

Testimony
Submitted to the U.S. House of Representatives
Subcommittee on Labor, Health and Human Services
and Education Appropriations
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On behalf of the National Job Corps Association (NJCA), we want to thank the Labor, Health and Human Services and Education Appropriations Subcommittee for its unwavering dedication to Job Corps and vulnerable disadvantaged young Americans it serves. We appreciate the Committee's strong support of Job Corps in fiscal year (FY) 2006. Not only did the Committee provide a funding increase, but it established Job Corps as an independent office reporting directly to the U.S. Secretary of Labor. Congress wanted to celebrate and reward Job Corps for its 40 year history of unprecedented success by giving it greater independence so that it could focus more of its resources on its critical mission. Regrettably, the Department of Labor (DOL) transfer plan brazenly and disrespectfully disregards congressional denying Job Corps control of its own resources and creating layers of bureaucracy never before seen in Job Corps' 41 year history.

Compounding this brazen reversal of congressional direction, we come here today to share our deep concerns with the Administration's fiscal year (FY) 2007 budget proposal related to Job Corps – both organizationally and financially. First, this Committee's clear direction and intent was defied by the Administration by not only proposing in the FY 2007 budget to transfer Job Corps back to the Employment and Training Administration (ETA), but also by more recently undermining the effectiveness of Job Corps through a restructuring that can only be described as a total dismantling of the nation's most effective residential job training program for at-risk youth.

In Public Law 109-149 Congress directed the Department of Labor (DOL) to move Job Corps in its entirety to the Office of the Secretary. This move was intended to at once raise the profile of Job Corps' mission and improve programmatic efficiencies through reduced bureaucracy – at no cost to the American taxpayers. However, on Friday, March 24, 2006, DOL released Secretary's Order 09-2006 which laid out an obfuscated plan to transfer Job Corps to the Office of the Secretary. While the plan appeared to have created an Office of Job Corps, we strongly believe it is a misguided and deliberate attempt to circumvent and defy the law. The plan announced by DOL cannibalizes Job Corps and jeopardizes the daily operations of 122 centers nationwide. These recent actions emasculate a bipartisan move by this Committee to strengthen Job Corps and to advance its mission.

Financially, we are alarmed that the Administration's budget request cuts Job Corps by \$72 million over the fiscal year (FY) 2006 enacted level. We are deeply concerned that such funding cuts would force a drastic reduction in existing services provided to 60,000 at-risk youth each year. While we encourage spending restraint by the U.S. government, we also believe it is imperative to provide adequate funding to support the young Americans who are our nation's future. As one of the few national job training programs that has shown consistent positive results, Job Corps has the ability to preserve economic prosperity by equipping thousands of high school dropouts and vulnerable youth with job skills to enter gainful employment and become responsible, productive citizens.

Job Corps Program Transfer

The March 24, 2006 actions announced by DOL runs directly counter to Congressional intent by: (1) dispersing the current critical functions and staff of the Office of Job Corps across several DOL offices; (2) complicating Job Corps' governance by creating more bureaucratic obstacles to effectively and efficiently managing Job Corps, thereby reducing accountability; (3) reducing the responsiveness of Job Corps' decision makers by requiring the National Director to seek approval and request services from several offices with competing priorities; (4) disrupting Job Corps' procurement system by separating it from the Office of Job Corps; and (5) significantly disrupting the continuity of program operations by removing, replacing and relocating many of Job Corps' federal staff.

Job Corps' Functions and Resources Dispersed

Congress directed the Secretary to "*transfer current Job Corps functions and staff*" from ETA to the new Office of Job Corps in order to preserve the program in its entirety. Public Law 109-149 states that the Office of the Assistant Secretary for Administration and Management (OASAM) and Office of the Assistant Secretary for Policy (OASP) are to support the Office of Job Corps "*as necessary*" and only in regards to procurement, and research and evaluation. The dispersal of critical functions, as suggested by Secretary's Orders 09-2006, 7-89, and 2-05, including procurement to OASAM, policy development, approval and direction to OASP, and outreach and call center operations to Office of Public Affairs, is clearly contrary to Congress' direction to maintain the functions and responsibilities of the Office of Job Corps.

Bureaucracy Increased

The Department's action will not streamline Job Corps' governance as Congress intended. Decision making will be spread horizontally across several offices, crippling the stature, effectiveness, and accountability of the National Director of Job Corps. The National Director will become a "coordinator" that must request approval and assistance from other offices with diverse missions, competing priorities, and untested and/or tenuous connections to the inner workings of Job Corps. The lack of a central decision maker with control of all Job Corps resources will diminish Job Corps' accountability to Congress, the Office of Management and Budget, and the public. These actions defy Congressional intent by compounding, rather than alleviating, the layers of bureaucracy that face Job Corps program administrators and contractors regarding procurement, program, and policy decisions.

