

Fiscal Year 2017 Budget Analysis

Key Federal Workforce and Education Programs

February 2016

On February 9, President Obama unveiled his fiscal year (FY) [2017 budget request](#), outlining the Administration's spending priorities for federal programs and activities, beginning October 1, 2017.

The FY 2017 budget renews several major workforce and education proposals that were included in the President's [FY 2016 budget](#), while providing modest increases or level funding for most existing workforce programs. The budget also includes substantial changes to the Pell Grant program, calls for Carl D. Perkins Act (Perkins) reauthorization, and proposes increases to the Temporary Assistance for Needy Families (TANF) block grant, along with policy changes that could expand access to training. The President also proposes investments in expanding apprenticeship, [significant increases in funding for workforce data investments](#), and a focus on "opportunity youth."

While most of the new funding and policy proposals in the budget request are unlikely to be part of the final 2017 funding bill, the budget does reinforce the importance of skills investments as part of the President's overall economic development legacy, and helps lay the groundwork for key policy discussions that are likely to carry over into the next Congress and Administration.

The President's overall discretionary budget request is consistent with the budget levels established under the Bipartisan Budget Act of 2015 which increased budget caps over sequestration levels by \$50M in 2016 and \$30M in FY 2017. However, the revised FY 2017 funding levels under BBA are not significantly higher than current FY 2016 funding levels, so overall discretionary funding for workforce programs is unlikely to see major increases.

Key Congressional leaders, including new Speaker Paul Ryan (R-WI), have expressed interest in moving a joint budget resolution that is consistent with the BBA caps in an effort to avoid the year-end spending battles that have characterized the appropriations process in recent years. However, resistance from fiscal conservatives who voted against the increased budget caps last year may complicate these efforts, meaning that Congress may be unable to complete all of the FY 2017 bills by the end of September. If lawmakers cannot complete work on appropriations before the start of the fiscal year, it is likely that Congress will roll spending into a short-term continuing resolution (CR) at current funding levels at least through the November elections, and may potentially delay final funding decisions until early 2017 to allow the next Administration to weigh in on spending priorities.



While uncertainty around the budget and appropriations process is nothing new for the workforce field, the ongoing implementation of the Workforce Innovation and Opportunity Act (WIOA), and potential reauthorizations for the Higher Education Act and the Carl D. Perkins Career and Technical Education Act, make it more important than ever for advocates to educate policymakers on the need for adequate workforce and education investments.

National Skills Coalition hosted a [webinar](#) on Wednesday, February 17th with more information on the President's budget proposals and provided a preview of federal skills policy in 2016. We will continue to provide updates to the field as the budget and appropriations process unfolds.

Department of Labor

Overall, the President's Budget Request would provide the Department of Labor (DOL) with \$12.8 billion in discretionary funding, an increase of about \$627 million over FY 2016 enacted levels. The Administration requested \$3.525 billion in discretionary funding for "Training and Employment Services" – including WIOA formula grants and national programs under DOL's Employment and Training Administration - an increase of about \$320 million compared to FY 2016 enacted levels.

The budget would provide modest increases for a range of existing DOL workforce programs, including \$138 million in additional funding for the WIOA Title I state formula grants. The budget also includes proposals for significant new investments in employment and training programs on the mandatory side of the budget (which do not count against discretionary budget caps), though as noted above these investments are unlikely to be adopted by Congress in the final appropriations process.

Existing DOL Programs

WIOA Adult Formula Grants – the administration requests \$842.4 million for the WIOA adult program, \$26.8 million above FY 2016 levels and consistent with statutory authorized levels. The administration would maintain the Governor's Reserve for statewide activities at 15 percent across all three formula grants.

WIOA Dislocated Worker Formula Grants – the Administration requests \$1.3 billion, \$92.4 million above FY 2016 levels and consistent with authorized levels.

WIOA Youth Formula Grants – the Administration requests \$902.1 million, \$28.7 million above FY 2016 levels and consistent with authorized levels, to help respond to high needs among youth for job placement, career counseling, and skills training services.

Wagner-Peyser Employment Services – the Administration requests \$680 million in Employment Service state grants, consistent with FY 2016 levels. The FY 2017 budget does not renew a \$400 million proposal in the President's FY 2016 request which would have supported supplemental grants to states for intensive reemployment services to dislocated workers.



Workforce Data Quality Initiative (WDQI) and State Data Longitudinal Systems Grants – the Administration requests \$40 million, an increase of \$34 million over FY 2016 levels for WDQI grants. For more information on the President’s workforce data requests, see the [Workforce Data Quality Campaign blog](#).

Apprenticeship Grants: the Administration requested \$90 million in funding, which would build on the \$90 million in funding included in the FY 2016 omnibus. The Administration anticipates half of this funding would be targeted at apprenticeship state funds, \$22.5 million for intermediary funding, \$13.5 million in funding for community based organizations and workforce intermediaries and \$9 million for national activities such as promoting apprenticeship, conducting outreach and delivering technical assistance. As in his FY 2016 budget, the Administration also proposes eliminating funding for Women in Apprenticeship and Non-Traditional Occupations (WANTO), intending grants provided under the funding for community based organizations and workforce intermediaries to fund innovative strategies for increasing women –and other underrepresented populations – in apprenticeship.

