

Fiscal Year 2004 Budget Request Overview

In announcing his economic growth and jobs plan on January 7, 2003, President Bush outlined three major economic goals:

- Encourage consumer spending that will continue to boost the economic recovery;
- Promote investment by individuals and businesses that will lead to economic growth and job creation;
- Deliver critical help to unemployed workers.

The President's FY 2004 budget request for the Employment and Training Administration reflects the President's deep commitment to this third economic goal and his willingness to try bold, new, innovative and flexible initiatives to get people back to work more quickly.

In addition to the \$3.6 billion President Bush is requesting to help get workers employed more quickly, the FY 2004 budget request totals \$11 billion, consisting of \$9.2 billion in discretionary programs and \$1.8 billion in mandatory programs.

The President's FY 2004 budget request reflects this Administration's commitment to:

1. Preparing the workforce by combining a steady investment of \$11 billion in employment, unemployment, and training services with an additional \$3.6 billion for reemployment accounts (over 2 years);
2. Supporting the One-Stop Career Center system as the cornerstone of the workforce investment system;
3. Creating a more flexible, streamlined, and consolidated workforce investment system to allow states and local areas as much flexibility as possible to create the best solutions to address their unique needs; and
4. Addressing major management challenges including processing foreign labor certifications and mitigating Unemployment Insurance (UI) overpayment problems.

Highlights of the President's FY 2004 budget include:

- Consolidating the Adult, Dislocated Worker, and Employment Service Allotments to States and Reemployment Service Grants into a single formula grant to increase flexibility and coordination while at the same time reduce duplication and inefficiency that exists with multiple funding streams. This frees even more resources for state and local workforce systems to serve employers and job seekers. The funding level of the consolidated grant equals the total for each of the individual funding streams.
- Requesting authority to transfer Federal equity in real property to states immediately, but limit use of buildings and sale proceeds to UI, ES, and One-Stop purposes.
- Closely coordinating youth programs between the Departments of Labor and Education.

- Increasing funding to administer the Foreign Labor Certification program to ensure faster processing of cases.
- Including \$25.3 million in Job Corps construction to complete the two-center expansion that began under the 2002 appropriation.
- Providing \$750 million in youth funding targeting school dropouts, court-involved youth, and young people transitioning from foster care.
- Creating a competitive, national grant program for states and local areas to address unique youth development needs, such as summer employment and career exploration.

Numbers in Thousands	FY 2003 President's Revised Request		FY 2004 Request with Proposed Legislation	
Funds for Adults and Dislocated Workers	Adult E&T Activities	\$900,000	Consolidated Adult/DW/ES State Grants	\$3,079,775
	Dislocated Worker E&T Activities Formula Grants National Reserve	\$1,106,432 \$276,608		
	Total, Dislocated Worker Activities	\$1,383,040		
Employment Service	ES Allotments to States Reemployment Services Grants	\$761,735 \$35,000		
	Total, Grants to States	\$796,735		
Total	Adult/DW/ES	\$3,079,775	Total	\$3,079,775
Funds for Youth	State Formula Grants Native American Youth	\$985,951 \$15,014	Targeted State Formula Grants National Challenge Grants	\$750,724 \$250,241
Total	Youth Activities	\$1,000,965	Youth Grants	\$1,000,965

U.S. Department of Labor Employment and Training

FY 2004 Congressional Justification
(Dollars in 000's)

