


Employment and Training Administration (ETA)

Fiscal Year 2005
Budget Briefing

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The President's Community-Based Job Training Grants

Background

The President wants to strengthen the role of community colleges in promoting the U.S. workforce's full potential. In his FY 2005 Budget, he proposes Community-Based Job Training Grants, a new, employer-focused competitive grant program for training in community and technical colleges. It builds on the High-Growth Job Training Initiative, a successful effort involving the building of community colleges' capacity as a workforce development partner.

Businesses in high-growth industries face increased difficulty in finding workers with the skills they need as a result of globalization, the aging of America's workforce, and the fact that technology and innovation are continuously changing the nature of work. As a result, community colleges will be increasingly critical providers for workers needing to retool, refine, and broaden their skills. Partnerships among industry, community colleges and the public workforce system will be a critical economic development tool in every labor market.

To implement this new initiative, the U.S. Department of Labor's Employment and Training Administration (ETA) will conduct a competitive Solicitation for Grant Applications (SGA). Besides one or more community colleges, eligible applicants must be involved in a partnership that includes a business or industry and a workforce investment board. A majority of the funds will be targeted for training workers for jobs in locally identified high-growth/high-demand industries. The remaining funds will be awarded to build the capacity of community colleges by developing curricula with the help of industry obtaining qualified faculty ensuring community colleges can provide industry-required clinical experiences utilizing up-to-date equipment.

Eligibility

Applicants must demonstrate the following to be competitive:

- Existing partnerships among business/industry, the Workforce Investment Board, and the community college(s) and a framework for working collaboratively;
- A comprehensive economic analysis of the local labor market to 1) identify high-growth/high-demand industries, and 2) identify the workforce issues faced by those industries to include a shortage of qualified workers and/or a specific capacity issue facing community colleges in training sufficient numbers of workers with industry-defined competencies;



- For training grants: 1) the availability of industry-defined skills on which the training will be based, and 2) a commitment by businesses to hire and/or retain individuals receiving the training;
- Clearly articulated performance outcomes that include 1) the number of people to be trained and placed in employment, and 2) the products or outcomes to be achieved by community college capacity building activities;
- The ability to leverage multiple sources of funding, including funds of the participating partners;
- A commitment to make any newly developed products available for distribution nationally.

Partnerships that focus on training dislocated workers from declining industries for jobs in high-growth/high-demand industries will be given additional consideration.

Workforce investment boards will work through their partnerships and One-Stop Career Centers to identify individuals for training and placement in high-growth/high-demand industries.

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, is designed to provide national leadership for a demand-driven workforce system that ensures no worker is left behind. It is a strategic effort to prepare workers to take advantage of new and increasing job opportunities in high-growth/high-demand and economically vital industries and sectors of the American economy. The initiative is designed to ensure that worker training and career development resources in the public workforce system are targeted to helping workers gain the skills and competencies they need to obtain jobs and build successful careers in these industries.

The foundation of this initiative is partnerships that include the public workforce system, business and industry, education and training providers, and economic development agencies working collaboratively to develop solutions to the workforce challenges facing high-growth industries and to develop maximum access for American workers to gain the competencies they need to get good jobs in these industries.

- Industry representatives define the workforce challenges, 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; and building the capacity of educational institutions to train workers.
- Community colleges and other education and training providers assist in developing competency models and curricula to build core competencies and train workers.
- The public workforce system accesses human capital (youth, unemployed and dislocated workers) and places trained workers in jobs.

To model this approach, the High-Growth Job Training Initiative has initially identified twelve sectors at the national level that: (1) are projected to add substantial numbers of new jobs to the economy; or (2) have a significant impact on the economy overall; or (3) impact the growth of other industries; or (4) are being transformed by technology and innovation requiring new skills sets for workers; or (5) are new and emerging businesses that are projected to grow:

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



The High-Growth Job Training Initiative is investing in national models and demonstrations of workforce solutions in these sectors designed to achieve the following outcomes:

- Targeted investment of workforce development resources and support for private and public sector partnerships to ensure the development of workers' skills in high-demand occupations based on industry need.
- Increased integration of community and technical college efforts with business and the public workforce system activities to meet the skills training needs of high-growth industries.
- Increased opportunities for employers to use apprenticeship training as a skills development methodology, combining on-the-job training and academics to ensure a pipeline of skilled workers.
- Providing workers with paths to career-enhancing opportunities in high-growth occupations.

