



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

January 15, 2014

S. 1356

Workforce Investment Act of 2013

*As ordered reported by the Senate Committee on Health, Education, Labor, and Pensions
on July 31, 2013*

SUMMARY

S. 1356 would revise and reauthorize job training, employment service, adult education and literacy, and rehabilitation programs. Those programs, currently overseen by the Departments of Labor and Education, provide grants to state and local governments as well as to private and nonprofit organizations to provide specified services. Those programs received discretionary funding of \$5.5 billion and mandatory funding of \$3.1 billion in 2013.

Enacting the bill would affect direct spending, but those costs are already assumed to continue in CBO's baseline; therefore, pay-as-you-go procedures do not apply. Enacting the bill would not affect revenues.

The bill also would affect discretionary spending. Assuming appropriation of the estimated amounts, CBO estimates that implementing S. 1356 would cost \$29.2 billion over the 2014-2019 period.

S. 1356 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 S. 1356 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						2014-
	2014	2015	2016	2017	2018	2019	2019
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
Title I: System Alignment and Innovation							
Authorization Level	58	59	60	62	63	0	301
Estimated Outlays	9	46	59	61	63	54	292
Title II: Workforce Investment and Related Activities							
Authorization Level	4,713	4,800	4,903	5,008	5,120	0	24,543
Estimated Outlays	707	3,783	4,798	4,992	5,100	4,428	23,808
Title III: Adult Education and Literacy							
Authorization Level	585	596	609	622	637	651	3,700
Estimated Outlays	18	439	564	606	619	633	2,878
Title IV: Amendments to the Wagner-Peyser Act							
Authorization Level	72	73	75	77	78	0	376
Estimated Outlays	8	38	69	74	76	69	334
Title V: Amendments to the Rehabilitation Act							
Authorization Level	385	396	409	417	425	0	2,032
Estimated Outlays	82	307	388	408	417	332	1,934
Total Changes in Discretionary Spending							
Authorization Level	5,812	5,924	6,056	6,185	6,323	651	30,952
Estimated Outlays	823	4,614	5,878	6,141	6,274	5,516	29,246

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

BASIS OF ESTIMATE

This estimate assumes that S. 1356 will be enacted early in fiscal year 2014, and that the estimated and specified authorization amounts will be appropriated for fiscal year 2014 and each subsequent fiscal year. The estimated outlays reflect historical spending patterns for the affected programs.

Direct Spending

S. 1356 would reauthorize the existing mandatory program that provides grants to state agencies that provide vocational rehabilitation services. Those grants are currently authorized through fiscal year 2013. S. 1356 would extend the authorization for the state grants through 2019, assuming the automatic one-year extension in the Rehabilitation Act (RA). 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 May 2013 baseline projections, we estimate that extending the state grants through 2019 would result in outlays of about \$20.3 billion.

Spending Subject to Appropriation

S. 1356 would reauthorize and amend the Workforce Investment Act (WIA), the Adult Education and Family Literacy Act, provisions of the Wagner-Peyser Act, and the Rehabilitation Act. Most of the authorizations for those programs have expired, but are extended through 2013 because the Congress appropriated funds for those programs for 2013. Under S. 1356, the authorizations of appropriations for those programs would total about \$5.8 billion in 2014, CBO estimates.

Title I: System Alignment and Innovation. Title I of the bill would establish procedures for state and local workforce development boards. It also would authorize the appropriation of such sums as may be necessary for Workforce Innovation Replication grants and Youth Innovation Replication grants over the 2014-2018 period. Based on the amount appropriated for similar activities in 2013 for the Workforce Innovation grants and the amount recently requested by the Administration for Youth Innovation grants, CBO estimates that funding those grant programs would cost \$292 million over the 2014-2019 period, assuming appropriation of the estimated amounts.