Trade Adjustment Assistance (TAA) – the Administration requests \$450 million in funding for the TAA program, reauthorized in 2015 through June 30, 2021. This would be a \$58.5 million increase over FY 2016 TAA training fund levels.

Reintegration of Ex-Offenders – the Administration requests \$95 million, an increase of \$7 million over FY 2016 enacted levels. The additional resources would support expanded programs serving adult and juvenile offender in areas most impacted by recent “unrest.”

Indian and Native American Program – the Administration requests \$52 million, an increase of \$2 million over the FY 2016 enacted levels.

Migrant and Seasonal Farmworkers Program – the Administration requests \$ 81,896,000 million, consistent with FY 2016 levels.

YouthBuild: the President’s request would fund YouthBuild at \$84,534,000, consistent with FY 2016 levels.

New Investments in Education and Training

Opening Doors for Youth: The President’s budget request included important emphasis on youth. Right now, there are about six million youth (ages 16-24) who are not in school or working. The President’s proposals would encourage funding to these out-of-school youth, an important target population under WIOA, as Congress continues to fund the implementation of the law. This \$5.5 billion in mandatory funding would target job and skill training opportunities for youth, including \$3.5 billion in formula funding for partnerships with employers and communities to support up to one million summer job opportunities and 150,000 year-round work experiences for out-of-school youth; and a \$2 billion competitive grant program for communities that would be administered jointly by the Departments of Labor and Education and would focus on dropout recovery strategies.



America's Talent Compact: The president's budget request continues to call for a focus on industry and sector partnerships, key elements of WIOA and part of the Administration's 2014 job driven action plan. This \$3 billion request for mandatory funding over five years will build off of the Administration's job-driven action plan, targeting regional partnerships to train workers to meet local employers' demand. The Administration proposes linking these efforts to the Workforce Innovation and Opportunity Act requirements to focus and develop industry and sector training strategies. The Talent Compact would fund 50-60 regions a year, through competitive grants, to increase collaborations between workforce boards, employers, CTE programs, community colleges and economic development organizations. While significant, this proposal is less than the \$16 billion the President requested in FY 2016 for High Growth Sector Training and Credentialing Grants.

Workforce Data Science and Innovation Fund: The President requested \$500 million in mandatory funding to invest in tracking and updating data on workforce needs and trends. The system would be based on Health and Human Services Open Health Data Initiative and include partnership with Department of Commerce to share data collected. The [Workforce Data Quality Campaign](#) has more information in their blog post on the President's 2017 budget request.

Apprenticeship Training Fund: Renewing his request from the 2016 budget request, the President asked for \$2 billion to expand apprenticeship, consistent with the Administration's goal of doubling the number of apprentices nationally by 2019. This fund would include a new \$200 million proposal targeting youth apprenticeship and pre-apprenticeship, requiring elements of both classroom and on-the-job training. The budget proposes using \$1.3 billion for increasing state-led strategies for increasing the number of employers using apprenticeship as a training system and \$500 million targeting local and national partnerships to support apprenticeship.

Career Navigators: The president's budget includes \$1.5 billion over 5 years in mandatory funds to create a network of Career Navigators to specifically work with long-term unemployed and those who have left the labor force. The Administration estimates that at these funding levels, Career Navigators could provide intense services to up to one million participants a year.

Department of Education

The President's budget request for the Department of Education would provide \$69.4 billion in discretionary funding for FY 2017. This increase of \$1.3 billion over 2016 levels would be coupled with \$139.7 million in new mandatory funding over the next ten years under the Administration's budget request. The budget reflects additional implementation costs if Congress is able to reauthorize the Higher Education Act and the Carl D. Perkins Career and Technical Education Act before October 1, 2016.

The budget would level fund WIOA Title II Adult Basic Education state grants and Perkins Career and Technical Education Title I state grants, meaning that both programs remain well



below FY 2010 funding levels despite increasing demands for services. The budget request also calls for expansions of the Pell Grant program to make it easier for incarcerated individuals and other non-traditional students to access funds.

Existing ED Programs

Career and Technical Education – the Administration requests \$1.12 billion for CTE state grants, consistent with FY 2016 levels. The President’s budget also includes \$75 million in funding to support the American Technical Training Fund (ATTF), which was included in the President’s FY 2016 budget request at \$100 million in funding. The President’s budget request calls for reauthorization of the Carl D. Perkins Act of 2006, and includes a request for \$80 million in competitive grants for partnerships between local educational agencies, institutions of higher education, businesses, and other entities to support college and career readiness.

NSC submitted Perkins Act reauthorization [recommendations](#) to the Senate HELP committee and House Education and Workforce Committee in October 2015, and has called for Congress to include [dedicated funding for industry partnerships](#) as part of the reauthorization process.

