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Report RL33687

*The Workforce Investment Act (WIA): Program-by-Program
Overview and Funding of Title I Training Programs*

Blake Alan Naughton, Domestic Social Policy Division

September 6, 2007

Abstract. This report tracks current appropriations and related legislation for Title I of the Workforce Investment Act of 1998 (WIA) (P.L. 105-220). Following a brief summary of each WIA program, the report presents the status of legislative proposals contained in the Administration's FY2008 budget request and compares WIA funding in the FY2007 appropriation, the FY2008 budget request, and FY2008 House and Senate committee and floor actions.

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CRS Report for Congress

The Workforce Investment Act (WIA): Program-by-Program Overview and Funding of Title I Training Programs

Updated September 6, 2007

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Prepared for Members and
Committees of Congress

The Workforce Investment Act (WIA): Program-by-Program Overview and Funding of Title I Training Programs

Summary

This report tracks current appropriations and related legislation for Title I of the Workforce Investment Act of 1998 (WIA) (P.L. 105-220). Following a brief summary of each WIA program, the report presents the status of legislative proposals contained in the Administration's FY2008 budget request and compares WIA funding in the FY2007 appropriation, the FY2008 budget request, and FY2008 House and Senate committee and floor actions, as they occur.

WIA provides, in general, job training and related services to unemployed and underemployed individuals. WIA programs are administered by the Department of Labor (DOL), primarily through DOL's Employment and Training Administration (ETA). State and local WIA training and employment activities are provided through a system of One-Stop Career Centers. Authorization of appropriations under WIA expired in FY2003 but is annually extended through appropriations acts. Reauthorization legislation was considered in the 108th and 109th Congresses, and a subcommittee of the House Committee on Education and Labor held its first reauthorization hearing in the 110th Congress on June 28, 2007.

WIA authorizes several job training programs: state formula grants for Youth, Adult, and Dislocated Worker Employment and Training Activities; Job Corps; and other national programs, including the Native American Program, the Migrant and Seasonal Farmworker Program, the Veterans' Workforce Investment Program, Responsible Reintegration for Young Offenders, the Prisoner Reentry Program, and Community-Based Job Training Grants (also known as the Community College Initiative). An additional national program, formerly in the Department of Housing and Urban Development (HUD), was made a part of WIA on September 22, 2006, by the YouthBuild Transfer Act (P.L. 109-281). For FY2008, the President proposes to consolidate WIA Youth, Adult, and Dislocated Worker Activities with Employment Service and other programs into a single funding stream called Career Advancement Accounts (CAAs).

Appropriations for WIA are made through the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriations Act (Labor-HHS-ED). The FY2007 Revised Continuing Appropriations Resolution (P.L. 110-5) provided \$5.13 billion for WIA Title I programs. The President's FY2008 budget requests \$4.50 billion in WIA funding. On June 21, 2007, the Senate Committee on Appropriations reported S. 1710 (S.Rept. 110-107), which would provide \$5.22 billion for WIA. On July 11, 2007, the House Committee on Appropriations reported H.R. 3043 (H.Rept. 110-231), which would provide \$5.21 billion for WIA. The House passed the bill by a vote of 276 to 140 on July 19, 2007.

This report will be updated as major legislative developments occur.

Contents

Most Recent Developments	1
Program-by-Program Overview of WIA Title I	2
State Formula Grant Programs (Subtitle B)	2
Youth Activities (Chapter 4)	2
Adult Activities (Chapter 5)	2
Dislocated Worker Activities (Chapter 5)	2
Job Corps (Subtitle C)	3
National Grant Programs (Subtitle D)	3
Native Americans Program (Section 166)	3
Migrant and Seasonal Farmworker Program (Section 167)	3
Veterans' Workforce Investment Program (Section 168)	3
Pilot and Demonstration Programs (Section 171)	3
Responsible Reintegration for Young Offenders	3
Prisoner Reentry Initiative	4
Community-Based Job Training (CBJT) Grants	4
YouthBuild Program (Section 173A)	4
WIA FY2008 Appropriations: Funding Comparisons and	
Administration Proposals	4
Funding Comparisons	4
Administration Proposals	6
Career Advancement Accounts (CAAs)	6
Rescission of Unspent Funds	8
Job Corps Administration	9
Ex-Offender Activities	9