By expanding the local workforce system's capacity to be market-driven, responsive to local economic needs, and a contributor to the economic well-being of the community, the Employment and Training Administration is promoting workforce quality, enhanced productivity, and economic competitiveness.

Promoting full potential means preparing the U.S. workforce of today for the job possibilities of tomorrow. Families, schools, universities, and businesses do most of the work of getting people ready. Yet training programs funded by all levels of government can provide a critical link to employers looking for job seekers willing to enhance their skills to meet the challenges of the 21st century.

The President's High-Growth Job Training Initiative has identified 12 industries forecast for high growth, yet expecting to need employees with specialized skills and training. The initiative helps employers share their expertise and employment needs with workforce professionals. Just a few high-growth industries are profiled below; a few other high-growth industries may only be an idea away from reality.

Health Care

- The health services sector is projected to grow at a rate of 25 percent between 2000 and 2010, adding 2.8 million new jobs.ⁱ
- Jobs were created in three key sectors of the health care industry between August 2002 and August 2003. Total employment increased by 145,800 jobs in ambulatory health care services, by 73,500 jobs in hospitals, and by 43,500 jobs in nursing and residential care facilities.ⁱⁱ
- Between 2000 and 2010, demand for qualified employees is projected to grow substantially in a range of health care occupations that pay well but don't require advanced medical training, including:ⁱⁱⁱ
 - Physician assistants: 57 percent employment growth. In 2002, the average U.S. physician assistant earned \$63,490.
 - Diagnostic medical sonographers: 26 percent employment growth. Better known as the persons who perform ultrasounds or MRIs, annual earnings for these individuals often exceed the 2002 national average of \$36,764.
 - Registered nurses: 25 percent employment growth. Registered nurses, on average, earned just under \$50,000 in 2002.

Biotechnology

- Revenue earned in the biotechnology industry has more than tripled since 1992, to \$27.6 billion in 2001.^{iv}



- The biotechnology industry, comprised of elements of many other industries such as drug manufacturing, agricultural services and health services, is projected to add more than 3 million new jobs between 2000 and 2010.^v
- The key biotechnology occupations of biological technicians and medical scientists will grow by 26 percent between 2000 and 2010, and biological scientists are projected to grow by 21 percent.^{vi} Annual salaries for biological technicians, who must earn an associate degree, run typically in the mid-\$30s.

Geospatial Technology

- Estimates project that there will be approximately a 15 percent increase in geographical information systems (GIS) jobs per year, which could translate into as many as 75,000 new hires per year.
- Employment areas range from using remote sensing equipment to environmental management, urban planning, emergency management, site selection, transportation and utilities planning.^{vii} Geospatial products and specialists also are expected to play a large role in homeland security activities.

Information Technology (IT)

- There are roughly 10.3 million IT jobs in the U.S. with about 20 percent specifically in the programming/software engineering and 18 percent in technical support.^{viii}
- 92 percent of all IT workers are in non-information technology companies including companies engaged in health care services, real estate, insurance, and financial services; 80 percent of them are in small companies outside the IT industry.^{ix}
- Projected growth of the IT workforce between 2000 and 2010 totals 2.5 million new jobs, including 2.2 million new positions and 331,000 workers replacing retirees and others leaving the field.^x
- A number of IT occupations expect significant projected employment growth between 2000 and 2010. For example, two types of computer software engineers, network administrators and database administrators, all have projected employment growth of at least 65 percent. All require at least a bachelor's degree; each offers annual earnings well above the national average.^{xi} In 2002, typical software engineer salaries hovered around \$75,000 a year, while the average salary for network or database administrators was just below \$60,000.

