

# CRS Report for Congress

## Employment and Training: Legislation to Restructure Federal Programs

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## EMPLOYMENT AND TRAINING: LEGISLATION TO RESTRUCTURE FEDERAL PROGRAMS

### SUMMARY

Members of Congress and the Administration are considering strategies to reform and consolidate federal employment and training programs, such as the Job Training Partnership Act (JTPA), the Carl D. Perkins Vocational and Applied Technology Education Act, and the Employment Service. Goals include eliminating overlap and duplication, improving the performance of apparently ineffective programs, and reducing expenditures through program consolidation and elimination. The House and Senate have each passed their versions of H.R. 1617.

The **House bill** would repeal several employment and training programs and authorize **multiple consolidation grants to states**, including Youth Development and Career Preparation, Adult Employment and Training, and Adult Education and Family Literacy, and amend the Higher Education Act to provide for "privatization" of the Student Loan Marketing Association or Sallie Mae, and the College Construction Loan Insurance Association or Connie Lee. Key features include a collaborative state governance structure, local workforce development areas for service delivery, local workforce development boards to oversee programs, integrated career center systems providing access to services and information, services provided by certified providers mainly through vouchers, and program performance standards.

The **Senate bill** would repeal several employment and training programs and authorize a **consolidation grant** to states to promote workforce development systems. The main activities supported by the grants would be workforce employment activities and workforce education activities. Key features include creation of a federal partnership to administer authorized activities; two state governance structures -- one under the Governor for employment activities, the other under the State Educational Agency for education activities; provision of one-stop centers in substate areas; and goals and benchmarks for program performance. The bill would also authorize a separate funding stream for Job Corps centers for at-risk youth and would amend some Acts, including the Rehabilitation Act of 1973 and the National Literacy Act.

**Most Recent Legislative Action:** *The Omnibus Consolidated Rescissions and Appropriations Act of 1996 was signed into law on April 26, 1996 (P.L. 104-134). This Act provides FY1996 funding for most programs that H.R. 1617 would consolidate.*

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## EMPLOYMENT AND TRAINING: LEGISLATION TO RESTRUCTURE FEDERAL PROGRAMS

### OVERVIEW

Members of Congress as well as the Administration are aiming to reform federal employment and training programs. Issues include possible overlap and duplication among the various programs, evidence of program ineffectiveness, and the potential for cost savings resulting from program consolidation and elimination. Both the House and Senate have passed H.R. 1617. **Key features of the House version** include:

- **Consolidation Grants:** Youth Development and Career Preparation Consolidation Grant for in-school and at-risk youth; Adult Employment and Training Consolidation Grant; Adult Education, Family Literacy Consolidation Grant; and Library Services and Technology Consolidation Grant;
- **Authorization Levels for New Programs:**

Youth Development and Career Preparation Grant . . . . .	\$2.32 billion,
Adult Employment and Training Grant . . . . .	\$2.18 billion,
Adult Education and Family Literacy Grant . . . . .	\$0.28 billion, and
Library Services and Consolidation Grant . . . . .	\$0.11 billion;
- Governance structure based on a "**collaborative process**" involving the Governor, relevant state agencies, and representatives of business and education, among others;
- Designation of **local workforce development areas** for service delivery and **-local workforce development boards** to oversee, but not run, most programs;
- **Integrated career center systems** to provide a single point of access for adults<sup>1</sup> to the workforce preparation system with services provided by **certified providers** mostly through "career grants" or **vouchers**;
- **Performance standards** to measure program outcomes; and
- The **repeal** of several employment and training programs.

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<sup>1</sup>Career centers could also provide services to at-risk youth.

**Key Features of the Senate version include:**

- **One consolidation grant** to support statewide workforce development systems, including three major activities: workforce employment, workforce education, and school-to-work;
- Separate funding streams for the **Job Corps** program and for an **amended vocational rehabilitation program**;
- **Authorization Levels for New Programs:**

State Consolidation Grant . . . . .	\$5.88 billion,
Job Corps & Other Workforce Preparation Activities . . .	\$2.10 billion,
Library Services and Technology Act . . . . .	\$ .15 billion,
Museum Services Act . . . . .	\$ .03 billion;
- **Two state governance structures:** one under the Governor, for employment and school-to-work activities, and the other under the State Educational Agency, for education activities;
- Substate areas in which **one-stop centers** provide core services to adults based on negotiated agreements between the Governor and local partnerships or local workforce development boards;
- A **National Workforce Development Board** to advise a **Workforce Development Partnership** (between the Departments of Labor and Education), which would administer the Act;
- **Quantifiable benchmarks** to assess program performance;
- A transition period with departmental authority to grant **waivers** to states to combine funds from current employment and training programs; and
- The **repeal** of several employment and training programs statutes.

Although both bills would repeal and amend numerous programs,<sup>2</sup> the programs under consideration in the two bills differ. Table 1 lists **programs** that are considered under the House and Senate versions of H.R. 1617. In addition to FY1996 appropriations, the table indicates whether each bill repeals (**R**) or amends (**A**) each program.<sup>3</sup> A blank

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<sup>2</sup>Programs under H.R. 1617 would be repealed on July 1, 1997, and major programs under S. 143 would be repealed July 1, 1998. In addition, a few smaller, mostly unfunded programs would be repealed upon enactment of S. 143.

