



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

November 3, 2003

S. 1627

Workforce Investment Act Amendments of 2003

*As ordered reported by the Senate Committee on Health, Education, Labor, and Pensions
on October 2, 2003*

SUMMARY

S. 1627 would make numerous changes to the Workforce Investment Act of 1998 (WIA), amend the Wagner-Peyser Act, extend the authorization for programs under the Rehabilitation Act of 1973 (RA), and create one new program under the RA. These programs, which received discretionary funding of \$7.1 billion and mandatory funding of \$2.5 billion for fiscal year 2003, 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 2003, 2004, or 2005.

S. 1627 would extend, through 2009, 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 \$17.1 billion.

CBO estimates that enacting S. 1627 would increase discretionary authorizations by \$5.3 billion in 2004, and by \$32.5 billion over the 2004-2008 period. Assuming appropriation of the necessary amounts, implementing the bill would cost \$0.4 billion in 2004 and \$23.0 billion over the 2004-2008 period.

S. 1627 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 S. 1627 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				
	2004	2005	2006	2007	2008
SPENDING SUBJECT TO APPROPRIATION					
Discretionary Spending Under Current Law					
Estimated Authorization Level ^a	4,387	840	859	879	901
Estimated Outlays	6,717	3,339	1,660	985	888
Proposed Changes					
Title I: Amendments to the Workforce Investment Act of 1998					
Estimated Authorization Level ^b	5,294	5,406	5,533	5,669	5,832
Estimated Outlays	358	3,340	4,694	5,317	5,608
Title II: Adult Education					
Estimated Authorization Level	0	605	618	631	645
Estimated Outlays	0	30	455	585	628
Title III: Amendments to the Wagner-Peyser Act					
Estimated Authorization Level	0	104	106	108	110
Estimated Outlays	0	10	42	95	107
Title IV: Amendments to the Rehabilitation Act of 1973					
Estimated Authorization Level	38	446	456	466	475
Estimated Outlays	27	323	441	462	472
Total Changes					
Estimated Authorization Level	5,332	6,562	6,713	6,874	7,063
Estimated Outlays	385	3,703	5,632	6,459	6,815
Discretionary Spending Under S. 1627					
Estimated Authorization Level	9,718	7,402	7,572	7,753	7,964
Estimated Outlays	7,102	7,042	7,291	7,445	7,703

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

* = Less than \$500,000.

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 2004-2008 period would be about \$1.1 billion less. The 2005-2008 levels are permanently authorized Wagner-Peyser (Employment Services).

a. The 2004 level includes advance appropriations of \$2.5 billion for job training for the program year beginning July 1, 2003.

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

BASIS OF ESTIMATE

This estimate assumes that S. 1627 will be enacted by the end of 2003, and that the necessary sums will be appropriated for fiscal year 2004 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, assuming both the automatic one-year extension in the RA and the automatic one-year extension under the General Education Provisions Act (GEPA), which provides an automatic extension for all programs in the Department of Education. S. 1627 would extend the authorization for the state grants through 2011, assuming the automatic extensions in law. 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 S. 1627 makes no substantive changes to 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 2003, RA state grants were funded at \$2.5 billion; by 2011 state grants would cost an estimated \$3.1 billion. CBO estimates that outlays over the 2006-2011 period would total about \$17.1 billion.

Discretionary Spending

S. 1627 would reauthorize and amend the Workforce Investment Act of 1998, the Adult Education and Family Literacy Act, provisions of the Wagner-Peyser Act, and the Rehabilitation Act of 1973. The bill also would create a program of incentive grants under the RA. Under S. 1627, authorizations for these programs would be increased by \$5.3 billion in 2004, bringing the total authorized level to \$9.7 billion in that year.

Title I: Amendments to the Workforce Investment Act. S. 1627 would revise and reauthorize the Workforce Investment Act of 1998, which is currently authorized through 2003. These programs, which received appropriations totaling \$5.2 billion in fiscal year

2003, would be authorized for fiscal years 2004 through 2009. CBO estimates that authorizations under title I would total \$5.3 billion in fiscal year 2004 and about \$27.7 billion over the 2004-2008 period.

The bill would authorize the appropriation of such sums as may be necessary for youth activities, grants to provide job training activities to adults and dislocated workers, Job Corps, and other national activities such as grants to assist migrant and seasonal farm workers, technical assistance programs, demonstration and pilot programs. In addition, the bill specifies \$57 million to be authorized for 2004 for training programs that serve Native Americans. Furthermore, the bill would authorize pilot programs aimed at using new technologies and aiding adults with limited proficiency in English language skills at \$30 million and \$10 million, respectively, for fiscal year 2004. Based on the fiscal year 2003 appropriations for these programs (adjusted for inflation), or the amount stated in the bill (where applicable), CBO estimates that these programs would be authorized at \$5.3 billion for fiscal year 2004 and would grow to \$6 billion by 2009.

