



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 25, 2012

H.R. 4297
Workforce Investment Improvement Act of 2012

*As ordered reported by the House Committee on Education and the Workforce
on June 7, 2012*

SUMMARY

H.R. 4297 would consolidate job training programs under the Workforce Investment Act of 1998 (WIA) into a single funding stream. It also would amend the Wagner-Peyser Act, reauthorize adult-education programs, and reauthorize programs under the Rehabilitation Act of 1973 (RA). Those programs, which received discretionary funding of \$7 billion and mandatory funding of \$3 billion in 2012, provide a framework of job training, adult education, and employment service assistance.

Pay-as-you-go procedures apply because enacting the legislation would affect direct spending. (The bill would not affect revenues.) H.R. 4297 would repeal the authorization for job training programs that are funded by H-1B visa fees. Without that authorization, the Department of Labor (DOL) would be unable to operate job training programs funded by those fees, though the bill would not affect the total amount of the fees collected. As a result, mandatory spending would decline by \$115 million in 2013 and by \$1.2 billion over the 2013-2022 period, CBO estimates.

The bill also would affect discretionary spending. Assuming appropriation of the authorized amounts, CBO estimates that implementing H.R. 4297 would cost \$27 billion over the 2013-2017 period.

H.R. 4297 would not impose intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 4297 is shown in the following table. The costs of this legislation fall within budget function 500 (education, employment, training, and social services).

| | By Fiscal Year, in Millions of Dollars | | | | | 2013- 2017 |
|--|--|-------|-------|-------|-------|---------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | |
| CHANGES IN DIRECT SPENDING^a | | | | | | |
| Estimated Budget Authority | -125 | -125 | -125 | -125 | -125 | -625 |
| Estimated Outlays | -115 | -117 | -120 | -123 | -125 | -600 |
| CHANGES IN SPENDING SUBJECT TO APPROPRIATION | | | | | | |
| Title I: Amendments to the Workforce Investment Act | | | | | | |
| Authorization Level | 6,292 | 6,292 | 6,292 | 6,292 | 6,292 | 31,462 |
| Estimated Outlays | 535 | 4,845 | 5,915 | 6,135 | 6,135 | 23,565 |
| Title II: Adult Education and Family Literacy Education Act | | | | | | |
| Authorization Level | 606 | 606 | 606 | 606 | 606 | 3,030 |
| Estimated Outlays | 18 | 455 | 576 | 606 | 606 | 2,260 |
| Title III: Amendments to the Wagner-Peyser Act | | | | | | |
| Authorization Level | 63 | 63 | 63 | 63 | 63 | 317 |
| Estimated Outlays | 29 | 63 | 63 | 63 | 63 | 282 |
| Title V: Amendments to the Rehabilitation Act | | | | | | |
| Authorization Level | 327 | 327 | 327 | 327 | 327 | 1,635 |
| Estimated Outlays | 70 | 259 | 319 | 327 | 327 | 1,302 |
| Total Changes in Discretionary Spending | | | | | | |
| Authorization Level | 7,289 | 7,289 | 7,289 | 7,289 | 7,289 | 36,445 |
| Estimated Outlays | 652 | 5,622 | 6,873 | 7,132 | 7,132 | 27,410 |

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

a. CBO estimates that enacting the bill would decrease direct spending by \$1.2 billion over the 2013-2022 period.

BASIS OF ESTIMATE

This estimate assumes that H.R. 4297 will be enacted near the start of fiscal year 2013, and that the specified authorization amounts will be appropriated for fiscal year 2013 and each subsequent fiscal year. The estimated outlays reflect historical spending patterns for the affected programs.

Direct Spending

H.R. 4297 would repeal the authorization for DOL to operate a job training program that is funded with a portion of the fees the government collects for H-1B visa applications. However, the bill would not change the overall fee structure. Thus, the provision would not affect the amount of fees received by the federal government, but it would eliminate the ability of DOL to spend its portion of the fees. CBO estimates that, as a result, direct spending would decline by \$1.2 billion over the 2013-2022 period.

In addition, H.R. 4297 would reauthorize the existing mandatory program of states that makes grants to provide vocational rehabilitation services. Those grants are currently authorized through fiscal year 2012. H.R. 4297 would extend the authorization for the state grants through 2020, assuming the automatic one-year extensions in both the RA and the General Education Provisions Act. Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, that extension is assumed in CBO's current baseline projections and has no cost relative to that baseline. Under the assumptions underlying CBO's March 2012 baseline projections, we estimate that extending the state grants through 2020 would result in outlays of about \$27 billion.

H.R. 4297 would authorize appropriations of \$3.1 billion per year for each of the next six years, equal to the amount the Congress appropriated in fiscal year 2012. However, funding for the mandatory state grants is determined by a formula in the RA. That funding is equal to the previous year's funding level adjusted by the year-over-year change in the consumer price index (CPI) as of October 15 of the second preceding year. Because H.R. 4297 would not amend or delete that formula, CBO estimates that the CPI formula would continue to determine the funding level, rather than the stated authorization level. In fiscal year 2013, CBO estimates that RA state grants would be funded at \$3.2 billion; by 2020, funding for state grants would rise to an estimated \$3.7 billion.