<sup>3</sup>For further discussion on funding, see: U.S. Library of Congress. Congressional Research Service. *Employment and Training: FY1995, FY1996, and FY1997 Funding for Programs under Consideration for Consolidation*. CRS Report for Congress. No. 95-919 EPW, by Richard N. Apling and Ann Lordeman. Washington, 1996.

next to a program means that the bill does not consider that program. While these programs provide employment and training services and support other services -- such as adult literacy instruction -- that are related to employment, they represent a diverse set of federal initiatives. They are administered by the Departments of Education, Health and Human Services, Labor, and Interior. In addition, programs under consideration are administered at the national, state, and local levels by a range of private organizations and public agencies; have different purposes; serve different populations and consequently have different eligibility requirements; use different methods of allocating funds; and have different administrative requirements pertaining to such areas as cost categories, state plans, and advisory bodies.

As indicated by their key features and by their repeal of most federal employment and training programs, both bills would significantly change the federal role in employment and training. However, neither bill eliminates the federal role nor grants complete discretion to the states on how federal resources will be spent. Both bills require significant roles for the Secretaries of Education and Labor in program oversight. Although the number of funding streams are drastically reduced, both bills require separate funding for education and for training programs. Both bills stress the use of "integrated career" or "one-stop" centers for providing at least core training services. Finally, both bills require the development of state and local outcome assessment systems, which would reward good results and sanction unsatisfactory performance.

**TABLE 1. Funded Programs That Would be Repealed (R) or Amended (A)**  
(dollars in millions)

Program	FY1996 appropriation <sup>a</sup>	H.R. 1617 House	H.R. 1617 Senate
Adult Education Act			
- State programs	250.0	R	R
- National programs	4.9	R	R
- State literacy resource centers	0.0	R	R
- Workplace literacy partnerships	0.0	R	R
<i>Subtotal</i>	254.9		
National Literacy Act of 1991 <sup>b</sup> (literacy for prisoners)	4.7	R	A
Library Services and Construction Act			
- Public library services	92.6	R	R
- Public library construction	16.4	R	R
- Interlibrary cooperation	18.0	R	R
- Library literacy programs	0.0	R	R
<i>Subtotal</i>	127.0		
Library ed., trg., and Research demonstrations (Sec. 222 and 223 Higher Ed. Act)	5.5	R	R
Institute of Museum Services (Title II of the National Foundation on the Arts and the Humanities Act)	21.0		A
Dropout Prevention Demonstrations (Title V-C of the Elementary and Secondary Education Act)	0.0	R	
Carl Perkins Voc. and Applied Tech. Ed. Act (includes funds from the Smith-Hughes Act)			
- Basic Grants	979.7	R	R
- Community-Based Organizations	0.0	R	R
- Consumer/Homemaking	0.0	R	R
- Tech-Prep (including national study)	100.0	R	R
- Tribally Controlled Postsecond. Voc. Institutions	2.9	R	R
- State Councils	0.0	R	R
- National Programs	5.2	R	R
<i>Subtotal</i>	1,087.8		
Title VII of the Stewart B. McKinney Homeless Assistance Act			
- Literacy trg. for homeless adults	0.0	R	R
- Ed. for Homeless Children and Youth	23.0		R <sup>c</sup>
- Veterans' Reintegration Project	0.0		R
- Emergency Community Services	0.0		R
- Family Support Program	0.0		R
<i>Subtotal</i>	23.0		

Program	FY1996 appropriation <sup>a</sup>	H.R. 1617 House	H.R. 1617 Senate
School-to-Work Opportunities Act	350.0	R	R
Job Training Partnership Act			
- Adult Training	850.0	R	R
- Youth Training	126.7	R	R
- Summer Youth	625.0	R	R
- Dislocated Workers	1,100.0	R	R
- Job Corps	1,093.9		A <sup>d</sup>
- Native Americans	52.5	R	R
- Migrants	69.3	R	R
- Veterans	7.3		R
- Youth Fair Chance	0.0	R	R
- Microenterprise Grants	0.0	R	R
- National Activities	46.8	R	R
<i>Subtotal</i>	<i>3,971.5</i>		
Wagner-Peyser Act			
- Employment Service -Allotment to States	761.7	A	A
- National Activities	58.9	A	A
- One-Stop Career Centers	110.0	A	A
<i>Subtotal</i>	<i>930.6</i>		
Basic Vocational Rehabilitation State Grants (Title I of Rehabilitation Act of 1973)	2,118.8		A
Social/Employment Services of Refugee and Entrant Assistance Program <sup>e</sup>			A
Appalachian Vocational and Other Education Facilities and Operations <sup>e</sup>			R
Total Appropriation of Repealed Programs		\$4,700.7	\$4,725.8
Total Authorization of New Programs		\$4,897.6	\$8,162.7 <sup>f, g</sup>

a. P.L. 104-134

b. The House bill would repeal the National Literacy Act of 1991, P.L. 102-73, except for section 101, which amends the Department of Education Organization Act, P.L. 96-88 to give the Assistant Secretary for Vocational and Adult Education the responsibility for all literacy related programs administered by the Department.