Multiple Decision-Makers with Competing Priorities

Ignoring Congress' intent, the Department is taking fundamental operational responsibilities and decision making away from dedicated Job Corps professionals, and spreading them across various offices with a multitude of competing priorities. Critical programmatic responsibilities, such as policy development and outreach, will lie with individuals who are unfamiliar with the complexities of the Job Corps program and the life and death situations that Job Corps professionals deal with on a daily basis.

Disruption of Existing Procurement System

DOL intends to effectively transfer all contracting functions to the Office of the Assistant Secretary for Administration and Management (OASAM). This clearly runs counter to the law. According to P.L.109-149, "*the head of [the] Office of Job Corps shall have contracting authority and shall receive support as necessary from the Assistant Secretary of Administration and Management with respect to contracting functions.*" Qualified procurement professionals in the regional offices of Job Corps, who report directly to the National Director, have managed Job Corps's regional procurement since the program's

inception over 40 years ago. This existing capacity to handle Job Corps' regional procurement makes the transfer of these contracting functions to OASAM unnecessary. Transferring these Job Corps procurement experts from the Office of Job Corps to OASAM, as suggested in Secretary's Order 09-2006, is contrary to the law and creates new bureaucratic bottlenecks that dilute accountability as well as effectiveness and efficiency.

Staff Relocations and Replacement Disrupt Program Continuity

The staff reorganization that DOL intends to quickly implement disregards Congressional direction to “*staff the new agency with the staff in place as of October 1, 2005 and at a level of FTE approved as of October 31, 2005*” in order to “*ensure continuity.*” Further, the DOL actions obfuscate an accounting of FTEs that have been appropriated by Congress to be dedicated to Job Corps and its mission. Under DOL's transfer, these FTEs are to be spread across various offices with different missions and priorities. In addition, on October 1, 2005 Ms. Grace Kilbane was the National Director of Job Corps. During her tenure as National Director Ms. Kilbane, an experienced and respected civil servant, has developed an extensive knowledge of Job Corps' operations and procurement policy. DOL, however, unceremoniously terminated Ms. Kilbane as National Director of Job Corps, replacing her with an individual who has no experience or operational background in Job Corps.

Administration's Fiscal Year 2007 Budget Proposal

Operational Funds

The Administration's proposal recommends funding Job Corps' Operations account at \$1.401 billion, a decrease of \$64 million compared to FY 2006. This level of funding amounts to a 7.8 percent decrease in Job Corps' real-dollar funding from the FY 2006 enacted level.

In real-dollar terms, the proposed \$66 million decrease in the Operations account is devastating. The Operations account funds both the vocational and educational services provided to the estimated 60,000 participants Job Corps serves each year, as well as general residential services. Job Corps' 24-hour-a-day, 7-day-a-week program of individualized attention, discipline, and support has produced long-term results that save taxpayer dollars. As a residential program, Job Corps operations are particularly vulnerable to the rising costs of utilities/energy, student medical care, insurance, food, and other costs associated with a residential facility. The cuts proposed by the Administration will force significant reductions to the safety and health programs, career transition services, and basic education, vocational and social skills training that is unique to Job Corps' overall mission.

While Job Corps was fortunate to receive a modest increase in FY 2006, the enacted level did not include an inflationary increase. Job Corps is already struggling to maintain services to the disadvantaged young Americans that rely on its services. The cuts the Administration is proposing would seriously hinder program operations at centers across the nation and deny thousands of dropouts and vulnerable youth the opportunity to reconnect to their local economies and societies.

Due to its comprehensive residential nature, Job Corps is extremely effective. The program's well documented performance results include:

- Over 90 percent of graduates transition into employment, higher education or the military;
- During 8 short months (typical stay in Job Corps), Job Corps students improve their math by 2.4 grade levels, while their reading improves 2.6 grade levels;

- Each Job Corps student uses \$2,186 less in publicly supported services and programs than comparable individuals not enrolled in Job Corps;
- A Decision Information Resources, Inc. study indicates that, on average, each dollar spent by a Job Corps center results in \$1.91 in economic activity in its local community, and for every employee at a Job Corps center, another two-thirds of a full-time employee is created in the local community; and
- According to the OMB's Program Assessment Rating Tool (PART) analysis, the Job Corps' performance results are positive, and the program compares favorably to other Federal training programs for youth.