Spending Subject to Appropriation

H.R. 4297 would reauthorize and amend the WIA, the Adult Education and Family Literacy Act, provisions of the Wagner-Peyser Act, and the RA. Most of the authorizations for those programs have expired, but are extended through 2012 because the Congress appropriated funds for those programs for 2012. Under H.R. 4297, the authorizations of appropriations for those programs would total about \$7.3 billion in 2013.

Title I: Amendments to the Workforce Investment Act. Title I would revise and reauthorize the WIA by consolidating separate grants for adults, dislocated workers, veterans and youth (including Job Corps grants) and some employment service functions currently authorized under the Wagner-Peyser Act into a single funding stream. Those programs, which received appropriations totaling \$6.3 billion in fiscal year 2012, would be authorized for fiscal years 2013 through 2018. Assuming the appropriation of the authorized amounts, CBO estimates that implementing title I would cost about \$24.6 billion over the 2013-2017 period.

Title II: Adult Education and Family Literacy Education Act. Title II would revise and reauthorize the adult education programs in title II of the Workforce Investment Act. The bill would authorize the appropriation of about \$600 million for state grants and national activities for each of fiscal years 2013 through 2018, equal to the amount the Congress provided in 2012. (The bill would repeal authorizing language for the National Institute for Literacy, which has not received an appropriation since fiscal year 2010.) CBO estimates that implementing title II would cost about \$2.3 billion over the 2013-2017 period, assuming appropriation of the authorized amounts.

Title III: Amendments to the Wagner-Peyser Act. Title III would reauthorize labor market information functions of the Wagner-Peyser Act and would authorize appropriations for those purposes at \$63 million for each of fiscal years 2013 through 2018. (In 2012, \$63 million was appropriated for similar purposes.) CBO estimates that implementing title III would cost \$282 million over the 2013-2017 period, assuming appropriation of the authorized amounts.

Title IV: Repeals and Conforming Amendments. Title IV would repeal several provisions of law, including section 412 of the Immigration and Nationality Act, which establishes the refugee-assistance programs of the Office of Refugee Resettlement. The Congress appropriated \$579 million for those programs in fiscal year 2012. Under current law, those programs are not authorized after fiscal year 2012; therefore, repealing them would not affect amounts authorized under current law.

Title V: Amendments to the Rehabilitation Act. Title V would revise and reauthorize existing discretionary grant programs under the RA. The authorizations for those programs have expired but are extended through 2012 because the Congress appropriated funds for them to the Department of Education for 2012. The bill would reauthorize the programs through 2018.

Department of Education Programs. The Department of Education runs a variety of categorical grant and demonstration programs under the RA primarily aimed at training, supported employment, independent living, research, and advocacy projects. The bill would authorize the appropriation of \$317 million for those programs for each of fiscal years 2013 through 2018. (The Congress appropriated \$348 million for those programs in fiscal year 2012.) The bill would repeal authorizing language for state grants for supported employment, for which the Congress provided \$29 million in fiscal year 2012; for rehabilitation services for migrant and seasonal farmworkers, for which the Congress provided \$1 million in fiscal year 2012; and for recreational programs for such individuals, for which the Congress did not provide any funding in fiscal year 2012. CBO estimates that implementing those provisions would cost \$1.3 billion over the 2013-2017 period, assuming appropriation of the authorized amounts.

National Council on Disability. The Council is responsible for reviewing federal law and policies affecting individuals with disabilities. The bill would authorize the appropriation of \$3 million for the Council for each of fiscal years 2013 through 2018, equal to the amount the Congress appropriated for fiscal year 2012. CBO estimates that implementing this provision would cost \$14 million over the 2013-2017 period.

Architectural and Transportation Barriers Compliance Board. The Board develops guidelines to ensure access to buildings, transportation vehicles, and telecommunications equipment for individuals with disabilities. The bill would authorize the appropriation of \$7 million for the Board for each of fiscal years 2013 through 2018, equal to the amount the Congress appropriated for fiscal year 2012. CBO estimates that implementing this provision would cost \$33 million over the 2013-2017 period.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 4297, the Workforce Investment Improvement Act of 2012, as ordered reported by the House Committee on Education and the Workforce on June 7, 2012

| | By Fiscal Year, in Millions of Dollars | | | | | | | | | | | | 2012- 2017 | 2012- 2022 |
|--|--|------|------|------|------|------|------|------|------|------|------|------|---------------|---------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | | | |
| NET INCREASE OR DECREASE (-) IN THE ON-BUDGET DEFICIT | | | | | | | | | | | | | | |
| Statutory Pay-As-You-Go Impact | 0 | -115 | -117 | -120 | -123 | -125 | -125 | -125 | -125 | -125 | -125 | -125 | -600 | -1,225 |

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4297 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. By consolidating and repealing grant programs, the bill would decrease the amount of assistance that state, local, and tribal governments receive for employment services, job training, and adult education and literacy services.

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