	FY 2003 President's Revised Request	Congressional Justification FY 2004 Current Legislation	FY 2004 with Proposed Legislation
GRAND TOTAL, ETA	\$10,754,442	\$11,027,534	\$11,027,534
DISCRETIONARY PROGRAMS	9,207,067	9,222,334	9,222,334
MANDATORY PROGRAMS	1,547,375	1,805,200	1,805,200
TRAINING AND EMPLOYMENT PROGRAMS	5,574,053	5,392,186	6,188,921
TRAINING AND EMPLOYMENT SERVICES	5,133,853	4,951,986	5,748,721
TRAINING AND EMPLOYMENTS SERVICES (Discretionary)	5,036,228	4,951,986	5,748,721
Youth Activities Total	1,045,465	1,000,965	0
Youth Activities	1,000,965	1,000,965	0
State Formula Grants	985,951	985,951	0
Native American Youth	15,014	15,014	0
Youth Opportunity Grants Total	44,500	0	0
Youth Opportunity Grants	44,500	0	0
Migrant Youth	0	0	0
Adult and Dislocated Worker Activities Total	2,343,505	2,283,040	0
Adult Employment and Training Activities	900,000	900,000	0
Dislocated Workers Emp. & Trng. Activities	1,443,505	1,383,040	0
Formula Grants	1,106,432	1,106,432	0
National Reserve (inc. TAA NEGs)	276,608	276,608	0
NEGs TAA	60,465	0	0
Health Care	0	0	0
Admin	60,465	0	0
Job Corps	1,532,160	1,565,883	1,565,883
Operations	1,404,610	1,435,667	1,435,667
Construction	127,550	130,216	130,216
National Programs	211,723	102,098	102,098
Native Americans	55,000	55,000	55,000
Migrants	0	0	0
Technical Assistance	3,000	3,000	3,000
Incentive Grants	12,000	0	0
H-1B Fees (Mandatory)	97,625	0	0
Pilots, Demos, & Research	35,000	35,000	35,000
Responsible Reintegration for Young Offenders	0	0	0
Evaluation	9,098	9,098	9,098
Other Programs (non-WIA)	1,000	0	0
National Skill Standards Advisory Board	0	0	0
Women in Apprenticeship	1,000	0	0
Consolidated Adults/DW State Grants			3,079,775
Formula Grants 88%			2,710,202
National Reserve 12%			369,573
Youth Grants			1,000,965
Targeted State Formula Grants 75%			750,724
National Challenge Grants 25%			250,241

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EMPLOYMENT AND TRAINING ADMINISTRATION
UNITED STATES DEPARTMENT OF LABOR

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GRAND TOTAL, ETA	\$10,754,442	\$11,027,534	\$11,027,534
DISCRETIONARY PROGRAMS	9,207,067	9,222,334	9,222,334
MANDATORY PROGRAMS	1,547,375	1,805,200	1,805,200
COMMUNITY SERVICE EMPLOYMENT FOR OLDER AMERICANS	440,200	440,200	440,200
National Contracts (estimated split)	343,289	343,200	343,200
State Grants (estimated split)	96,911	97,000	97,000
STATE UI AND ES OPERATIONS (Total)	3,834,643	3,646,783	2,850,048
STATE UI AND ES OPERATIONS (Discretionary)	3,697,143	3,646,783	2,850,048
Unemployment Insurance	2,738,288	2,650,502	2,650,502
State Administration	2,658,288	2,640,002	2,640,002
National Activities	10,000	10,500	10,500
AWIU Contingency	70,000		
Employment Service / One-Stop	958,855	996,281	199,546
Grants to States	796,735	796,735	0
ES Allotments to States	761,735	761,735	0
Reemployment Services Grants	35,000	35,000	0
One-Stop/ALMIS	113,000	101,000	101,000
Work Incentives Grants	20,000	20,000	20,000
National Activities	29,120	78,546	78,546
Foreign Labor Certification (appropriated funds)	5,540	54,966	54,966
TAT/SESA Retirement	3,580	3,580	3,580
WOTC	20,000	20,000	20,000
PROGRAM ADMINISTRATION	170,996	183,365	183,365
Base FTE	1,357	1,357	1,357
Reimbursements/H-1B FTE	113	3	3
Outsourcing	(29)	0	0
FTE Ceiling (Non-add)	1,441	1,360	1,360
TOTAL MANDATORY	1,312,250	1,805,200	1,805,200
Federal Unemployment Benefits and Allowance	871,250 [i]	1,338,200	1,338,200
New Trade Legislation (Mandatory)	871,250	1,338,200	1,338,200
TAA Benefits	561,000	1,062,000	1,062,000
TAA Training	222,100	259,200	259,200
NAFTA Benefits	51,000	7,000	7,000
NAFTA Training	37,150	0	0
Wage Insurance		10,000	10,000
Advances	441,000	467,000	467,000

[i] Request includes \$13m for NAFTA benefits under current law and \$448.65 under legislation that may be proposed at a later date.