List of Tables

Table 1. WIA Appropriations for FY2007 and FY2008 Under Current Law	5
Table 2. FY2007 Appropriations and FY2008 Budget Request for the Proposed Career Advancement Accounts	7

The Workforce Investment Act (WIA): Program-by-Program Overview and Funding of Title I Training Programs

Most Recent Developments

On July 19, 2007, the House of Representatives passed H.R. 3043, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriations Act, 2008 (Labor-HHS-ED), by a vote of 276 to 140. The bill, reported July 11 by the House Committee on Appropriations (H.Rept. 110-231), would provide \$5.21 billion to fund programs authorized under Title I of the Workforce Investment Act of 1998 (WIA) (P.L. 105-220) for Fiscal Year (FY) 2008. On June 21, the Senate Committee on Appropriations reported S. 1710 (S.Rept. 110-107), its Labor-HHS-ED proposal, which would provide WIA Title I programs \$5.22 billion in funding.

On February 5, 2007, the Administration released the President's budget request for FY2008. As it did for FY2007, the Administration proposes integrating several WIA and other programs into a consolidated grant to states to fund Career Advancement Accounts (CAAs). The request for WIA Title I programs under current law is for \$4.50 billion.

Introduction¹

Title I of WIA provides, in general, job training and related services to unemployed or underemployed individuals. This report briefly summarizes each WIA program and compares WIA funding under Labor-HHS-ED in the following:

- the FY2007 appropriation act (P.L. 110-5);
- the President's FY2008 Budget of the U.S. Government;
- the FY2008 Senate committee report (S.Rept. 110-107); and
- the FY2008 House-passed bill (H.R. 3043, H.Rept. 110-231).

Most WIA programs operate on a program year (PY) of July 1 to June 30. FY2008 appropriations fund programs from July 1, 2008, until June 30, 2009. Although WIA authorized funding through September 30, 2003, WIA programs continue to be funded through annual appropriations.

¹ This report revises and updates a prior version originally written by Ann Lordeman.

In recent years, both the House and Senate passed bills that would have reauthorized and revised WIA. In the 109th Congress, both chambers passed different versions of a reauthorization bill, H.R. 27: the House on March 2, 2005 (H.Rept. 109-9), and the Senate on June 29, 2006 (S.Rept. 109-134). No further action was taken on the bill.² The first formal step toward reauthorization taken by the 110th Congress was a hearing held on June 28, 2007, by the House Committee on Education and Labor's Subcommittee on Higher Education, Lifelong Learning, and Competitiveness.

Program-by-Program Overview of WIA Title I

Except for Job Corps and the Veterans' Workforce Investment Program, all WIA programs are administered by the Department of Labor's (DOL) Employment and Training Administration (ETA). The administration of Job Corps and Veterans' Workforce Investment is discussed below.

State Formula Grant Programs (Subtitle B)

The three formula grant programs for youth, adults, and dislocated workers provide core funding for employment and training activities provided by the national system of One Stop Career Centers. Statutory formulas distribute funds to states on the basis of factors such as unemployment, and states in turn distribute funds to local workforce boards.

Youth Activities (Chapter 4). This program provides training and related services to low-income youth ages 14-21 through formula grants allocated to states, which, in turn, allocate funds to local entities.

Adult Activities (Chapter 5). This program provides training and related services to individuals ages 18 and older through formula grants allocated to states, which, in turn, allocate funds to local entities. Any individual may receive "core" services (e.g., job search assistance); to receive "intensive" services (e.g., individual career planning and job training), an individual must need these services to become employed or to obtain or retain employment that allows for self-sufficiency.

Dislocated Worker Activities (Chapter 5). In general, of the funds appropriated for this program, 80% are allocated by formula grants to states (which in turn allocate funds to local entities) to provide training and related services to individuals who have lost their jobs and are unlikely to return to those jobs or similar jobs in the same industry. Generally, 20% of the appropriation is reserved by DOL for a National Reserve account, which in part provides for National Emergency Grants to states or local entities (as specified under Section 173).

² For information on WIA reauthorization, see CRS Report RL32778, *The Workforce Investment Act of 1998 (WIA): Reauthorization of Job Training Programs in the 109th Congress*, by Blake Alan Naughton and Ann Lordeman.

