

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 percent 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.