c. In a colloquy on the Senate floor prior to passage of H.R. 1617, Senator Kassebaum assured Senator Domenici that she supported this program and in conference would accept language to ensure its continuation.

d. Under the House version of H.R. 1617, Job Corps would continue to be authorized under JTPA. Under the Senate version, Job Corps would be amended and authorized under the new legislation.

e. Funding for this program is excluded because the portion used for employment and training activities is not available.

f. In addition to this authorization, which would be for each of fiscal year 1998 through 2001, there would be authorized \$500,000 for FYs 1996 and 1997 for the National Board.

g. The authorization of appropriations for programs under the Senate bill would include the authorization for funding an amended Job Corps and "the federal funds made available to carry out the Wagner-Peyser Act". (While the term "federal funds" is often used to distinguish general revenue funds from trust funds, the intent of the Senate bill is apparently to include all funds appropriated under the Wagner-Peyser Act.) The House bill does not include the authorization of appropriations for these two programs.

## HOUSE VERSION OF H.R. 1617

The bill (in Title I) would establish an "infrastructure" for states and local participants to plan and implement employment and training reforms, including the following consolidation grants (in Titles II through IV): Youth Development and Career Preparation Consolidation Grant, Adult Employment and Training Consolidation Grant, Adult Education and Family Literacy Consolidation Grant, and Library Services and Technology Consolidation Grant.

**Workforce Development Infrastructure.** Title I of H.R. 1617 would establish the foundation or "infrastructure" of states' workforce development systems. Each Governor would submit to the Secretaries of Education and Labor a **consolidated workforce development and literacy plan**, which would describe components of the infrastructure. A key to the system would be the **"collaborative process"** for policy and decision making. Participants in this process would include the Governor and others in the state with vested interests in workforce development, for example, representatives of business and industry; representatives of local elected officials, of local educational agencies (LEAs), and of postsecondary institutions; and state agency officials including those representing the State Educational Agency (SEA), the state agency responsible for economic development, and the state agency or agencies responsible for postsecondary education. The Governor would have final decision making authority if agreement could not be reached through the collaborative process, except H.R. 1617 could not be construed to negate or supersede the legal authority under state law of any state agency, entity, or public official over programs under their jurisdiction.

Among the decisions that the Governor would make through the collaborative process are the designation of **local workforce development areas** and the determination of criteria for the establishment of **local workforce development boards**. The local boards would oversee (but not provide) services in the local areas with respect to workforce preparation and development activities provided under the CAREERS Act<sup>4</sup> and the Wagner-Peyser Act. (Also, through the collaborative process, the Governor could transfer not more than 10% of a state's total allotment for Titles II (youth development and career preparation) and III (adult employment and training) between the two titles.)

Local boards would establish a **local integrated career center system** in each local area to provide at least a common core of services (e.g., intake, assessment, and job search) to at-risk youth and adults. Various agencies would be eligible to operate these centers, including postsecondary institutions, area vocational schools, and nonprofit and for-profit entities. The centers might also provide more intensive services such as remedial education and actual job training, or other entities might provide these services. These providers would be required to be certified through a process established by the Governor. **Provider certification** would be based on performance-based information, such as rates of program completion, licensure, and job placement and retention. In most

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<sup>4</sup>The exception would be that programs for in-school youth would be provided by educational agents, such as LEAs and postsecondary institutions.

cases, one-stop career centers would provide **career grants**<sup>5</sup> to clients to obtain training and related services.

Another component of the infrastructure would be states' **performance accountability** systems. States would be required to identify performance standards and levels of performance for local areas and local providers for each of the consolidation grants authorized by H.R. 1617. The performance standards would have to include core indicators of performance specified in the bill. Depending on the grant program, states would report local entities' performance to the Secretary of Education or the Secretary of Labor, who in turn would distribute results to the general public. Each Secretary could provide technical assistance to states that did not achieve "expected levels of performance" for a given program supported under H.R. 1617. If performance remained unacceptable for a second consecutive year, funds for a given program could be reduced by as much as 5%. The Governor, through the collaborative process, would have similar authority to provide technical assistance and to apply sanctions to local entities performing below acceptable levels.

**The Youth Development and Career Preparation Consolidation Grant (Title II).** Administered by the U.S. Department of Education (ED), Title II would authorize national activities and grants to states and local providers to provide workforce preparation programs for in-school youth and "at-risk" youth.<sup>6</sup> The bill would reserve the lesser of 20% of Title II funds or \$25 million for national programs, which include authority for the Secretary to conduct activities, such as research, demonstration programs, and dissemination, linked to the purposes of the grants.

State funds would be allotted based on each state's percentage share of Title II funds for the previous fiscal year, except that the first-year funding would be based on each state's share of grants under the Perkins Act and Titles II-B and II-C of JTPA. Not more than 8% of each state's allocation would be reserved for state programs and activities. These programs and activities **would include** the development of performance standards and measures and program improvement and accountability and **could include** programs and activities, such as "tech-prep" education, and programs for single parents, displaced homemakers, and single pregnant women. No more than 2% would be reserved for administration; and at least 90% would be allocated to local providers.