Job Corps (Subtitle C)

Job Corps is a residential job training program first established in 1964 that provides services to low-income individuals ages 16-24 primarily through contracts administered by DOL with corporations and nonprofit organizations. Currently, there are 122 Job Corps centers in 48 states, the District of Columbia, and Puerto Rico. On February 8, 2007, DOL announced that three new centers will open, including the first centers in each of the remaining two states, New Hampshire and Wyoming.

National Grant Programs (Subtitle D)

WIA establishes a number of grant-based programs to provide employment and training services to special populations.³ Typically, grant competitions are open to a variety of public and private entities, including workforce boards and faith-based and community organizations.

Native Americans Program (Section 166). This program provides training and related services to low-income Indians, Eskimos, Aleuts, and Native Hawaiians through grants to Indian tribes and reservations and other Native American groups.

Migrant and Seasonal Farmworker Program (Section 167). This program provides training and related services, including technical assistance, to disadvantaged migrant and seasonal farmworkers and their dependents through discretionary grants awarded to public, private, and nonprofit organizations. This program is also referred to as the National Farmworker Jobs Program.

Veterans' Workforce Investment Program (Section 168). This program provides training and related services to veterans through competitive grants to states and nonprofit organizations. It has been administered by DOL's Veterans' Employment and Training Service since FY2001.

Pilot and Demonstration Programs (Section 171). The Secretary of Labor is provided discretion to fund pilot and demonstration projects in order to develop and evaluate innovative approaches to providing employment and training services. In recent years, three programs have been specified in appropriations language and funded under the authority of Section 171.

Responsible Reintegration for Young Offenders. This competitive grant program, first funded in FY2000, supports projects that serve young offenders and youth at risk of becoming involved in the juvenile justice system.

³ Several programs authorized by Subtitle D are not discussed here. Youth Opportunity Grants (Section 169) were last funded in FY2003. National Emergency Grants (Section 173) draw from funds made available under Dislocated Worker Activities. WIA also authorizes technical assistance, research, and evaluation under Subtitle D.

Prisoner Reentry Initiative. This competitive grant program funds faith-based and community organizations that help recently released prisoners find work when they return to their communities. This program was first funded in FY2005.

Community-Based Job Training (CBJT) Grants. This competitive grant program, also known as the Community College Initiative, funds entities to strengthen the capacity of community colleges to train workers in the skills required to succeed in high-growth, high-demand industries.⁴ CBJT grants were first funded in FY2005, with funds drawn from the Dislocated Worker National Reserve (although the President annually requests separate funding for the program).

YouthBuild Program (Section 173A). This competitive grant program funds projects that provide education and construction skills training for disadvantaged youth. Since its inception in 1992, the program was administered by the Department of Housing and Urban Development, but was moved to DOL by the YouthBuild Transfer Act (P.L. 109-281), effective for FY2007. Participating youth work primarily through mentorship and apprenticeship programs to rehabilitate and construct housing for homeless and low-income families.

WIA FY2008 Appropriations: Funding Comparisons and Administration Proposals

Table 1 shows FY2007 appropriations, the FY2008 budget request, and the amounts reported by the Senate Committee on Appropriations and passed by the House of Representatives. Amounts include all WIA programs described above, plus technical assistance; pilots, demonstrations and research; and evaluation.

Funding Comparisons

Under the President's FY2008 request, aggregate funding for WIA programs would decrease by \$632 million, or 12%, compared to the FY2007 funding level of \$5.13 billion. (The greatest funding year for WIA, with an initial appropriation of \$5.63 billion, was FY2002.) In the Senate committee bill, funding would increase by \$83.6 million, or under 2%. In the House-passed bill, funding would increase slightly less, by \$72.5 million. The Administration's budget would decrease funds to state and local workforce boards under the three formula funds by \$566 million, or 19%; the Senate committee and the House would maintain the state formula grants at FY2007 levels. The Administration's proposed decrease is in addition to the rescission of unspent balances discussed below.

The budget request would eliminate funding for the Migrant and Seasonal Farmworkers Program, as well as funds for Technical Assistance. The Senate committee recommendation would maintain funding for migrant workers, and the

⁴ For further information on Community-Based Job Training Grants, see CRS Report RL33811, *The President's Demand-Driven Workforce Development Initiatives*, by Ann Lordeman and Linda Levine.