ETA FY 2004 Budget Request

February 3, 2003

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EMPLOYMENT AND TRAINING ADMINISTRATION
UNITED STATES DEPARTMENT OF LABOR

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ETA FY 04 Budget Request

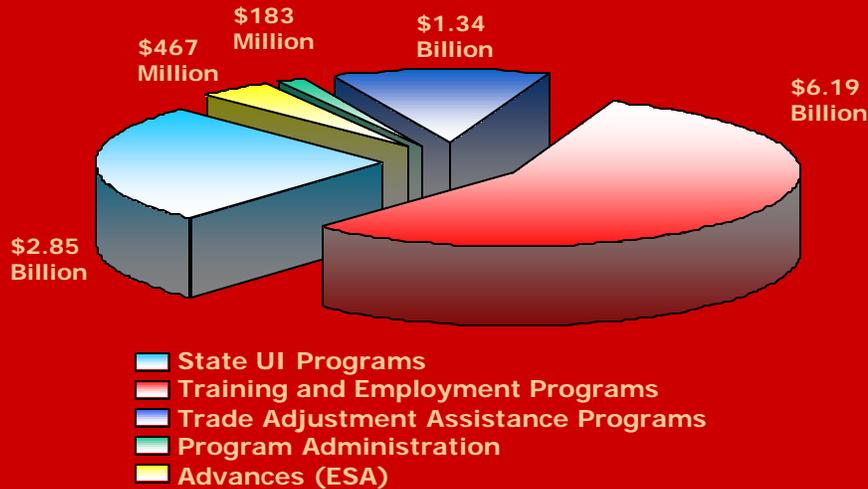
President Bush's economic goals:

1. Encourage consumer spending that will continue to boost the economic recovery;
2. Promote investment by individuals and businesses that will lead to economic growth and job creation;
3. Deliver critical help to unemployed workers.

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FY 2004 Budget Request

Total Request : \$11.0 Billion



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ETA FY 2004 Budget Request

The ETA FY 2004 budget highlights:

- Commitment to the workforce system and One-Stop Career Centers
- A more flexible, streamlined and consolidated workforce investment system
- Attention to management challenges

eta		ETA FY 2004 Budget Request	
Consolidated funding			
Current Legislation (000s)		Proposed Legislation (000s)	
Adult	\$ 900,000	Consolidated Adult and	
Dislocated Workers	\$1,383,040	Dislocated Worker State Grants	
ES Allotments	\$ 761,735		
Reemployment Svc	\$ <u>35,000</u>		
Total	\$3,079,775		\$3,079,775

eta		ETA FY 2004 Budget Request	
Youth			
Current Legislation (000s)		Proposed Legislation (000s)	
		Targeted State Formula	
Youth Activities		Grants	\$750,724
		National Challenge	
		Grants	\$ <u>250,241</u>
	\$1,000,965	Total	\$1,000,965

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ETA FY 2004 Budget Request

Management challenges

- Unemployment Insurance Overpayments
- Trade
- Foreign Labor Certification

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ETA Legislative Priorities

ETA has three legislative priorities:

- Reauthorization of WIA
- Individual Reemployment Accounts
- Unemployment Insurance Reform

eta	WIA Reauthorization
<ul style="list-style-type: none">• Improved governance structures• Strengthened One-Stop Career Centers• Comprehensive services for job seekers• Targeted approach to serving youth• Improved performance accountability	

eta	Reemployment Accounts
<ul style="list-style-type: none">• \$3.6 Billion in funding• Targeting those most likely to exhaust UI benefits• Available for supportive services, i.e. child care & transportation• State flexibility• Remaining balances may be kept as bonuses (60/40)	

eta	Unemployment Insurance Reform
<p data-bbox="625 478 971 520">UI Reform Highlights</p> <ul data-bbox="342 541 1209 898" style="list-style-type: none"><li data-bbox="342 541 1209 625">• Promotes job growth by cuts in FUTA taxes and simplified filing<li data-bbox="342 646 1209 730">• Strengthens the economy through reforms to Extended Benefits<li data-bbox="342 751 1209 835">• Allows states to determine administrative funding levels and new flexibility in program administration<li data-bbox="342 856 1209 898">• Continued Federal oversight role	

eta	ETA FY 04 Budget
<p data-bbox="743 1497 954 1539">Questions</p>	

Creating a “Demand-Driven” Workforce Investment System to Meet the Workforce Needs of the 21st Century

by Emily Stover DeRocco, Assistant Secretary

Employment and Training Administration, United States Department of Labor

Our country’s ability to be competitive in a global economy depends on the competitiveness of our workforce. To succeed, our policies must embrace the emerging changes in our economy – in how we actually work, where we work, what skills we need, and how we balance our professional and family lives.

