

Fiscal Year 2011 Budget Request

Preliminary Analysis

February 2, 2010

On February 1, President Obama transmitted his \$3.8 trillion Fiscal Year (FY) 2011 budget request to Congress. National Skills Coalition has prepared a preliminary survey of programs and proposals that impact job training and education policy. National Skills Coalition will release a more detailed analysis of the FY 2011 Budget request as part of our next Washington Update, and we will continue to update the field on any developments relating to workforce development funding or policy.

Department of Labor

The administration renews the call for the reauthorization of the Workforce Investment Act (WIA), and establishes broad priorities for WIA reform, including streamlining service delivery, improving accountability, and engaging with employers on a regional and / or sectoral basis. As part of this effort, the administration has requested a total of \$321 million through the Departments of Education and Labor to establish a new “Partnership for Workforce Innovation.” The initiative would permit the agencies to coordinate competitive grants to states and localities to improve services, particularly for disadvantaged workers, and to support innovative workforce activities such as sector partnerships.

Under this initiative, the Office of Vocational and Adult Education (OVAE) and the Office of Special Education and Rehabilitative Services at the Department of Education would each receive \$30 million for new Workforce Innovation Funds. The Department of Labor’s portion of the initiative – a total of \$261 million – would support two new funds: a \$107 million Workforce Innovation Fund and a \$153 million Youth Innovation Fund. Both programs would be supported through increases in WIA formula funding. Funding for the Adult and Dislocated Worker programs would be increased by roughly 5 percent, but the increase would go to the new Workforce Innovation Fund. Funding for WIA Youth would also be increased by about 5 percent, but a total of 15 percent of Youth formula funding would be available for the Youth Innovation Fund.¹

¹ In a webcast on 2/1/2010, Labor Secretary Hilda Solis indicated that the request also included a reduction under WIA Youth from 15 to ten percent in the set-aside for statewide activities.



The budget also proposes to retain language first included in the American Recovery and Reinvestment Act to allow local boards to contract for training services for multiple individuals if the contract does not limit consumer choice.

The budget also:

- Establishes a goal to increase by 10 percent the number of WIA, Trade Adjustment Assistance (TAA), and Community-Based Job Training program completers who receive training services and attain a degree or certificate by June 2012.
- Calls for reauthorization of TAA programs for workers displaced by foreign trade, maintaining the current cap on training funds at \$575 million. Current legislation expires in 2010, and the training cap will revert to the old \$220 million level if TAA is not reauthorized.
- Requests:
 - \$100 million for a health care training initiative that would award grants to state and local organizations to prepare workers for careers in the health care sector. The initiative would be funded through a combination of H-1B fees and community college resources under the President's American Graduation Initiative, which awaits action in the Senate.
 - \$85 million for the Green Jobs Innovation Fund, which supports training to prepare workers for careers in the energy efficiency and clean energy sectors, as described in the Green Jobs Act of 2007. This represents a \$45 million increase over FY 2010 funding levels. Department of Labor anticipates that these funds would build on the "green jobs" grants included in the Recovery Act.
 - \$46.6 million for Pilots, Demonstrations, and Research, of which \$40 million is reserved for transitional jobs activities.
 - \$703.6 million for state Employment Service Grants, equal to FY 2010 levels.

The budget does not request additional funds for the Career Pathways Innovation Fund, which replaced the Community-Based Job Training program in FY 2010 and provided \$125 million to support existing career pathway programs at community colleges. The administration is instead requesting that Congress pass the American Graduation Initiative, which includes significant resources for community college programs, including career pathways models.

Department of Education

The budget renews the administration's call for passage of the president's American Graduation Initiative, which would end the Federal Family Education Loan subsidy for private lenders and use the savings to a range of other education priorities, including \$10.6 billion in funding for community colleges. The House passed legislation last fall - the Student Aid and Fiscal Responsibility Act (SAFRA / HR 3221) - that incorporates many of the President's recommendations. Read National Skills Coalition's [summary](#) of SAFRA here.



In their budget documents, the Department of Education explains that the Agency is preparing legislative proposals for WIA reauthorization that would “better align the Adult Education program with Federal job training programs and the postsecondary education system... involving innovative programs that include technology, career pathways models, and high school completion models with multiple pathways.”²

In addition, the budget:

- Requests a total of \$34.8 billion to provide Pell Grants to nearly 9 million students in the 2011-12 award year, with a projected maximum award of \$5,710. This represents an increase of more than \$14 billion over current FY 2010 appropriations. The administration has also requested an additional \$6.46 billion in mandatory Pell funding for FY 2010. The administration calls for Congress to pass legislation that would annually increase the maximum Pell Grant award at a rate equal to the Consumer Price Index plus one percentage point, and make funding for Pell Grants mandatory rather than discretionary.
- Provides \$654 million for Adult Basic and Literacy Education, including \$612 million for state ABE grants. This represents a modest decline from FY 2010 levels, although last year’s funding included a one-time increase to compensate states for formula calculation errors in prior years.
- Calls for the consolidation of the Career and Technical Education State Grant and Tech-Prep Education State Grant programs, while maintaining the current combined funding levels at \$1.27 billion.

View National Skills Coalition’s preliminary chart of key Labor and Education funding requests for FY 2011 [here](#).

Department of Health and Human Services

The budget would extend the current Temporary Assistance for Needy Families (TANF) Emergency Fund authorized under the American Recovery and Reinvestment Act for one year – through September 2011 – and increases the federal reimbursement for states to create subsidized jobs from 80 percent to 100 percent.

² Page 45, *Fiscal Year 2011 Budget Summary*, U.S. Department of Education