Funds for local providers would be allocated by formula determined by the Governor through the collaborative process, taking into account local poverty rates, youth population, and other appropriate factors. At least 90% of the funds allocated to local providers would be allocated by a formula determined by the Governor through the collaborative process, and 10% could be used for discretionary purposes by the Governor. Of the funds allocated to local providers by formula, at least 40% would be allocated for

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<sup>5</sup>Defined as "a voucher or a credit."

<sup>6</sup>Defined as including **in-school youth** who are at risk of dropping out of school prior to receipt of a high school diploma or equivalent or who face "barriers" to completing an educational program, and **out-of-school youth** who have not earned a high school diploma or equivalent and "must overcome barriers to employment."

in-school youth programs and at least 40% for at-risk youth programs. The Governor would allot the remainder for in-school programs and/or at-risk programs. **Funds for in-school youth programs** would be distributed to "eligible institutions," such as local education agencies and postsecondary educational institutions. These funds would be used to provide "youth development and career preparation programs." Such programs would have to be of sufficient size, scope, and quality to be effective; integrate academic, vocational, and work-based learning; involve employers in program design and implementation; link programs for at-risk youth and secondary and postsecondary education; provide work-based learning; and provide career exploration. In addition, funds could be used for programs and activities, such as tech-prep education and supplementary services for "special populations."<sup>7</sup>

**Substate grants for at-risk youth** would be distributed to local workforce development boards, which would contract with eligible providers, such as local governments and one-stop career centers to provide "development and career preparation programs" for at-risk youth. Many of these programs' required components (such as size, scope, and quality and educational integration) would parallel those for programs for in-school youth. In addition, the programs for at-risk youth would provide adult mentoring and assessments of each participant's academic and skill levels and service needs. Permitted uses of funds would differ from those permitted under the in-school programs. These would include tutoring, alternative high school services, training or education combined with community service, paid work experience, drop-out prevention, and preemployment skills.

The authorization level for Title II would be \$2.3 billion for FY1997, and such sums as may be necessary for FYs 1998 through 2002. Apparently, the following programs would be consolidated in the grant: JTPA's Youth Training program, Summer Youth Employment and Training program, and Youth Fair Chance program; Perkins Act programs; programs authorized under the School Dropout Demonstration Act, and School-to-Work Opportunities Act programs. Programs that would be repealed were funded at \$1.7 billion in FY1995.

**The Adult Employment and Training Consolidation Grant program (Title III).** Administered by DOL, Title III would authorize national activities and grants to states and to workforce development areas to provide "employment, job training, and related assistance" to adults.<sup>8</sup> The bill would reserve 15% of Title III funds for federal programs including: 1) national discretionary grants to eligible entities to address major economic dislocations such as plant closures; 2) workforce skills and development loans to assist employers and other entities in providing skills upgrading for non-managerial employees; and 3) employment, training, and education assistance for Native Americans and for

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<sup>7</sup>No individual served under this bill could, however, be required to pursue a particular career path or major.

<sup>8</sup>Defined as 16 years of age or older (or beyond the age of compulsory school attendance under state law), and who are not enrolled or required to be enrolled in secondary school.

migrant and seasonal farmworkers.<sup>9</sup> States would be allotted 85% of the funds based on the proportion of funding states received in FY1995 for Adult Training (Title II-A of JTPA) and for Economic Dislocation and Worker Adjustment Assistance (Title III of JTPA).

Of the funds allotted to states, not more than 20% could be reserved for statewide activities, which *must* include "rapid response" assistance in the case of mass layoffs and plant closings and additional assistance to areas that experience substantial increases in the number of unemployed workers as a result of events, such as disasters. A range of other activities, including administration, would be allowable. At least 70% of the funds would have to be allocated to workforce development areas based on a formula determined by the Governor through the collaborative process, taking into account local poverty rates, unemployment rates, adult population, and other appropriate factors. The remaining 10% would be allocated to local areas based on the Governor's discretion.

Funds would be used to provide: 1) "core" services (including outreach and intake, job search assistance, and information on occupations in demand) through integrated career center systems; 2) "intensive services" (including comprehensive assessments of skills levels and service needs for adults) directly through integrated career centers or through contracts with service providers approved by the local workforce development board; and 3) education and training services (including occupational skills training, on-the-job training, and skill upgrading and retraining) through the use of career grants distributed through integrated career centers. (States would have three years to implement the use of career grants). Other services which could be provided include supportive services (such as child care) and needs-related payments. Priority for intensive services and education and training would be given to dislocated workers and economically disadvantaged individuals.

The authorization level for Title III would be \$2.2 billion for FY1997 and such sums as may be necessary for FYs 1998 through 2002. Apparently JTPA training for disadvantaged adults and for dislocated workers as well as several nationally administered JTPA programs would be combined into the Adult Employment and Training Consolidation Grant program. Programs that would be repealed were funded at \$2.4 billion in FY1995.