As the 21st century unfolds, the American workforce will be vastly different than it is today. Three powerful forces will transform the workforce and the manner in which we work:

- Globalization – increased competition from and interaction with global corporations;
- Diversity – increased minority participation in the workforce; and
- Technology – increased use of technology and increased demand for high-skilled workers with some post-secondary education and training.

These forces have significant implications for our economy and the way ETA approaches its mission. Our challenge is to anticipate these changes to ensure that our programs, services, and guidance to the workforce investment system address contemporary workforce issues and contribute to economic growth.

One of the most significant challenges ETA faces is the changing complexion of the workforce. In the coming years, the U.S. workforce is going to become much older and diverse, creating a new and equally diverse set of challenges.

Over the next 30 years, for the first time in modern history, the older, retirement-age population will outstrip the younger

becoming a demand driven system

working-age population.

According to the U.S. Census, the median age of the population is now the highest it has ever been. As the baby boom ages, the share of the

population aged 65 or older is projected to increase from 12 percent in 2000 to about 20 percent in 2030. The shift in demographics, driven by below replacement-rate birthrates and longer life expectancies, has significant implications for our economic prosperity. With a shrinking workforce, it will become ever more critical that the workforce investment system find a way to integrate every available worker into the workforce to enable the continued competitiveness of U.S. businesses and to ensure that no worker is left behind.

The increasing diversity of our workforce brings additional language barrier challenges as well. The labor force group, Asian and other, and the Hispanic labor force are projected to increase faster than other groups, 44 percent and 36 percent, respectively, because of high immigration and higher than average birthrates. The Black labor force is expected to grow by 21 percent, more than twice as fast as the 9 percent growth rate for the White labor force. The share of the labor force will increase from 5 to 6 percent for the Asian and other group and from 11 to 13 percent for Hispanics.

Integrating all available workers into the workforce will require significant resources

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to equip immigrants and other non-English speaking workers with the skills they need to launch rewarding careers so all workers can claim their piece of the American dream.

Another challenge involves the long-term shift from goods-producing to service-producing employment associated with a dramatic increase in the demand for knowledge workers – people whose jobs require formal and advanced schooling. Eighty percent of our jobs require some post-secondary training or education. Our future prosperity demands the world’s most skilled and productive workforce. Knowledge workers now account for a third of the American workforce, outnumbering factory workers by two to one. The demand for skilled workers is outpacing supply, resulting in attractive, high-paying jobs going unfilled. When companies do not find the talent they need within our borders, they seek it abroad. Global competition will reinforce the economic premium on knowledge workers, leaving low or unskilled U.S. workers increasingly vulnerable.

The worker shortage and the shift to knowledge work will reinforce the ongoing trend of “non-traditional” work arrangements. Today, few workers can count on spending their entire careers within one company and many will change careers more than once. Full-time, stable, long-term employment arrangements will continue to decline. Instead, a growing number of workers will be part-timers, temporaries, consultants, or contractors. Workers will also be forced to become lifelong learners, because they will be required to upgrade their skills (especially technical skills) in order to stay at their current jobs or move up career ladders.

It is critical that **employment, education, and economic development** be linked.

While employers and workers bear ultimate responsibility for adapting to these challenges, ETA has a leadership responsibility to support the needs of the changing workforce and position the U.S. for continued economic development and growth. It is critical that employment, education, and economic development be linked. The knowledge-based workplace will require a higher level of technical skills creating opportunities for many to succeed, but carrying the potential for some to fall further behind.

In order for us to provide essential leadership to meet future challenges, we must shift into a more forward-looking role that emphasizes:

- The importance of a strong academic foundation for workers;
- The value and opportunities in high-growth careers that require some post-secondary education but not necessarily four-year degrees;
- A better understanding of the skill needs of employers;
- Opportunities in high-growth industries and the career ladders they offer;
- Partnerships with businesses and training providers – especially Community Colleges – to identify and create curricula to meet employer needs; and
- New and innovative options in proven programs such as apprenticeship.

ETA has created the Business Relations Group to lead the workforce investment system’s transition to a demand-driven system and to institutionalize this shift at the federal, state and local level.