

The President's FY 2008 Budget

President Bush seeks \$9.29 billion for the Employment and Training Administration (ETA) in FY 2008. 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 United States competes in a global economy that is far different from the international markets of the past. The roles of labor and capital that for so long were tied to geographic locations now have changed, as work flows seamlessly to workers across physical and virtual borders and capital can circle the globe as easily as it can cross the street.

Innovation and inventiveness have long been the critical driving forces of America's competitive edge in the global economy. However, the same technologies that make possible the rapid distribution of American products and ideas also have opened our markets to competition from abroad. The increasing development of overseas centers of innovation poses competitive challenges to the United States' position as a worldwide leader in technological innovation.

To adjust the course of American education and workforce and economic development to pursue continued prosperity, the United States must reform and revitalize its infrastructure, investment strategies, and talent for a global economy. There is a clarion call from business, government, research institutions and investment leaders for a workforce with the talent, education and skills needed for the 21st century economy, which requires that the American workforce develop new skills, rejuvenate its expertise, and dedicate itself to lifelong learning.

A New Approach to Talent Development 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.

Over the past five years, ETA has strived to transform the workforce investment system into a demand-driven system. Aligning the workforce system with the new economic realities of the 21st century is critical to ensuring that American workers and businesses are competitive in the global marketplace. Therefore, ETA has taken steps to ensure that the private sector is a true partner in workforce development and that education and training programs are responsive to the workforce needs of employers. A demand-driven workforce system plays a catalytic role, facilitating and leveraging all available resources to

respond to local businesses' need for skilled workers. 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.

Second, Community-Based Job Training Grants have been made competitively available for building the teaching resources and increasing training activities 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. The FY 2008 Budget request includes \$150 million for Community-Based Job Training Grants.

Finally, building on these two efforts, using H-1B fee revenue authorized by the American Competitiveness and Workforce Improvement Act of 1998, as amended, ETA has taken the "demand-driven" vision to the next level by emphasizing the critical links among workforce development, economic development, and education in regional economies through the Workforce Innovation in Regional Economic Development (WIRED) Initiative. Launched in February 2006, WIRED focuses on the role of talent development in driving regional economic competitiveness, job growth, and new opportunities for American workers. The goal of WIRED is to expand employment and advancement opportunities for American workers and to catalyze the creation of high-skill and high-wage jobs in regional economies. Through WIRED, ETA is currently providing 26 regions across the country with funding and assistance to implement strategies that will drive the transformation of their regional economies, as well as the workforce development, economic development and education systems that support the economy, so that they can better compete in the global marketplace.

Career Advancement Accounts

Rising demand for post-secondary education, increased individual choice, and lifelong learning opportunities provide the workforce investment system the opportunity to strengthen workers' ownership over their careers through flexible services and resources. Since workers are best equipped to make solid choices to advance their careers, they need to be supplied with as many options as possible to gain the skills demanded of them in the 21st century economy.

Therefore, the FY 2008 Budget renews a major 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 funding source to provide Career Advancement Accounts (CAAs) -- self-directed 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 adults and youth entering the workforce or transitioning between jobs, 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. This funding also would be used to provide basic employment services to job seekers and employers.

By eliminating the maze of separate programs that constitute the workforce system, by more clearly defining its administrative costs, and by targeting more resources to actual education and training, the number of individuals receiving accounts would be triple the number of people receiving job training in the workforce system today.

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:

- Reintegration of Ex-Offenders. In the FY 2008 proposal, ETA proposes to combine the funding and resources of President Bush's Prisoner Re-entry Initiative (PRI) and Responsible Reintegration of Youthful Offenders (RRYO) into a single program. Reintegration of Ex-Offenders will strengthen urban communities by serving adults and youth through competitively awarded employment-centered grants that holistically address the multiple challenges facing offenders upon their release. The new consolidated program would avoid the duplication of efforts that currently exists between PRI and RRYO and adopt the practices in these two efforts that have shown great promise in boosting employment and reducing recidivism among ex-offenders.
- Unemployment Insurance. ETA is working with the states to strengthen the Unemployment Insurance (UI) system's integrity and promote the re-employment of UI beneficiaries. The FY 2008 Budget request includes a legislative proposal to prevent, identify, and collect UI overpayments and delinquent employer taxes. In addition, the FY 2008 Budget requests \$40 million to expand Re-employment and Eligibility Assessments to promote quicker returns to work for UI beneficiaries and reduce improper payments. Also, ETA is proposing legislation that will permit waivers of certain Federal requirements to allow states to experiment with innovative projects aimed at improving administration of the UI program, including speeding the re-employment of UI beneficiaries.



- 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 2008 Budget proposes that ETA again be made responsible for administering the program. Returning Job Corps to ETA will promote Job Corps' integration into the overall workforce investment system, locate it in the agency that has principal expertise on workforce development issues and administers other job training and employment programs, and connect at-risk youth to employment and apprenticeship programs.
- Foreign Labor Certification Processing. The timely processing of foreign labor applications under the permanent, employment-based immigration programs remains a priority for ETA. The Permanent Foreign Labor Certification, or PERM program, continues to experience improved efficiencies in the processing of applications. However, this process is still labor intensive with costs directly related to workload. Backlogs will again occur in the new PERM program absent funding levels commensurate with filing activity levels. The FY 2008 Budget proposes legislation to authorize a cost-based user fee on new applications for the PERM program.