**The Adult Education and Family Literacy Consolidation Grant (Title IV-A).**<sup>10</sup> Administered by ED, Title IV-A would assist states to provide basic educational skills to adults for employment and self-sufficiency; educational skills to parents for the educational development of their children; basic English language skills to adults for civic, social, and economic participation in the United States; and assistance to adults to attain a high school degree or its equivalent. From the annual appropriation, \$4.5 million would be reserved

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<sup>9</sup>The Secretary would be required to reserve 4% or \$85 million, whichever is less, to provide assistance through grants, contracts, or cooperative agreements to Native Americans. The same amount would be reserved for assistance to migrant and seasonal farmworkers.

<sup>10</sup>Paul Irwin, Specialist in Social Legislation, Education and Public Welfare Division, wrote this section.

for the National Institute for Literacy and \$4.5 million for national leadership and evaluation activities.

Funds for adult education and family literacy would be allotted to states by a formula similar to the formula in the Adult Education Act,<sup>11</sup> except that, for purposes of the proposed formula, adults over the age of 60 and adults currently enrolled in school would not be counted. Each state would be required to use: 1) 3% of its grant as performance awards to local service providers; 2) at least 85% of the remainder for competitive grants to local service providers; 3) not more than 12% for state activities; and 4) not more than 3%, or \$50,000, whichever is greater, for state administration and support for integrated career center systems. States would be required to establish goals and performance measures and match 25% of each federal grant with nonfederal funds.

Local service providers could include local educational agencies, correctional educational agencies, community-based organizations, public and private nonprofit agencies, institutions of higher education, and libraries, as well as other institutions that have the ability to provide literacy services to adults and families. In awarding grants to local service providers, states would be required to give priority to those who demonstrate joint planning with local workforce development boards and integrated career center systems. Local service providers would be required to use their funds to operate at least one of the following types of programs: adult basic education, adult secondary education, English literacy instruction for those with limited English proficiency, or family literacy services.

The authorization level for Title IV-A would be \$280 million for FY1997 and such sums as may be necessary for each of the FYs 1998 through 2002. The following adult education and literacy programs would be repealed: the Adult Education Act's basic state grants, evaluation and technical assistance, National Institute for Literacy, state literacy resource centers, workplace literacy partnerships, the McKinney Act adult education for the homeless program, and the National Literacy Act's literacy programs for prisoners. Programs that would be repealed were funded at \$279 million in FY1995.

**The Library Services and Technology Consolidation Grant (Title IV-B).**<sup>12</sup> Administered by ED, Title IV-B would authorize state grants to be used primarily for information sharing through electronic and other networks, including access to one-stop career centers, plus library services to individuals with special needs, while terminating current library assistance authorities under the Library Services and Construction Act, the Higher Education Act, and the Elementary and Secondary Education Act. The authorization level for Title IV-B for each of the FYs 1997 through 2002 would be \$110 million. Programs that would be repealed are funded at \$144 million for FY1995.

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<sup>11</sup>Under current law, grants are allocated to the states based in part on the number of persons at least 16 years old who have not completed either high school or its equivalent and who are not required to be enrolled.

<sup>12</sup>Wayne Riddle, Specialist in Educational Finance, Education and Public Welfare Division, wrote this section.

**Amendments to the Wagner-Peyser Act (Title I-B)**, which authorizes the Employment Service, would include requiring: 1) the Governor, rather than the state legislature to designate (through the collaborative process) a state agency to carry out the provisions of the Act; 2) that 25% of funds appropriated be used to establish a system of labor market information; and 3) that the state plan be submitted as part of the workforce development and literacy plan. The bill would also establish a new title creating a national labor market information system.

**Higher Education Act Amendments (Title VI and Sec. 701 and 702).**<sup>13</sup> The main purpose of the amendments is to provide for "privatization" of two government-sponsored enterprises (GSEs), the Student Loan Marketing Association or Sallie Mae, and the College Construction Loan Insurance Association or Connie Lee. The bill would allow Sallie Mae to become a private corporation and enter new areas of business in exchange for which the federal government would receive stock options or warrants to allow it to benefit from the presumed increased profits of the newly private company.<sup>14</sup> The bill would also repeal a number of small programs authorized by the Higher Education Act of 1965, most of which had not been funded or were proposed for elimination by the President's 1996 Budget Request. In addition, it includes repeal of State Postsecondary Review Entities or SPREs, established in 1992 to enhance oversight of postsecondary institutions.<sup>15</sup> The bill does **not** repeal authorization of the state Student Incentive Grant Program.

#### **SENATE VERSION OF H.R. 1617**

The bill would authorize state grants to establish statewide workforce development systems. It authorizes \$5.9 billion for (1) state and local activities and (2) national activities. Of funds appropriated for these activities, 90.75% are for allotments to states. The remaining 9.25% are for national activities: (1) Indian workforce development (1.25%); (2) migrant or seasonal farmworker program (1.25%); (3) grants to outlying areas (.2%); (4) incentive and discretionary grants to the states (5.0%); (5) labor market information (1.4%); and (6) a national assessment of vocational education, a national center for research in education and workforce development (.15%).

