



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 24, 2005

H.R. 27

Job Training Improvement Act of 2005

*As ordered reported by the House Committee on Education and the Workforce
on February 17, 2005*

SUMMARY

H.R. 27 would make numerous changes to the Workforce Investment Act of 1998 (WIA), amend the Wagner-Peyser Act and the Adult Education and Family Literacy Act, and extend the authorization for programs under the Rehabilitation Act of 1973 (RA). These programs, which received discretionary funding of \$7.3 billion and mandatory funding of \$2.6 billion for fiscal year 2005, provide a framework for adult education, job training, and employment service assistance. Some of the affected programs are permanently authorized (most of Wagner-Peyser), but others are currently authorized through 2005.

H.R. 27 would extend, through 2011, the existing mandatory program of state grants for vocational rehabilitation services, which is currently authorized through 2005 (including automatic extensions for two years provided by law). By law, that program is assumed to be extended indefinitely in CBO's baseline, so its extension would add no costs relative to the baseline. CBO estimates that outlays for that program over the 2006-2011 period would total about \$16.5 billion.

The bill would affect discretionary spending, however. CBO estimates that implementing H.R. 27 would cost \$251 million in 2006 and \$31.6 billion over the 2006-2011 period, assuming appropriation of the necessary amounts.

H.R. 27 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Any costs incurred by state, local, or tribal governments would result from complying with conditions of federal aid.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 27 is shown in the following table. The costs of this legislation would fall within budget function 500 (education, employment, training, and social services).

	By Fiscal Year, in Millions of Dollars						
	2005	2006	2007	2008	2009	2010	2011
SPENDING SUBJECT TO APPROPRIATION							
Discretionary Spending Under Current Law							
Estimated Authorization Level ^a	7,294	3,324	875	891	908	925	944
Estimated Outlays	7,258	6,769	2,617	1,262	970	916	933
Proposed Changes							
Title I: Amendments to the Workforce Investment Act of 1998							
Estimated Authorization Level ^b	0	6,325	6,426	6,548	6,679	6,806	6,949
Estimated Outlays	0	427	4,629	6,000	6,432	6,643	6,771
Title II: Adult Education							
Estimated Authorization Level	0	590	599	610	621	632	644
Estimated Outlays	0	18	443	568	607	618	629
Title III: Amendments to the Wagner-Peyser Act							
Estimated Authorization Level	0	-773	-786	-800	-816	-831	-848
Estimated Outlays	0	-366	-831	-802	-809	-825	-841
Title IV: Amendments to the Rehabilitation Act of 1973							
Estimated Authorization Level	0	422	429	437	445	453	461
Estimated Outlays	0	172	342	431	439	447	455
Total Changes							
Estimated Authorization Level	0	6,564	6,668	6,795	6,930	7,060	7,206
Estimated Outlays	0	251	4,583	6,197	6,669	6,883	7,014
Discretionary Spending Under H.R. 27							
Estimated Authorization Level	7,294	9,888	7,543	7,686	7,838	7,985	8,150
Estimated Outlays	7,258	7,020	7,200	7,459	7,639	7,799	7,948

NOTES: Components may not sum to totals because of rounding.

The estimated costs shown above assume that "such sums" authorizations increase each year for inflation. If, instead, costs were assumed to remain level over time, outlays over the 2006-2011 period would be about \$1.2 billion less.

a. The 2006 level includes advance appropriations of \$2.5 billion for job training for the program year beginning July 1, 2005.

b. Authorization levels are for program years beginning July 1, 2006, and do not assume any advance appropriations.

BASIS OF ESTIMATE

This estimate assumes that H.R. 27 will be enacted by the end of 2005, and that the necessary sums will be appropriated for fiscal year 2006 and each subsequent fiscal year. The estimated outlays reflect historical spending patterns for the affected programs.

Direct Spending

Grants to states for vocational rehabilitation services, authorized under title I of the RA, are currently authorized through fiscal year 2005. H.R. 27 would extend the authorization for the state grants through 2013, assuming both the automatic one-year extension in the RA and the automatic one-year extension under the General Education Provisions Act (GEPA). Although the authorization for RA state grants expires, the Balanced Budget and Emergency Deficit Control Act requires that baseline spending projections assume extension of any mandatory program (created prior to 1997) with outlays in excess of \$50 million. Because H.R. 27 makes no substantive changes in the funding formula for RA state grants, the bill would not affect direct spending relative to the CBO's baseline.

Funding for the mandatory state grants is determined by a formula. It is set at the previous year's funding level adjusted by the year-over-year change in the consumer price index as of October 15 of the second preceding year. In fiscal year 2005, RA state grants were funded at \$2.6 billion; by 2011 state grants would cost an estimated \$3.0 billion. CBO estimates that outlays over the 2006-2011 period would total about \$16.5 billion (as projected in the baseline).

Discretionary Spending

H.R. 27 would reauthorize and amend the WIA, the Adult Education and Family Literacy Act, provisions of the Wagner-Peyser Act, and the RA. Under H.R. 27, authorizations for these programs would be increased by \$6.6 billion in 2006, bringing the total authorized level to \$9.9 billion in that year. Authorizations for 2006 include \$2.5 billion already appropriated for that year.