House-passed bill would increase this program by nearly \$4 million. Neither the Senate committee nor the House would fund Technical Assistance. The Administration proposes minor increases in funding for YouthBuild and Evaluation, and a \$25.0 million increase for the CBJT Grants. Neither the Senate committee nor the House would increase Evaluation or CBJT but both would increase YouthBuild by a larger amount: the Senate committee by \$15.5 million (31%); the House by \$10.5 million (21%). Finally, the budget request would slightly decrease funding for Pilots, Demonstrations, and Research, to \$13 million. The Senate committee, however, recommends an increase to \$30.7 million, of which \$27.7 million would be directed to 79 projects specified by Senators. The House bill provides for an increase to \$28.1 million, of which \$10.0 million would be directed for a new young parents demonstration program and the rest (\$18.1 million) for 80 Member-specified projects.

**Table 1. WIA Appropriations
for FY2007 and FY2008 Under Current Law**
(\$ in thousands)

Program	FY2007 Appropriation	FY2008 Request	FY2008 Senate Committee	FY2008 House- Passed
WIA Grand Total	5,134,109	4,501,762	5,217,698	5,206,569
Youth Activities Formula Grants ^a	940,500	840,500	940,500	940,500
Adult Activities Formula Grants ^a	864,199	712,000	864,199	864,199
Dislocated Worker Activities	1,471,903	1,114,939	1,471,903	1,471,903
<i>Formula Grants (non-add)^e</i>	<i>1,189,811</i>	<i>875,623^b</i>	<i>1,189,811</i>	<i>1,189,811</i>
<i>National Reserve (non-add)</i>	<i>282,092</i>	<i>239,316^b</i>	<i>282,092</i>	<i>282,092</i>
<i>CBJT Grants (non-add)^c</i>	<i>125,000</i>	<i>0</i>	<i>125,000</i>	<i>125,000</i>
<i>Nat'l. Reserve Activities (non-add)</i>	<i>157,092</i>	<i>239,316</i>	<i>157,092</i>	<i>157,092</i>
Job Corps ^d	1,578,277	1,522,372	1,631,000	1,620,604
Native Americans	53,696	45,000	53,696	56,381
Migrant and Seasonal Farmworkers ^e	79,752	0	79,752	83,740
Veterans' Workforce Investment	7,435	7,351	7,435	7,435
Ex-Offender Activities	68,746	39,600	68,642	68,746
<i>Responsible Reinintegration. for Young Offenders (non-add)</i>	<i>49,104</i>	<i>0</i>	<i>55,000</i>	<i>0</i>
<i>Prisoner Reentry (non-add)</i>	<i>19,642</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Reint. of Ex-Offenders (non-add)</i>	<i>-</i>	<i>39,600</i>	<i>13,642</i>	<i>68,746</i>
CBJT Grants ^c	0	150,000	0	0
YouthBuild	49,500	50,000	65,000	60,000
Technical Assistance	480	0	0	0
Pilots, Demonstrations and Research	14,700	13,000	30,650	28,140
Evaluation	4,921	7,000	4,921	4,921

Source: Table compiled by CRS from the following sources: (1) FY2007 Appropriations from House Committee on Appropriations tables, based on the provisions of P.L. 110-5; (2) FY2008 Request from the DOL FY2008 Budget Justifications, available at [<http://www.dol.gov/dol/budget/>]; (3) FY2008 Senate Committee from S.Rept. 110-107; and (4) FY2008 House-Passed from H.Rept. 110-231 and H.R. 3043.

- a. For state formula grant allocations, see [<http://www.doleta.gov/budget/statfund.cfm>].
- b. Dislocated Worker Activities amounts for Formula Grants and National Reserve reflect ETA's "Appropriation Summary Table" [[http://www.doleta.gov/budget/08req\\$.xls](http://www.doleta.gov/budget/08req$.xls)]. Although the total is the same, different breakdowns appear in the formal requested appropriations language (\$902,939,000 for Formula Grants and \$212,000,000 for National Reserve). DOL staff indicated in budget briefings and subsequently that the formal request language was in error.
- c. In this table, Community-Based Job Training (CBJT) Grants are shown on two lines: first as a specified amount reserved from the Dislocated Worker National Reserve funding stream (as appropriated in FY2007 and allowed for by the Senate and House committees), and second as a separate funding line (as requested by the President).
- d. FY2008 amounts shown for Job Corps do not include \$28,872,000 that both the Senate and House committees would recommend for federal administrative expenses. For further information, see the Job Corps Administration discussion below.
- e. Migrant and Seasonal Farmworkers includes funds for technical assistance.