The bill would establish a **Workforce Development Partnership** (termed the "Federal Partnership" throughout the bill) under the control of the Secretaries of Labor

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<sup>13</sup>H.R. 1617, as introduced, contained amendments to the Higher Education Act in addition to employment and training legislation. Prior to mark-up, these amendments were removed from the bill and introduced as in a new bill (H.R. 1720) so that they could be separately considered. H.R. 1720 was reported (amended) on June 22, 1995, (H. Rept. 104-153) by the House Economic and Educational Opportunities Committee and was merged with H.R. 1617 prior to the House vote.

<sup>14</sup>For further information, see: U.S. Library of Congress. Congressional Research Service. *The Student Loan Marketing Association: Charter Rescission ("Privatization")*. CRS Report for Congress No. 95-590 E, by Barbara Miles. Washington, 1995.

<sup>15</sup>For further information, see: U.S. Library of Congress. Congressional Research Service. *State Postsecondary Review Entities*. CRS Report for Congress No. 95-573 EPW, by Margot Schenet. Washington, 1995.

and Education. The two Secretaries, "acting jointly" through the Partnership, would have final authority over the administration of the state consolidation grant activities. Their responsibilities would include awarding funds to states and other entities, approving applications and plans, approving state "benchmarks" (discussed below), and awarding incentive grants and applying sanctions based on states' results related to these benchmarks. In addition, the bill would create a 13-member **National Workforce Development Board** composed of presidentially appointed representatives of business and industry, labor and workers, education providers, and Governors. The board would "oversee all activities of" the Partnership. Additionally the board would review the Secretaries' transitional workplan for creating and administering the Partnership.

The Secretaries would distribute state grant funds based on four formula factors: Population ages 15 to 65, poor individuals ages 18 to 64, 2-year average number of unemployed, and number of adult recipients of Aid to Families with Dependent Children (AFDC). States would then apportion their grants as follows: 25% for **workforce employment activities**, 25% for **workforce education activities**, and 50% for a "**flex account**." The last would support school-to-work activities, could be added to funds for employment activities and/or for education activities, and could fund economic development activities (e.g., training customized for a particular business or industry to upgrade the skills of current workers) if the state meets certain requirements.<sup>16</sup>

To receive funds, states would submit a 3-year plan to the Board with final approval by the Secretaries of Education and Labor. The plan would have three parts<sup>17</sup> dealing with:

- The **strategic plan**, prepared by the Governor -- in collaboration with relevant state agencies and officials, representatives of business and labor, and locally elected officials -- would, for example, identify state goals and benchmarks (discussed below) and describe the allocation of the flex account funding.
- The **workforce employment activities** section, prepared by the Governor, would, among other things, designate substate areas, describe the one-stop delivery of core services, describe performance standards, and outline workforce employment activities to be carried out.
- The **workforce education activities** section, prepared by the SEA would, among other things, apportion funds for secondary and postsecondary vocational education and for adult education, describe performance standards, and outline workforce education activities to be supported.

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<sup>16</sup>Economic development activities could only be funded if a state established state and local workforce development boards (or a state board if a state established one substate area) or a voucher system. In addition, a state could not use more than 50% of its flex account to fund economic development activities.

<sup>17</sup>A state could develop one integrated state plan with the written agreement of the Governor, the state educational agency, the state postsecondary agency, and representatives of vocational education and community colleges.

**Goals and Benchmarks.** State workforce development systems supported by the bill would have to be designed to meet two goals: assisting program participants to obtain meaningful unsubsidized employment and enhancing and developing the academic knowledge and occupational and literacy skills of the state's population. To monitor the achievement of these goals, states would conduct ongoing evaluations of activities carried out under the act and develop "quantifiable benchmarks," which for the employment goal would include placement and retention in jobs and increased earnings,<sup>18</sup> and for the educational goal would include, for example, student mastery of academic knowledge and occupational skills. In addition, states would develop quantifiable benchmarks for measuring progress toward the two goals for certain populations including: welfare recipients, individuals with disabilities, at-risk youth, dislocated workers, and veterans. The Federal Partnership would compare a state's initial benchmarks as submitted in the state plan to model benchmarks established by the Partnership and to other state benchmarks. The Partnership would negotiate with those states submitting benchmarks deemed insufficient to achieve the goals of the act. States would submit to the Partnership annual reports on state performance relative to the benchmarks. Based on the advice of the Partnership, the Secretaries could then reward states that met or exceeded their benchmarks with incentive grants<sup>19</sup> and sanction states that did not demonstrate progress in meeting the benchmarks.<sup>20</sup>

**Employment Activities.** The Governor would have substantial influence on the state and local governance structure of the workforce employment activities. He or she would decide whether to establish a state workforce development board, which would, for example, advise on the development of the state system and assist in developing performance indicators. The Governor could also decide whether to "facilitate" the institution of local workforce development boards, which would, among other functions, oversee the one-stop delivery of services. In addition, if local boards were established, the Governor would negotiate a local agreement with each board on the employment activities, school-to-work activities, and economic development activities (if applicable) to be carried out in the substate area. If local boards were not established, this negotiation and agreement would take place with "local partnerships," appointed by local elected officials and consisting of representatives of business, labor, local secondary schools, local postsecondary institutions, local elected officials, rehabilitation agencies, and community-based organizations.

