

Workforce Funding in Economic Stimulus Bill NGA Center for Best Practices

A review of the bill and conference report to H.R. 1, The American Recovery and Reinvestment Act (ARRA) includes the following funding levels and conference report language for workforce programs:

Total amount for Training and Employment Services: \$3.95 billion

- **\$500 million--Adult Funding:** Explicitly includes supportive services and needs-related payments; provides that priority for intensive and training services shall be given to recipients of public assistance and other low-income individuals described in WIA section 134(d)(4)(E).
- **\$1.2 billion--Youth Funding:** The conferees are particularly interested in these funds being used to create summer employment opportunities for youth. Year-round youth activities are also envisioned and the age of eligibility for youth services provided with the additional funds is extended through age 24 to allow local programs to reach young adults who have become disconnected from both education and the labor market. Work readiness performance indicator shall be only measure of performance used to assess effectiveness of summer jobs. Funds cannot be used to fund Youth Opportunity Grants.
- **\$1.25 billion--WIA Dislocated Worker Formula Grants:** The conferees urge the Secretary to provide guidance on how States and local workforce areas can establish policies that assure that supportive services and needs-related payments that may be necessary for an individual's participation in job training are a part of the dislocated worker service strategy.

The conference report language indicates that the funds for the above formula grants (Adult, Youth and DW) are to be allotted to States within 30 days of enactment. Since these funds will be made available during program year 2008, they shall remain available to the States only as long as the other funds allotted in that program year (through PY 2010 (June 30, 2011)). Despite this time period, the conferees intend for these funds to be spent **quickly** and **effectively**.

- **\$200 million--WIA Dislocated Worker National Reserve:** The conferees urge the Secretary to provide guidance on how States and local workforce areas can establish policies that assure that supportive services and needs-related payments that may be necessary for an individual's participation in job training are a part of the dislocated worker service strategy.
- **\$50 million--YouthBuild:** For program years 2008 and 2009. These funds will allow for expanded services for at-risk youth, who gain education and occupational credentials while constructing or rehabilitating affordable housing. The conference agreement includes language to allow YouthBuild grantees to serve individuals who have dropped out of school and reenrolled in an alternative school, if that reenrollment is part of a sequential service strategy.
- **\$750 million--Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors:** Provides that \$500 million of these funds is designated for research, labor exchange and job training projects that prepare workers for

careers in energy efficiency and renewable energy industries as described in the Green Jobs Act of 2007. Priority consideration for the balance of funds (\$250 million) shall be given to projects that prepare workers for careers in the health care sector, which continues to grow despite the economic downturn. The conferees believe that training for wireless and broadband deployment is an eligible activity for grants for high growth and emerging industry sectors, along with advanced manufacturing and other high demand industry sectors identified by local workforce areas. In carrying out the program of competitive grants for worker training and placement in high growth and emerging industry sectors, the conferees expect the Department to use a limited portion of the program funds for technical assistance and related research.

- **\$120 million—Community Service Employment for Older Americans:** Funds available through June 30, 2010 and will be provided to current grantees in proportion to PY 2008 allotments.
- **\$400 million—State Unemployment Insurance and Employment Service Operations:** Of the funds provided, \$250 million is to be used to provide reemployment services to unemployment insurance claimants. Funds shall be made available through September 30, 2010. The Secretary of Labor shall establish planning and reporting procedures necessary to provide oversight of funds for reemployment services. The funds provided will be distributed by the existing Wagner-Peyser formula, as proposed by the Senate, rather than under an alternative formula proposed by the House.
- **\$250 million—Job Corps:** Funds can be used for construction, rehabilitation and acquisition of Job Corps Centers. Funds shall remain available for obligation through June 30, 2010. The Secretary of Labor may transfer up to 15 percent of such funds to meet the operational needs of such centers, which may include training for careers in the energy efficiency, renewable energy, and environmental protection industries.
- **Unemployment Compensation Provisions:**
 - **Extension of Emergency Unemployment Compensation.** Through December 31, 2009, the bill continues the Emergency Unemployment Compensation program, which provides up to 33 weeks of extended unemployment benefits to workers exhausting their regular benefits.
 - **Increase in Unemployment Compensation Benefits.** The bill increases unemployment weekly benefits by an additional \$25 through 2009.
 - **Unemployment Compensation Modernization.** The bill provides one-time grants to reward and encourage States enacting specific reforms designed to increase UC coverage among low-wage, part-time and other jobless workers, as well as provides an additional \$500 million in administrative funding to all States.
 - **Temporary Assistance to States with Advances to Unemployment Trust Funds.** The bill temporarily waives interest payments and the accrual in interest on loans received by state unemployment trust funds through December 31, 2010.
 - **Additional Unemployment Provisions.** Additional provisions extend unemployment compensation for 13 weeks to railroad workers, who are not included

in the Federal/state unemployment system and provide temporary federal assistance to states for the administration of the Extended Benefits program.

- **Suspension of Federal Income Tax on UI Benefits.** The conference bill suspends federal income tax on the first \$2,400 of unemployment compensation benefits received in 2009.
- **Expansion of Trade Adjustment Assistance (TAA) Programs:** The bill significantly expands current Trade Adjustment Assistance Programs. Among other things, it extends TAA to trade-affected services sector workers and workers affected by offshoring or outsourcing to all countries, including China or India. It increases training funds available to states by 160 percent to \$575 million per fiscal year, creates a new TAA program for trade-affected communities, allows for automatic TAA eligibility for workers suffering from import surges and unfair trade, makes training, healthcare and reemployment TAA benefits more accessible and flexible, and improves the TAA for Firms and TAA for Farmers programs. It reauthorizes all TAA programs (which expired December 31, 2007) through December 31, 2010.
- **Work Opportunity Tax Credit:** The conference bill creates a new targeted group for the work opportunity tax credit. That new category is unemployed veterans and disconnected youth who begin work for the employer in 2009 or 2010.

