

FY 2014

CONGRESSIONAL BUDGET JUSTIFICATION

EMPLOYMENT AND TRAINING ADMINISTRATION

American Jobs Act

AMERICAN JOBS ACT

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AMERICAN JOBS ACT

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2012 Revised Enacted		FY 2013 Legislative Proposal		FY 2014			
					Current Law		Legislative Proposal	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Pathways Back to Work Fund - Youth Employment	0	0	0	2,500,000	0	0	0	0
General Funds	0	0	0	2,500,000	0	0	0	0
Pathways Back to Work Fund - Subsidized Jobs- Training	0	0	0	8,000,000	0	0	0	0
General Funds	0	0	0	8,000,000	0	0	0	0
Pathways Back to Work Fund - Competitive Grants	0	0	0	2,000,000	0	0	0	0
General Funds	0	0	0	2,000,000	0	0	0	0
Reemployment NOW	0	0	0	4,000,000	0	0	0	0
General Funds	0	0	0	4,000,000	0	0	0	0
Total	0	0	0	16,500,000	0	0	0	0
General Funds	0	0	0	16,500,000	0	0	0	0

PATHWAYS BACK TO WORK FUND

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2012 Revised Enacted	FY 2013 Legislative Proposal	FY 2014	
			Current Law	Legislative Proposal
Activity Appropriation	0	12,500,000	0	0
FTE	0	0	0	0

Introduction

Investing in our nation’s low-income youth, and connecting those who have experienced long-term unemployment to jobs, is critical to building long-term prosperity and ensuring that our economic recovery reaches all Americans. As part of the American Jobs Act, the Budget proposes a new Pathways Back to Work Fund to provide subsidized employment opportunities to low-income and long-term unemployed adults, summer and year-round jobs for low-income youth, and competitive grants to States, localities, and tribal entities to carry out work-based training strategies to place low-income adults and youth in jobs quickly.

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Starting in 2013, the Budget requests a total of \$12,500,000,000 for Pathways Back to Work. This temporary investment will support opportunities for hundreds of thousands of low-income and long-term unemployed adults and youth with opportunities to work and to receive training in growth industries.

The Pathways Back to Work Fund will include three distinct pieces: 1) subsidized employment for low-income and long-term unemployed adults; 2) summer employment and year-round employment opportunities for low-income youth; and 3) competitive grants to support innovative training and employment programs for these populations, including work-based employment strategies of demonstrated effectiveness.

The Department requests \$8,000,000,000 for subsidized employment opportunities for low-income and long-term unemployed adults. Priority will be provided to employment opportunities likely to lead to unsubsidized employment in emerging or in-demand occupations in the local areas. Funds under this activity may be used to provide support services, such as transportation or child care, that are necessary to enable participation of individuals in subsidized employment opportunities.

The Department requests \$2,500,000,000 to support summer and year-round jobs for low-income youth, ages 16 through 24. These efforts will emphasize direct linkages to academic and occupational learning, and may include the provision of supportive services, such as transportation or child care, necessary to enable such youth to participate.

Finally, the Department requests \$2,000,000,000 for competitive grants to support promising and innovative employment and training strategies designed to improve outcomes for low-income and long-term unemployed adults and youth. Such strategies may include on-the-job training;

PATHWAYS BACK TO WORK FUND

sector-based training; training supportive of an industry sector partnership; acquisition of an industry-recognized credential; connections to immediate work opportunities; career academies; and/or adult basic education and integrated basic education and training models. Grants will be awarded on a competitive basis to States, localities, and tribal entities and will include partnerships with employers or employer associations, adult education providers and post-secondary educational institutions, community-based organizations, joint labor-management committees, work-related intermediaries, and/or other appropriate organizations.

In administering the Fund, the Department will coordinate with other Federal agencies, including the Department of Health and Human Services.

Workload and Performance Narrative

Performance measures will be established in the fourth quarter of 2013, and baseline data will be available in 2014.

REEMPLOYMENT NOW

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2012 Revised Enacted	FY 2013 Legislative Proposal	FY 2014	
			Current Law	Legislative Proposal
Activity Appropriation	0	4,000,000	0	0
FTE	0	0	0	0

Introduction

Reemployment NOW was first proposed in the American Jobs Act and is designed to provide states with flexible funding to implement a menu of innovative reemployment initiatives targeted to the long-term unemployed (primarily Emergency Unemployment Compensation (EUC) claimants) – as well as design, develop, and implement their own innovative strategies. For example, the *Bridge to Work* option would facilitate the reemployment of individuals receiving EUC by allowing them to voluntarily work for an approved employer while continuing to collect EUC benefits in lieu of wages. Additional Reemployment NOW options included implementing wage insurance, self-employment assistance, enhanced reemployment services, and other State-designed innovations. The Middle Class Tax Relief Act of 2012 provided implementation grants for self-employment assistance. This act also authorized some states to conduct demonstration projects for subsidized employment, but the implementation program design options for states were subject to greater restrictions than would be the case under Bridge to Work programs and no administrative funding was provided. The Reemployment NOW fund requested below would lead to more widespread implementation of Bridge to Work programs.

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The Budget requests \$4,000,000,000 for Reemployment NOW. These funds will be allotted to States for programs facilitating the reemployment of the long-term unemployed. The flexible-funding design allows states to choose from a menu of innovative reemployment strategies or implement State-designed solutions that address long-term unemployment while protecting workers' rights.

Among the options available to States under the Reemployment NOW program is the *Bridge to Work* initiative, which allows individuals receiving EUC to work for an approved employer while continuing to collect EUC benefits in lieu of wages. This initiative provides valuable work experience and a path to permanent employment to the individual while reducing the short-term financial burden to the employer. The proposal also would protect workers' rights by ensuring that EUC claimants are paid at least the minimum wage. Wages can come from either state funds requested under this grant or from employers. In addition to requesting funding for supplementing wages, states may also request funding for administering the program.

Other innovative reemployment strategies outlined in the Reemployment NOW initiative include wage insurance programs and enhanced reemployment services for EUC claimants. States are also encouraged to design and implement their own unique and innovative strategies to address long-term unemployment.

REEMPLOYMENT NOW

Workload and Performance Narrative

Performance measures will be established in the fourth quarter of 2013, and baseline data will be available in 2014.