site was launched in collaboration with the Department of Education to bridge the gap between education and employment skills by helping young people learn about high-growth industries and the skills and education required for those new jobs.
- 359 employers were recruited to participate in the national apprenticeship system in new and emerging industries in fiscal 2003, and 133,909 individuals found employment through the registered apprenticeship system.
- More than 680 new apprenticeship programs have been registered since 2002 in new and emerging industries.
- The Disability Program Navigator was launched last year in a collaborative effort with the Social Security Administration (SSA) to help people with disabilities find and access the workforce services they need through the One-Stop Career Center system.

Remaining Challenges

- Completing conversion of the workforce investment system to a demand-driven environment focused on attracting businesses to help prepare workers for 21st century jobs.



- Accelerating reduction of erroneous payments of UI benefits.
- Providing targeted customers – farm workers, older workers, disabled workers, and Native Americans--with broad access to the full spectrum of services available through the One-Stop system.
- Ensuring that the Workforce Investment Act (WIA) system provides out-of-school youth with alternative educational services that lead to a high school diploma and meet the standards of the No Child Left Behind law.