NJCA Fiscal Year (FY) 2007 Request

Operations Account

The NJCA requests a total of \$1.66 billion in the FY 2007 budget with \$1.53 billion directed to Job Corps' Operations account. This amount is based on the Office of Management and Budget's (OMB) projected 3.3 percent rate of inflation between FY 2006 and FY 2007. In addition, the increase would provide a critical one-time appropriations of \$20 million to address unusually high costs of utilities/energy, transportation, medical, mental health and dental services. Furthermore, the increase would (1) maintain existing services and allotted slots for the 122 Job Corps centers across the country; (2) continue Job Corps' rigorous 24-hours-a-day, comprehensive residential services for approximately 60,000 economically disadvantaged youth per year; and (3) develop a pilot demonstration project(s) to utilize Job Corps construction trades to help rebuild Gulf Coast areas impacted by Hurricane Katrina.

Administration's Fiscal Year 2007 Budget Proposal

Construction, Rehabilitation and Acquisition (CRA) Funds

The Administration's budget proposal recommends funding Job Corps' CRA account at \$100 million, an \$8 million reduction from FY 2006.

As you know, Job Corps gives young people the opportunity to focus and learn in a safe, stable, and supportive environment. However, the average building on a Job Corps center is 47 years-old – 20 years older than the construction industry's recommended standard. While the program is committed to addressing the backlog of repairs by developing a 10-year capital improvement plan to construct and repair facilities based on priority, its needs more funding resources.

NJCA Fiscal Year (FY) 2007 Request

CRA Account

With respect to Job Corps' capital account, the NJCA requests \$130 million in FY 2007. These funds will be targeted to: repair dorms, classrooms, and other student facilities on existing Job Corps centers; replace deteriorated structures, especially those that threaten the safety and health or violate minimum building codes, including mechanical systems; continue to address the backlog of construction and/or repair needs; and provide third year funding for incremental Job Corps expansion. We respectfully request \$20 million to allow for the reconstruction and repair of centers damaged by Hurricane Katrina, specifically the Gulfport, Mississippi and New Orleans, Louisiana centers. The loss of these centers has displaced nearly 1,200 students. Just as Congress provided special funds for the reconstruction of damaged Gulf Coast schools so that local students could return, we request a one-time appropriation be directed for the reconstruction of these vital Job Corps centers heavily damaged by the worst natural disaster our nation has seen.

Administration's Fiscal Year 2007 Budget Proposal

\$75 Million Rescission to CRA Account

The Administration's proposed budget included a rescission of \$75 million of Job Corps' FY 2006 CRA account. The \$75 million proposed rescission of Job Corps' FY 2006 CRA account represents an approximate 70 percent reduction. The proposed rescission would compound the physical plant challenges described earlier. The rescission would exacerbate challenges and safety issues for thousands of students each year who receive their academic and vocational training in outdated and potentially unsafe facilities. This proposed rescission, however, is meant to target unobligated funds. Counter to the Administration's suggestion that \$75 million in CRA funding remains unobligated towards specific projects, these dollars have already been reserved for approximately a dozen approved construction projects that have advanced through the Department of Labor's (DOL) procurement process. However, bottlenecks in the federal bureaucracy have prevented these projects from receiving the final award that formally obligates the funds.

Conclusion

As Job Corps looks to the future, we hope you agree that it remains a federal program that is worthy of America's support. We strongly believe that an inflationary increase and a one-time appropriation to both address escalating utility/energy costs and rebuild and rehabilitate the Gulfport and New Orleans Job Corps Centers is vital to the longevity of a program that has proven results.

Once again, it is vital to note that the OMB PART analysis which evaluates programs to determine whether a program is effective and merits additional resources gave Job Corps high marks. In fact, the analysis showed that Job Corps' performance results are positive, and compare favorably to other Federal job training programs targeted towards youth. In particular, it stated that Job Corps has consistently "set ambitious goals and is well-managed." OMB's analysis, along with other independent studies, demonstrates Job Corps' benefits exceed its costs.

We also want to reiterate our oppositions to DOL's actions related to its interpretation of the transfer of Job Corps. These actions display a brazen and blatant contempt for the clear intentions of Congress. The Office of Job Corps was to be maintained in its entirety, which included all its functions and staff, including its National Director. Lastly, Congress acted to give Job Corps more independence so that it could better focus its resources on its critical mission. DOL has taken away Job Corps' independence by denying it control of the resources Congress appropriated to support Job Corps' mission.

The NJCA looks forward to working with the members of this Committee to impact and change the Administration's actions and proposals for FY 2007. We have been encouraged by the Committee's support over the years that have expanded and strengthened Job Corps in order to continue the program's unique and long standing role as a national program serving America's neediest youth.

Through the years, Job Corps has consistently shined due to the utmost importance of its mission and its long-standing record of success as a national job training program. Only with your help can Job Corps remain a beacon of hope for many young Americans and an excellent example of our government's role in helping all sectors of our society. Thank you for your strong support.