- The computer and data processing services sector is projected to be the fastest growing area of the economy, with employment increasing by 1.8 million jobs between 2000 and 2010. ^{xii} Employment in the telecommunications industry is expected to increase by 12 percent between 2000 and 2010. ^{xiii}

Advanced Manufacturing

- Manufacturing employment is projected to increase to 19.1 million jobs in 2010, up from 18.5 million in 2000. The majority of the growth will occur in durable goods manufacturing, which is projected to gain 642,000 jobs between 2000 and 2010. Durable goods include electronic components, computers, motor vehicles, and communications equipment. ^{xiv}
- An August 2003 National Association of Manufacturers workforce survey of U.S. manufacturing employers reported that 80 percent of respondents said that they had a serious problem finding qualified candidates for the highly technical world of modern manufacturing. ^{xv}
- Manufacturing salaries and benefits average \$54,000, approaching \$20,000 higher than the average for the entire private sector.

ⁱ BLS, Occupational Outlook Handbook, 2002-03. www.bls.gov/oco/cg/cgs035.htm

ⁱⁱ BLS - The Employment Situation: August 2003. [ftp://ftp.bls.gov/pub/news.release/History/empstat.09052003.news](http://ftp.bls.gov/pub/news.release/History/empstat.09052003.news)

ⁱⁱⁱ Ibid

^{iv} Biotechnology Industry Organization

^v BLS, Jay Berman, Monthly Labor Review, "Industry Output and Employment Projections to 2010," November 2001, pp. 39 -56. Biotechnology is not a distinct industry tracked by BLS. Select occupations of drug manufacturing, agricultural services, and health services, all of which are involved with biotechnology, are projected to add more than 3 million new jobs between 2000 and 2010.

^{vi} BLS, Occupational Outlook Handbook, www.bls.gov/emp/home.htm#data, Occupation search for "biological".

^{vii} ESRI

^{viii} Information Technology Association of America (ITAA), 2003 Workforce Survey, May 2003, pp.4-5. www.itaa.org/workforce/studies/03execsumm.pdf.

^{ix} ITAA Workforce Survey.

^x U.S. Department of Commerce, Office of Technology Policy Analysis of U.S. Department of Labor, Bureau of Labor Statistics Occupational Employment Projections, 2000-2010. "Education and Training for the Information Technology Workforce" Report to Congress from the Secretary of Commerce, U.S. Department of Commerce: June 2003, p.18.

^{xi} BLS, Career Guide to Industries, 2002-2003, www.bls.gov/oco/cg/cgs033.htm

^{xii} BLS, Career Guide to Industries, 2002-2003, www.bls.gov/oco/cg/cgs033.htm

^{xiii} BLS, Career Guide to Industries, 2002-2003, www.bls.gov/oco/cg/cgs020.htm

^{xiv} U.S. Bureau of Labor Statistics, Jay Berman, "Industry output and employment projections to 2010," Monthly Labor Review, November 2001, p. 54.

^{xv} Phyllis Eisen. "Today's Manufacturing Layoffs Mask a Looming Shortage of Skilled Workers in the U.S.," August 5, 2003. www.nam.org/secondary.asp?TrackID=&CategoryID=107

Personal Reemployment Accounts

The FY 2005 Budget requests \$50 million to fund a Personal Reemployment Accounts pilot project which would distribute up to \$3,000 to selected unemployment insurance claimants who are most likely to exhaust their benefits or have already exhausted those benefits. The project would demonstrate the value of providing flexible, self-managed financial assistance for unemployed workers attempting to return to the workforce as quickly as possible.

Based on prior research as well as experience with the use of Individual Training Accounts under the Workforce Investment Act, the pilot is expected to demonstrate several outcomes:

- An increase in the number of workers served;
- A reduction in amount and duration of unemployment insurance; and
- A faster return to the workforce.

These results will be accomplished through empowering individuals with the resources they need to secure employment and through incentives that promote finding and retaining a job.

Funds for the Personal Reemployment Accounts project, which supports the guiding principle that resources and decision-making should lie with the individual, will be awarded to states through a competitive grant process.

Launching the Personal Reemployment Accounts project as a pilot allows the system to demonstrate the value of the accounts based on outcomes achieved before deciding to take it to a larger scale. It also provides the flexibility to test varied designs and identify which models work best.



Helping Returning Inmates Find Work



President Bush's 2005 Budget combines the resources of faith-based and community organizations and federal assistance to reduce the costs of reincarceration.