Title II: Workforce Investment and Related Activities. Title II would revise and reauthorize the WIA, including grants for adults, dislocated workers, veterans and youth (including Job Corps grants). The bill would authorize the appropriation of such sums as may be necessary for those programs over the 2014-2018 period. Those programs received appropriations totaling \$4.5 billion in fiscal year 2013 (including the effects of sequestration). In addition, the bill would authorize appropriations of \$125 million per year for certain activities related to labor market research, a "pathways out of poverty" program and energy employment partnerships. Assuming the appropriation of the estimated amounts, CBO estimates that implementing title II would increase authorizations by \$24.5 billion and outlays by \$23.8 billion over the 2014-2019 period.

Title III: Adult Education and Literacy. Title III would revise and reauthorize the adult education programs in title II of the current Workforce Investment Act. The bill would authorize the appropriation of such sums as are necessary for fiscal years 2014 through 2018; those authorizations would automatically be extended one year by General Education Provisions Act. CBO estimates that the bill would authorize the appropriation of \$585 million in fiscal year 2014 and \$3.7 billion over the 2014-2019 period. CBO estimates that spending would total \$2.9 billion over the 2014-2019 period, assuming the appropriation of the estimated amounts. Congress appropriated about \$600 million for fiscal year 2013, an amount that was reduced by about \$30 million through sequestration.

Title IV: Amendments to the Wagner-Peyser Act. Title IV would reauthorize labor market information functions of the Wagner-Peyser Act and would authorize the appropriations of such sums as may be necessary for fiscal years 2014 through 2018 for those purposes. Based on funding for those activities for fiscal year 2013, CBO estimates that the bill would authorize appropriations of \$62 million for fiscal year 2014 and \$323 million over the 2014-2018 period. Title IV also would authorize limited pilot projects in the area of career planning and development services. CBO estimates that provision would increase authorizations by \$52 million over the 2014-2018 period. In total, CBO estimates that implementing those provisions would increase outlays by \$334 million through 2019, assuming appropriation of the estimated amounts.

Title V: Amendments to the Rehabilitation Act. Title V would revise and reauthorize existing discretionary grant programs under the RA. Those programs received appropriations totaling \$339 million in 2013. The bill would authorize the appropriation of such sums as may be necessary for fiscal years 2014 through 2018 for those programs. CBO based its estimate of the authorization levels primarily on the funding levels for previous fiscal years for the same or similar programs.

Programs Currently Carried Out by the Department of Education. Under current law, 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 for individuals with disabilities. (The Congress appropriated \$329 million for those programs in fiscal year 2013, including the effects of sequestration.)

The bill would move administration of independent living programs and the National Institute of Disability and Rehabilitation Research to the Department of Health and Human Services and the administration of all other activities under the RA to the Department of Labor. Among other changes, the bill would increase the share of funding dedicated to outreach to minorities, authorize new technical assistance and demonstration projects, and expand the services authorized to be provided under the supported employment program.

CBO estimates that implementing those provisions would increase outlays by \$1.9 billion over the 2014-2019 period, assuming appropriation of the estimated 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 such sums as may be necessary for the Council for each of fiscal years 2014 through 2018. CBO estimates that implementing this provision would cost \$15 million over the 2014-2019 period, assuming appropriation of the estimated amounts.

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 such sums as may be necessary for the Board for each of fiscal years 2014 to 2018. CBO estimates that implementing this provision would cost \$38 million over the 2014-2019 period, assuming appropriation of the estimated amounts.

Office of Disability Employment Policy, Services, and Supports. The bill also would authorize an Office of Disability Employment Policy, Services and Supports within the Department of Labor. That office would combine functions of the current Office of Disability Employment Policy and some functions of the Rehabilitation Services Administration. The bill would authorize such sums as may be necessary for fiscal years 2014-2018 for that office. Similar functions are currently permanently authorized, so CBO estimates that the proposed change would not have a budgetary effect.

PAY-AS-YOU-GO CONSIDERATIONS. None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1356 contains no intergovernmental or private-sector mandates as defined in UMRA. Programs and activities authorized in the bill would benefit state, local, and tribal governments that provide employment services, job training, and education and independent living services. To the extent that those governments are required to amend their plans and activities to achieve new performance outcomes, those entities could incur additional costs. However, those costs would be incurred voluntarily as a condition of receiving federal assistance.

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