



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 8, 2013

H.R. 803 **Supporting Knowledge and Investing in Lifelong Skills Act**

*As ordered reported by the House Committee on Education and the Workforce
on March 6, 2013*

SUMMARY

H.R. 803 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 2013, provide job training, adult education, and employment service assistance.

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.)

Implementing the bill would affect discretionary spending. Assuming appropriation of the authorized amounts, CBO estimates that implementing H.R. 803 would cost \$26 billion over the 2014-2018 period.

H.R. 803 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. 803 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- 2018
	2014	2015	2016	2017	2018	
CHANGES IN DIRECT SPENDING^a						
Estimated Budget Authority	0	0	0	0	0	0
Estimated Outlays	0	0	0	0	0	0
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Title I: Amendments to the Workforce						
Investment Act						
Authorization Level	6,245	6,245	6,245	6,245	6,245	31,227
Estimated Outlays	531	4,622	5,496	5,746	5,933	22,327
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	328	328	328	328	328	1,640
Estimated Outlays	71	260	320	328	328	1,307
Total Changes in Discretionary Spending						
Authorization Level	7,243	7,243	7,243	7,243	7,243	36,214
Estimated Outlays	649	5,400	6,455	6,743	6,931	26,177

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

- a. Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, the cost of extending the grants to provide vocational rehabilitation services is assumed in CBO's current baseline projections and is therefore not included in the costs attributable to the bill. CBO estimates that the cost of extending the state grants through 2022 would result in outlays of about \$32 billion.

BASIS OF ESTIMATE

This estimate assumes that H.R. 803 will be enacted near the start of fiscal year 2014, and that the 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

H.R. 803 would reauthorize mandatory grants to states to provide vocational rehabilitation services. Those grants are currently authorized through fiscal year 2013. H.R. 803 would extend the authorization for the state grants through 2020, which would subsequently be extended for one year each under the RA and the General Education Provisions Act. Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, the cost of extending the grants to provide vocational rehabilitation services is assumed in CBO's current baseline projections and is therefore not included in the costs attributable to the bill. CBO estimates that the cost of extending the state grants through 2022 would result in outlays of about \$32 billion.

H.R. 803 would authorize the appropriation of \$3.1 billion per year for each of the next eight 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. Funding each year 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. 803 would not affect that formula, CBO estimates that the CPI formula would continue to determine the funding level, rather than the stated authorization level. In fiscal year 2014, CBO estimates that state grants under the RA would be funded at \$3.3 billion; by 2022, funding for state grants would rise to an estimated \$3.9 billion.

Spending Subject to Appropriation

H.R. 803 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 2013 because the Congress provided funds for those programs for 2013. Under H.R. 803, the authorizations of appropriations for those programs would total about \$7.2 billion in 2014.

For ease of comparison to the proposed authorization levels, CBO has shown the most recent level of funding provided by the Congress for each title. Estimated funding for 2013 is based on the amount the Congress provided in the most recent continuing resolution, which expires on March 27, 2013, and is extrapolated for the entire fiscal year. Those estimates do not include any of the effects from the across-the-board cuts mandated in the Budget Control Act of 2011 and specified in the sequestration report issued March 1, 2013, by the Office of Management and Budget.

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 approximately \$6.3 billion in fiscal year 2013, would be authorized for fiscal years 2014 through 2020. Assuming the appropriation of the authorized amounts, CBO estimates that implementing title I would cost about \$22.3 billion over the 2014-2018 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 2014 through 2021, similar to the amount the Congress provided in 2013. (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 2014-2018 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 2014 through 2020. (In 2013, an estimated \$63 million was appropriated for similar purposes.) CBO estimates that implementing title III would cost \$282 million over the 2014-2018 period, assuming appropriation of the authorized amounts.

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 2013 because the Congress appropriated funds for them for 2013. The bill would reauthorize the programs through 2020.

Department of Education Programs. The Department of Education runs a variety of categorical grant and demonstration programs under the RA—primarily aimed at training, employment support for the disabled, independent living, research, and advocacy projects. The bill would authorize the appropriation of \$317 million for those programs for each of fiscal years 2014 through 2020, about \$30 million less than provided for those programs in fiscal year 2013. (The bill also would repeal the underlying authority for state grants for supported employment, and rehabilitation services for migrant and seasonal farmworkers, for which the Congress provided a total of \$30 million in fiscal year 2013.) CBO estimates that implementing those provisions would cost nearly \$1.3 billion over the 2014-2018 period, assuming appropriation of the authorized amounts.

National Council on Disability. The Council is responsible for reviewing federal laws and policies affecting individuals with disabilities. The bill would authorize the appropriation of \$3 million for the Council for each of fiscal years 2014 through 2020, equal to the

estimated amount appropriated for fiscal year 2013. CBO estimates that implementing this provision would cost \$15 million over the 2014-2018 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 2014 through 2020, equal to the estimated amount appropriated for fiscal year 2013. CBO estimates that implementing this provision would cost \$35 million over the 2014-2018 period.

PAY-AS-YOU-GO CONSIDERATIONS. None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 803 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. Such changes to grant programs are not mandates as defined in UMRA.

ESTIMATE PREPARED BY:

Federal Costs:

Workforce Investment Act and Wagner-Peyser—Christina Hawley Anthony
Adult Education and National Institute for Literacy—Justin Humphrey
Rehabilitation Act—David Rafferty

Impact on State, Local, and Tribal Governments: Lisa Ramirez-Branum

Impact on the Private Sector: Vi Nguyen

ESTIMATE APPROVED BY:

Holly Harvey
Deputy Assistant Director for Budget Analysis