Administration Proposals

The President presents the FY2008 budget request with proposal to create Career Advancement Accounts (CAAs)⁵, a program that would require new authorizing legislation to fund. The Administration's budget request also made a number of other proposals for FY2008, including a rescission of unspent funds from the three state formula grant programs and a request to move Job Corps from the Office of the Secretary to the Employment and Training Administration (ETA). Finally, the Administration proposes changes to the programs authorized as pilots or demonstrations under Section 171, by consolidating the two ex-offender programs and separately funding the community college program. These proposals are discussed below.

Career Advancement Accounts (CAAs). The President requests \$3.4 billion for new Career Advancement Accounts for FY2008. A similar proposal for CAAs was also made in the FY2007 budget request, but was not enacted. DOL states that the design for CAAs is based on lessons learned from similar programs, including Individual Training Accounts (ITAs), Personal Reemployment Accounts (PRAs), and Lifelong Learning Accounts (LiLAs). For FY2008, the Senate committee report states that it is deferring consideration of CAAs, "without prejudice," until consideration by the authorizing committee. The House bill also does not fund CAAs. Further, the House committee report includes language prohibiting DOL from further use of Dislocated Worker National Reserve funding for CAA pilots.

These accounts would be "self-managed" and would provide \$3,000 to adults and out-of-school youth⁶ to pay for expenses directly related to postsecondary education and training for one year, renewable for a second year, for a total two-year account of up to \$6,000 per worker. A single funding stream would be allocated to states by an unspecified formula. This funding stream would consist of the combined funding for WIA Youth, Adult, and Dislocated Worker Programs, plus funds for non-

⁵ For further information on CAAs, see [<http://www.doleta.gov/budget/08bud.cfm>].

⁶ From the CAA documents released by DOL, it is not clear if or how the proposal would serve in-school youth - a population currently served under WIA.

WIA programs including Employment Service (ES) Grants to States, Labor Market Information (LMI) Grants, and the federal funds for administering the Work Opportunity Tax Credit (WOTC) and the Welfare-to-Work (WtW) Tax Credit. **Table 2** shows the FY2007 appropriation for each program that would be consolidated to create CAAs, and the amount requested for each program under current law. The amount requested for CAAs is 12.9%, or \$503.8 million less than the total FY2007 funding for programs that would be consolidated to create the CAAs.

Under the CAA proposal, the Secretary would reserve an unspecified portion for a national reserve fund to be used to address unanticipated events, such as natural disasters, and for innovative projects for adults and youth. Under current law, 20% of the *amount appropriated for dislocated workers* is to be used in a national reserve for these types of activities.⁷ Also under current law, states are required to use 25% of their dislocated worker allocation on rapid response activities, such as career counseling and case management, delivered by states as soon as possible after the announcement of a plant closing or mass layoff. Under the CAA proposal, states would apply to the Secretary for funds from the national reserve for rapid response activities. Of the amount for CAAs allocated to each state, up to 5% would be available for state administrative costs and an additional 10% for local costs (including support for operating One-Stop Career Centers).

Table 2. FY2007 Appropriations and FY2008 Budget Request for the Proposed Career Advancement Accounts

(\$ in thousands)

Program	FY2007 Appropriation	FY2008 Request for Career Advancement Accounts
Total	3,916,792	3,413,000
WIA Youth Activities	940,500	840,500
WIA Adult Activities	864,199	712,000
WIA Dislocated Worker Activities	1,346,903	1,114,939
ES Grants to States	715,883	688,769
WOTC/WtW Tax Credits (Admin)	17,677	17,677
LMI Grants	31,680	39,115

Source: Table compiled by CRS from information contained in the DOL FY2008 Budget Justification, except for the FY2007 LMI Grants amount which is from Attachment I to DOL Training and Employment Guidance Letter (TEGL) 29-06, June 15, 2007.

Although CAAs have not been enacted, the Department of Labor is piloting the program. ETA issued its solicitation for FY2006 Community-Based Job Training (CBJT) Grants on July 3, 2006 (71 Fed. Reg. 37948-37960), and included a priority provision assigning bonus points for applicants piloting Career Advancement

⁷ In recent years, appropriations language has specified the National Reserve amount.