- Studies show that approximately two-thirds of ex-offenders are rearrested within three years of release. More than 600,000 adult inmates will complete their sentences and be released this year.
- In his State of the Union Address, President Bush proposed a four-year, \$300-million initiative to reduce recidivism by helping inmates find work when they return to their communities.
- The Department of Labor (DOL) will be one of three federal agencies, along with Housing and Urban Development (HUD) and the Department of Justice (DOJ), that work with faith-based and community organizations (FBCOs) to provide job training, housing options, and transitional services to ex-offenders.
- For fiscal 2005, \$90 million has been proposed for DOL's portion of the initiative.
- The President's proposal expands on the Department of Labor's promising Ready4Work Project. Groups taking part in this pilot project have seen encouraging results. The Exodus Transitional Community in East Harlem, N.Y., for instance, served 213 ex-offenders in 2002, with just six returning to prison. In 2003, Exodus served 290, with only three participants returning to prison.





Background

A new temporary worker program proposed by the Administration would serve America's economy by matching willing workers with willing employers in a timely, efficient manner. To ensure that American workers come first, employers must make every reasonable effort to find an American to fill a job before extending job offers to foreign workers.

The temporary worker proposal includes the following features:

- A one-time registration fee;
- Availability to undocumented men and women currently employed in the U.S. and to new foreign workers;
- Legal status would last three years and be renewable once;
- Required return home for temporary workers at the end of their period of employment or the ability to apply for a green card through existing law;
- Economic incentives to return home; and
- Increased enforcement against companies that hire illegal workers.

The new immigration proposal would protect our borders through agreements with countries whose nationals participate in the program. During this time of heightened security, creating a legal temporary worker program for currently unknown foreign workers reduces national security vulnerability.

The proposed program will offer incentives for workers to return to their home countries at the conclusion of their employment period. The U.S. will work with other nations to allow foreign workers to receive credit in their countries' retirement systems for time worked in the U.S. and will support creation of tax-preferred savings accounts that can be collected upon return home.

The proposal also protects the rights of legal immigrants. A temporary worker will have no advantage over those who have followed the rules and will not receive amnesty, but lawful pursuit of green card status or citizenship will not be denied. In the future, only those outside the U.S. may join the temporary worker program.



SUTA Dumping

Unemployment tax law is structured so that employers with a stable workforce and few layoffs pay a relatively lower state unemployment tax rate. Employers with more layoffs pay state taxes at higher rates. State Unemployment Tax Act (SUTA) Dumping is an abusive practice used by some employers with a history of layoffs to qualify for a lower Unemployment Insurance (UI) tax rate. The practice takes advantage of long-standing provisions of state UI laws, under which employers buy or form new businesses, and then transfer their payrolls to these businesses to take advantage of their lower state tax rates.

The Employment and Training Administration (ETA) has taken the following steps to address SUTA Dumping:

- In December 2002, ETA alerted states to this practice and made recommendations, including calls for state legislation and penalties.
- In September 2003, Secretary of Labor Elaine L. Chao transmitted proposed legislation to the House of Representatives requiring states to pass legislation making SUTA Dumping illegal.
- Several states – Arkansas, Maine, North Carolina and Washington – have recently enacted SUTA Dumping legislation.
- In November 2003, a bipartisan bill based on the Secretary's proposal was introduced in the House. It would require that states put a system in place to detect SUTA Dumping and penalize participants in such a scheme.
- ETA is working with North Carolina to detect SUTA Dumping through the development of software that would be easily modified for every state's use.

Deterring Unemployment Insurance (UI) Waste, Fraud, and Abuse

The Department of Labor (DOL) has made reduction of UI overpayments a top priority over the past three years:

- In 2002, DOL adopted a new measure of states' success in preventing or detecting UI overpayment and in 2003 set a goal for overpayment detection/prevention under the Government Performance and Results Act (GPRA).
- In November 2003, a legislative proposal was sent to Congress giving state UI agencies access to the National Directory of New Hires to expand the information available beyond an individual state's borders.



- A Memorandum of Understanding is nearing completion between DOL and the Social Security Administration (SSA) that would give states on-line access to SSA data to verify claimant identity.
- ETA has provided funds to 23 states to establish cross matches with other state governmental agencies, such as state departments of motor vehicles, for identity verification.