Title I: Amendments to the Workforce Investment Act. H.R. 27 would revise and reauthorize the WIA, which currently is authorized through 2005. These programs, which received appropriations totaling \$5.3 billion in fiscal year 2005, would be authorized for fiscal years 2006 through 2011. In addition, employment service functions that currently are authorized under the Wagner-Peyser Act would be authorized under WIA. CBO estimates that authorizations under title I would total \$6.3 billion in fiscal year 2006 and about \$39.7 billion over the 2006-2011 period.

The bill would authorize the appropriation of \$1.25 billion in fiscal year 2006, and such sums as may be necessary through 2011, for youth activities. Grants to provide employment and training services to adults and dislocated workers would be authorized at \$3.14 billion in 2006, with such sums as may be necessary through 2011. In addition, the bill specifies \$211 million to be authorized for 2006, with such sums as may be necessary through 2011, for demonstrations and pilot programs, including projects for community-based job training, personal reemployment accounts, training of individuals in providing closed captioning of video programming, and business partnership grants.

Other WIA programs would be authorized at such sums as may be necessary for fiscal years 2006 through 2011. CBO estimated authorization levels for these programs based on the amounts appropriated for them in 2005. These programs include Job Corps and other national activities such as grants to assist Native Americans, migrant and seasonal farm workers, and veterans, as well as for technical assistance programs and evaluations. Job Corps operations and construction received combined advance and current-year appropriations for fiscal year 2005 totaling \$1.5 billion. In addition, Job Corps received an advance appropriation for fiscal year 2006 of \$0.7 billion to supplement amounts available for program year 2005. Based on the amount provided for 2005, and assuming adjustments for inflation, CBO estimates that H.R. 27 would authorize an additional \$1.6 billion for fiscal year 2006. The remaining programs (for Native Americans, migrant and seasonal farm workers, veterans, and evaluations) received appropriations totaling \$149 million for fiscal year 2005. CBO estimates their authorizations would total \$151 million in 2006, assuming adjustments for inflation.

Title II: Adult Education and Literacy. Title II of H.R. 27 would revise and reauthorize the Adult Education State Grant program and the National Institute for Literacy, both of which are currently authorized through 2005. H.R. 27 would authorize \$590 million for fiscal year 2006 and such sums as may be necessary through 2012 under GEPA for programs under title II. The bill would continue to provide formula grants to states but would focus more on basic skills, such as reading, writing, and mathematics. Of the total, up to 1.75 percent would be reserved for the National Institute for Literacy, up to 1.72 percent for incentive grants for states, and up to 1.55 percent for national leadership activities.

CBO estimates the authorized funding for title II for the 2006-2011 period would total about \$2.9 billion, assuming adjustments for inflation, with resulting outlays of \$2.9 billion. These programs were funded at \$585 million in 2005.

Title III: Amendments to the Wagner-Peyser Act. Title III of H.R. 27 would reauthorize labor market information functions that currently are authorized through 2005. H.R. 27 would authorize such sums as may be necessary for fiscal years 2006 through 2011. CBO

estimates this authorization would amount to \$85 million in fiscal year 2006, and \$536 million over the 2006-2011 period. However, other activities that are permanently authorized under the Waygner-Peyser Act would be transferred to WIA, and authorized as part of the \$3.14 billion adult job training grant. As a result, net authorizations under the Wagner-Peyser Act would decline by \$0.8 billion in 2006, and by \$4.9 billion over the 2006-2011 period.

Title IV: Amendments to the Rehabilitation Act. H.R. 27 would extend the current "such sums" authorizations for existing discretionary grant programs under the RA as well as for the Helen Keller National Center. Most of these programs are authorized through the 2005 appropriations act for the Department of Education, and would be extended through 2011 under this bill.

RA Programs. Discretionary grant programs under the RA received total funding of \$398 million in 2005. These funds support many different types of categorical grants and demonstration programs primarily aimed at training, supported employment, independent living, research, and advocacy projects. Based on the 2005 appropriation levels (adjusted for inflation), CBO estimates discretionary grant authorization levels for RA programs to total \$402 million in 2006 and \$2.5 billion over the 2006-2011 period.

National Council on Disability. The bill would extend the authorization for the National Council on Disability. The Council is responsible for reviewing federal law and policies affecting individuals with disabilities. Based on its 2005 appropriation of \$3 million, CBO estimates that reauthorization would amount to \$3 million in 2006 and \$18 million over the six-year period, with outlays of \$17 million through 2011.

Architectural and Transportation Barriers Compliance Board. Under H.R. 27, the Architectural and Transportation Barriers Compliance Board would be reauthorized for the 2006-2011 period. The Board develops guidelines to ensure access to buildings, transportation vehicles, and telecommunications equipment for individuals with disabilities. Based on the 2005 funding level of \$6 million, CBO estimates the reauthorization would total \$40 million over the 2006-2011 period, and would result in outlays of \$38 million over the same time frame.

Helen Keller National Center. H.R. 27 would reauthorize the Helen Keller National Center over the 2006-2011 period. The authorization for the Helen Keller National Center is estimated to total \$11 million in 2006 and \$67 million over the 2006-2011 period. The resulting outlays would be \$4 million in 2006 and \$58 million for 2006 through 2011. The Center received \$11 million in funding for 2005.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 27 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would reauthorize funding for job training and literacy programs administered by state and local agencies and would consolidate some adult employment services and state administrative costs into a single program. States and localities would be guaranteed minimum allotments that provide between 90 percent and 130 percent of the prior year's funding level. Any costs to by state, local, or tribal governments would result from complying with conditions of federal aid, and thus would be incurred voluntarily.

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