Title II: Adult Education and Literacy. Title II of S. 1627 would revise and reauthorize the Adult Education State Grant program and the National Institute for Literacy, both of which are currently authorized through 2004 by GEPA. S. 1627 would authorize such sums as may be necessary for programs under title II. CBO estimates the total funding for title II for the 2004-2008 period would be about \$2.5 billion, assuming adjustments for inflation, with resulting outlays of \$1.7 billion. These programs were funded at \$587 million in 2003.

Title III: Amendments to the Wagner-Peyser Act. Title III of S. 1627 would reauthorize labor market information functions which currently are authorized through 2004. S. 1627 would authorize such sums as may be necessary for fiscal years 2004 through 2009. CBO estimates this authorization would amount to \$104 million in fiscal year 2005, and \$429 million over the 2005-2008 period. Assuming the appropriation of the estimated authorized amounts, outlays would increase by \$254 over the 2005-2008 period.

Title IV: Amendments to the Rehabilitation Act. S. 1627 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 2004 under GEPA and would be extended through 2010 under this bill. There are, however, a few exceptions—the authorizations for the National Council on Disability, funded in 2003 at \$3 million, and the Architectural and Transportation Barriers Compliance Board, funded in 2003 at \$5 million, expired at the end of 2003, but the bill would extend the programs through 2009. In addition, the bill would create a new program of incentive grants under the RA, and would require the General Accounting Office (GAO) to undertake two studies.

Existing RA Programs. Discretionary grant programs under the RA received total funding of \$393 million in 2003. The programs are currently operating under the GEPA extension. Based on the 2003 appropriation levels (adjusted for inflation), CBO estimates discretionary grant authorization levels for the existing RA programs are estimated to total \$407 million in 2005 and \$1.7 billion over the 2005-2008 period.

Incentive Grants Program. The incentive grant program created under S. 1627 would award funds to state vocational rehabilitation (VR) agencies to encourage the adoption of effective strategies to improve employment outcomes of the disabled individuals provided VR services. The awards would be based on performance standards specified under the RA or on other performance measures the Secretary of Education deems are appropriate. The program would be authorized to receive appropriations of such sums as may be necessary for the 2004-2009 period. Based on discussions with committee staff, CBO assesses that the program would be similar to that proposed by the Administration in its fiscal year 2003 budget. Consequently, CBO estimates the authorized program level to be \$30 million in 2004, with annual adjustments for inflation in subsequent years. Assuming the appropriation of the authorized amounts, CBO estimates outlays would total \$21 million in 2004 and \$146 million over the 2004-2008 period.

GAO Studies and Reports. Title IV also would require the GAO to conduct two new studies: one would analyze how well VR services are being coordinated with the requirements of the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act, while the other would assess how the VR state grant allocation formula relates to a state's delivery of VR services. Based on information from GAO, CBO estimates that the total cost of the studies would be less than \$500,000 over the 2004-2006 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 2003 appropriation of \$3 million, CBO estimates that reauthorization would amount to \$3 million in 2004 and \$15 million over the five-year period, with outlays of \$14 million through 2008.

Architectural and Transportation Barriers Compliance Board. Under S. 1627, the Architectural and Transportation Barriers Compliance Board would be reauthorized for the 2004-2009 period. The Board develops guidelines to ensure access for individuals with disabilities for buildings, transportation vehicles, and telecommunications equipment. Based on the 2003 funding level of \$5 million, CBO estimates the reauthorization would total \$28 million over the 2004-2008 period, and result in outlays of \$27 million over the same time frame.

Helen Keller National Center. S. 1627 would reauthorize the Helen Keller National Center over the 2004-2009 period, although GEPA has already established an authorization level for 2004. The authorization for the Helen Keller National Center is estimated to total \$9 million in 2005 and \$37 million over the 2005-2008 period. The resulting outlays would be \$6 million in 2005 and \$34 million for 2005 through 2008.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1627 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would reauthorize funding for adult and youth job training, literacy activities, and vocational rehabilitative services administered by state and local agencies. Along with the conditions of federal aid, states' job training programs would be guaranteed minimum allotments for subsequent fiscal years that equal fiscal year 2003 funding, subject to the availability of appropriations. Any costs incurred by state, local, and tribal governments would result from complying with conditions of federal aid, and would thus be voluntary.

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