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<sup>18</sup>Data to assess the progress of reaching the benchmarks would come from a state "job placement accountability system," which would be based on unemployment insurance wage records.

<sup>19</sup>Incentive grants could also be given to states that reduce the number of adult welfare recipients through placement in unsubsidized jobs or that, beginning in program year 2000, use vouchers to deliver services to individuals age 18 or older.

<sup>20</sup>If a state did not make progress toward achieving its employment *and* education benchmarks, up to 10% of the state's yearly allotment could be withheld for up to 3 years. If the failure was attributable to only the employment *or* the education activities, then either: (1) up to 10% could be withheld from the portion of the allotment for that category of activity or (2) if the state had an integrated state plan, up to 5% could be withheld from the portion of the allotment for that category and an equal percentage would be transferred by the state to the other category.

The Governor would reserve 25% of the funds for employment activities for statewide activities. The remainder would be allocated to local entities based on factors, such as population ages 15 to 64, individuals in poverty, and adult recipients of AFDC. Funds for employment activities would be used for providing one-stop delivery of core services such as assessment and job search, for establishing a labor market information system, and for the job placement accountability system. In addition, these funds could be used for activities such as more intensive job training services, on-the-job training, and pre-employment and "work maturity" skills for youths. Finally, states could choose to use **vouchers** to provide some nonmandated services, such as occupational skills training, to persons age 18 or older who are unable to obtain Pell grants.<sup>21</sup>

Individuals who wanted to participate in certain employment activities, such as occupational skills training or skill upgrading and retraining, would have to agree to submit to **drug testing**, which would be administered on a random basis. Individuals "reasonably" suspected of drug use would also be given random drug tests. Persons who refused to take the test or who failed the test would be dismissed from participation in the program but could reapply at a later time.

**Education Activities.** The SEA would oversee and distribute funds for workforce education activities; thus in states in which the SEA is constitutionally independent of the Governor, he or she would have little, if any, influence on these activities. "Eligible entities," which would include providers of secondary vocational education, postsecondary education, and adult education, would submit applications to the SEA. These applications would describe, for example, how funds would be used to carry out workforce education activities and how these activities relate to relevant state goals and benchmarks.

The SEA would reserve 20% of workforce education funds for statewide activities. The remaining 80% would be distributed to eligible entities. The distribution of the portions of the 80% reserved for secondary school vocational education and for postsecondary vocational education would be based on specified substate formulas.<sup>22</sup> The portion designated for adult education activities would be distributed based on competitive grants to providers such as local educational agencies, correctional educational agencies, and community-based organizations. Educational activities would include integrating academic and vocational education, linking secondary and postsecondary education, providing career guidance and counseling, providing literacy and basic education, and program programs for adults to complete their secondary education.

**Waivers.** The state consolidated grant program would be effective July 1, 1998. For FY1996 and 1997, states could request waivers of regulatory or statutory provisions of programs that would be consolidated under the state grant program. Localities could also

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<sup>21</sup>Pell Grants are a form of need-based financial assistance for post-secondary education authorized by title IV of the Higher Education Act.

<sup>22</sup>These formula follow substate formulas in the Perkins Act, which distribute funds to local providers based mainly on LEAs' proportional shares of basic state grants under Title I of the Elementary and Secondary Education Act and on eligible postsecondary institutions' proportions of Pell grant recipients.

submit request for waivers to states who could in turn submit them to the Governing Board. Waivers could be requested to: 1) address the high priority needs of unemployed persons in the state or community for workforce employment or education activities; 2) to improve the efficiency of the delivery of services; or 3) combine or eliminate duplicative activities. Waivers would not be authorized that related to: 1) the allocation of funds to states, local entities, or individuals; 2) public health or safety, civil rights, occupational safety and health, environmental protection, displacement of employees, or fraud and abuse; or 3) the eligibility of an individual for participation in a program that would be consolidated unless the individual would participate in a similar activity.<sup>23</sup>

**Job Corps and At-Risk-Youth.** The bill would authorize \$2.1 billion for (1) federally operated Job Corps Centers; (2) grants or contracts with such entities as Indian tribes and tribal organizations for workforce preparation activities for at-risk youth<sup>24</sup> who are Indians or Native Hawaiians; and (3) grants to states for workforce preparation activities for at risk youth. Funds not reserved by the Secretaries of Labor and Education for Job Corps Centers and for Indians and Native Hawaiians would be allotted to states on a three-part formula based equally on the relative number of unemployed individuals, individuals in poverty, and at-risk youth. Of this amount, 15% would be reserved by the Governor and 85% would be distributed to providers of programs for at-risk youth. States would have to use a portion of their funds to assist substate areas in organizing summer jobs programs (in the private and public sectors) linked to school-to-work activities. Funds could also be used for school-to-work activities for out-of-school youth and for other workforce preparation activities for at-risk youth.

An audit of Job Corps Centers would be conducted by the National Board, which would recommend to the Secretary of Labor five "low-performing" centers to be closed by Sept. 30, 1997, and an additional five centers to be closed by Sept. 30, 2000.