Accounts, among other options. ETA clarified the intent behind awarding CBJT Grant application bonus points for CAAs on August 4, 2006 (71 Fed. Reg. 44321-44322), stating it included this program because “ETA recognizes that some states may be piloting CAAs in advance of the FY 2007 budget.” On December 11, 2006, ETA awarded 72 grants in 34 states, but it is not known how many of these grantees, if any, are piloting CAAs.

On July 7, 2006, ETA invited specified states⁸ to participate in a demonstration of CAAs. On October 26, 2006, ETA announced that three states (Indiana, Pennsylvania, and Wyoming) would participate in a statewide demonstration project for high-growth job industries, while another five states (Georgia, Michigan, Minnesota, Missouri, and Ohio) would pilot CAAs for use by workers affected by the recent auto industry layoffs. Grants to each state are for \$1.5 million — contingent upon the state securing an equal level of matching funds — and are renewable for a second year, for up to a total of \$24 million, allocated from the Secretary’s discretionary funds over two years. In addition, the announcement and the FY2008 DOL budget documents state that a competition for additional CAA projects will be announced, requiring an evaluation of the programs using randomized participant assignment. However, the House committee report directs DOL not to provide any more CAA demonstration grants from dislocated worker national reserve funds and further requires that a plan for use of any demonstration grant funds be submitted to the Appropriations Committees prior to obligation.

Rescission of Unspent Funds. The Administration request includes a rescission of \$335 million in unexpended state balances available from the three-year spending authority WIA allows for youth, adult, and dislocated worker programs. The amounts include obligated, but not yet expended, funds. The request is based on DOL’s concern about the “lapsing” of funds not spent in the allowable time. In response to previous Administration requests to rescind unexpended balances, the U.S. Government Accountability Office (GAO) was asked by the Senate and House authorizing committees to study the issue. GAO found that DOL does not have accurate data on state spending and that very little funds lapse.⁹ An updated approximation of lapsed funds can be determined from DOL reports¹⁰ of unexpended balances at the end of a program year, less carry-out to the next program year. At the end of PY2005 (June 30, 2005), \$6.4 million of unexpended funds were not carried over to PY2006. This represents 0.6% of unexpended balances and came from ten states. The Senate committee would reject the rescission; however, the House-passed bill includes the rescission.

⁸ Nine states were invited to participate in the CAA demonstration “due to current or announced layoffs occurring in the automotive manufacturing industry.” They are Georgia, Michigan, Minnesota, Missouri, Ohio, Oklahoma, Oregon, Tennessee, and Virginia. Maximum demonstration grants per state are for \$3 million over two years, dependent upon leveraged funding. A tenth state, Pennsylvania, was invited in another correspondence “to participate in another facet of this CAA demonstration.”

⁹ U.S. Government Accountability Office, *Workforce Investment Act: Interim Report on Status of Spending and States’ Available Funds*, September 5, 2002, GAO-02-1074.

¹⁰ For WIA state spending reports, see [<http://www.doleta.gov/budget/qtrlyspend.cfm>].

Job Corps Administration. The FY2006 appropriations act (P.L. 109-149, Section 102) directed DOL to transfer Job Corps from ETA to the Office of the Secretary of Labor. The Administration's budget request for FY2008 seeks to return Job Corps to ETA. Both the Senate committee and House-passed bills, however, would keep Job Corps in the Office of the Secretary, accounting for the program under Department Management. To address the appropriation for federal administrative expenses, the committees would assign \$28.9 million to Department Management for this purpose, reducing youth program administration funding in ETA.

Ex-Offender Activities. The Administration's budget request proposes to consolidate two programs that are funded under the general pilot and demonstration authority of Section 171, Responsible Reintegration for Young Offenders and the Prisoner Reentry Initiative, into a single program to be called Reintegration of Ex-Offenders. Funding for the new program was requested at \$39.6 million, with \$20 million targeted toward youth offender programs. The Senate committee rejected the proposal by increasing funding for Responsible Reintegration for Young Offenders to \$55.0 million; however, the committee recommended not funding the Prisoner Reentry Initiative and funding the new program in its place (reduced to \$13.6 million). The House-passed version accepted the consolidation proposal, maintaining the FY2007 level of funding, \$68.7 million, with \$48.0 million of that amount directed toward ex-offender programs for youth.