Adult Education State Grants – the President’s request proposes \$582 million for adult basic and literacy education state grants, consistent with FY 2016 levels but below WIOA authorized levels of \$635.2 million. The budget calls for \$24.7 million for national leadership activities, an increase of \$11 million compared to FY 2016.

Pell Grants – the Administration requests \$22.5 billion in discretionary funding for federal Pell grants, consistent with FY 2016 discretionary funding levels. The total maximum award will be \$5,935 for the 2017-2018 school year, an increase of \$20 over 2016-2017.

The President’s budget request would make significant policy changes to the Pell program, reinstating “year-round” Pell Grant that would allow students to access a second award during an academic year, but capping the total available aid at 150 percent of the maximum annual award level. To be eligible for year-round Pell, participants would be required to have completed a full-time course load of 24 credits. The request also encourages students accelerating their degree by awarding a \$300 Pell bonus award to students participating in 15 credits a semester and 30 semester hours in an academic year. The budget calls for lifting the restrictions on providing Pell Grants to incarcerated individuals, consistent with the Administration’s [Second Chance Pell](#) proposal.

New Investments in Education and Training

American College Promise: Originally proposed in the FY 2016 budget request, America’s College Promise would make up to two years of community college tuition-free for all interested individuals who meet certain eligibility requirements. Funds could be used to support enrollment in either academic programs that fully transfer to public four-year colleges and universities or for occupational training programs with high graduation rates that lead to certificates or degrees in demand by employers. Participating states would also commit to



maintaining support for current investments in higher education, improve coordination between secondary and postsecondary systems to reduce the need for remediation, and allocate at least some funding on the basis of performance, rather than enrollment. While America's College Promise would make higher education a reality for millions of students, the proposal in its current form would not benefit working adults who are only able to attend school less-than half time.

Community College Partnership Tax Credit: The President proposes a business tax credit of up to \$5,000 for each community college graduate an employer hires to fill skill gaps. Employers would be required to establish partnerships with community colleges and donate instructors and equipment and make work-based learning opportunities available to students. The proposal would make \$500 million in credits available for each year from 2017-2021.

Health and Human Services

The President's budget request targets critical updates to Temporary Assistance to Needy Families (TANF) by increasing the funding for the TANF block grant program for the first time in twenty years and calls for new investments in systems interoperability.

Existing Programs

Temporary Assistance for Needy Families (TANF): the President's budget requests an increase to the TANF overall state block grant by \$8 billion over the next five years and would require states to spend at least 55 percent of combined federal and state funds on core benefits, including work activities. The request would repurpose the current TANF Contingency Fund to, among other things, establish the \$473 million Pathways to Jobs Initiative and invest \$100 million in two-generation demonstration projects. The budget also calls for the establishment of a \$2 billion TANF Economic Response Fund, similar to the TANF Emergency Contingency Fund, established under the American Recovery and Reinvestment Act.

NSC submitted TANF [reauthorization recommendations](#) to the House Ways and Means Committee in July 2015, including calls for increased funding for the TANF block grant and increased investments in innovative workforce strategies.

New Investments in Education and Training

Advancing Human Services Interoperability: the President's budget request proposes \$10 million in discretionary funding to establish a Systems Innovation Center, to improve interoperability between programs including TANF, Child Care, Child Welfare and SNAP. The President's proposal also includes \$50 million in mandatory funding to create a Statewide Human Services Data System Grant Program intending to support states management of longitudinal data. The [Workforce Data Quality Campaign](#) has more information on this request and other data requests in the President's budget.



Training and Employment Services	Omnibus FY 2016 Appropriation Levels	President's FY 2017 Budget Request
<i>Department of Labor</i>		
Workforce Innovation and Opportunity Act Title I – State Formula Grants¹	\$2,709,832,000	\$2,847,861,000
WIOA Adult	\$815,556,000	\$842,376,000
WIOA Dislocated Worker²	\$1,241,719,000	\$1,334,205,000
WIOA Youth	\$873,416,000	\$902,139,000
Wagner-Peyser/Employment Service Grants	\$680,000,000	\$680,000,000
Workforce Data Quality Initiative grants	\$6,000,000	\$40,000,000
Apprenticeship Grants	\$90,000,000	\$90,000,000
Native American Programs	\$50,000,000	\$52,000,000
Ex-Offender Activities	\$88,078,000	\$95,078,000
Migrant and Seasonal Farmworkers	\$81,896,000	\$81,896,000
Youth Build	\$84,534,000	\$84,534,000
<i>Department of Education</i>		
Career and Technical Education State Grants	\$1,117,598,000	\$1,117,598,000
American Technical Training Fund	N/A	\$75,000,000
Adult Education and Family Literacy State Grants	\$581,955,000	\$581,955,000

¹ Sum of WIOA Adult, Dislocated Worker, and Youth grants

² Includes Dislocated Worker National Reserve