**Vocational Rehabilitation.**<sup>25</sup> Funds for VR services would continue to be separately authorized under title I of the Rehabilitation Act, and would be allocated to states under the same formula used under current law, with the lower per capita income states receiving a relatively higher allotment on a per capita basis. The bill would create a system in which employment and training services for persons with disabilities would be integrated and coordinated with services for other population groups and would involve the private sector in the workforce system and expand client choice of services through the use of voucher systems. The bill would link the VR program with the state's workforce development system, for example, by the coordination of the state VR plan with the state workforce development plan, and by the development of cooperative agreements

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<sup>23</sup>The bill would also establish a "Work-Flex" demonstration program, which would permit up to 6 states with approved applications to grant local requests for waivers to any sanctioned statutory and regulatory requirements. The federal role with respect to the Work-Flex States would be limited to selection of participating states and periodic review of those states' performance.

<sup>24</sup>Defined as age 15 to 24, and either low-income or a dependent of a low-income family.

<sup>25</sup>Carol O'Shaughnessy, Specialist in Social Legislation, Education and Public Welfare Division, wrote this section.

for training, customer services, and by joint activities with employers. One-stop career centers would be required to provide information on the VR program and make referral to VR services; the bill does not require one stop centers to provide VR services to eligible persons. The bill allows for co-location of VR services through the one stop delivery system, at the option of the state.

The bill would retain the current law requirement that appropriations for a given year be increased by the percent change in the Consumer Price Index (CPI) for the preceding fiscal year; would retain the requirement that individuals eligible for VR services are those who have a physical or mental impairment that results in a substantial impediment to employment; and would retain the requirements that states give priority to serving individuals with the most severe disabilities and that they establish an order of selection process for serving persons with the most severe disabilities in the event that services cannot be provided to all persons. The bill would continue administration of VR services through Rehabilitation Services Administration of the Department of Education.

**Amendments to the Wagner-Peyser Act**, which authorizes the Employment Service, would include requiring 1) that the Governor, rather than the state legislature, designate a state agency to carry out the provisions of the Act; and 2) that the state plan be submitted as part of the workforce development plan.

**National Literacy.**<sup>26</sup> The bill would amend the National Literacy Act of 1991, P.L. 102-73 (NLA) as follows: It would make technical changes to sec. 102 of NLA, the National Institute of Literacy -- an entity to improve the delivery of literacy services, including basic and applied research as well as technical and training assistance. Appropriations would no longer be specifically authorized for the Institute; rather, the National Board and the Secretaries of Education, Labor, and Health and Human Services would be authorized to provide funds to the Institute for authorized activities. The bill would amend sec. 103 of NLA, state literacy resource centers -- a formula grant program to stimulate the coordination of state resources. Appropriations would be authorized as part of a \$9.2 million set-aside under sec. 734(b) of the Workforce Development Act of 1995. After 1996, funds would be distributed to states in the proportion to states' Workforce Development Grants. The bill would repeal the national literacy assistance collaborative and the family literacy public broadcasting program (sec. 201 and sec. 304 of NLA). Finally, the bill would extend the authorization of appropriations for literacy for incarcerated individuals for such sums as may be necessary for FY1995 through FY2001.

**Library Services and Technology Act.**<sup>27</sup> The Senate's version of H.R. 1617 contains provisions regarding libraries that are essentially the same as those of S. 856, previously reported by the Senate Committee on Labor and Human Resources (Aug. 30, 1995, S.Rept. 104-135). The Senate-passed version of H.R. 1617 would, among other

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<sup>26</sup>Paul Irwin, Specialist in Social Legislation, Education and Welfare Division, wrote this section.

<sup>27</sup>Wayne Riddle, Specialist in Educational Finance, Education and Public Welfare Division, wrote this section.

provisions, replace the Library Services and Construction Act (LSCA) plus library programs of the Higher Education Act (HEA) with a new Library Services and Technology Act (LSTA). An FY1996 appropriation of \$150 million would be authorized for the LSTA, which would be administered by an Institute of Museum and Library Services, part of a revised National Foundation on the Arts and Humanities, not the Department of Education. The majority of LSTA funds would be allocated to the states, equally divided between information access/technological infrastructure and services to disadvantaged populations. The latter activity includes a reservation of funds within each state for services to children in poor families. The remaining funds would be used for national programs -- such as research, demonstrations, graduate education, and digitization of library materials -- plus services to Indians. Participating states would be required to develop state plans for improving library services, conduct annual evaluations of LSTA activities, and establish a state advisory council. Eight percent of LSTA appropriations would be reserved for national activities, such as research, demonstrations, preservation, conversion of materials to digital form, and education.

**Museum Services.**<sup>28</sup> The Senate version of H.R. 1617 would amend the Museum Services Act (title II of the National Foundation on the Arts and the Humanities Act) and provides for a merger of the current Institute of Museum Services (IMS) with library programs to form the Institute of Museum and Library Services. The museum services program remains essentially as it does in current law, providing services to museums to sustain their educational role, to assist museums in modernizing methods and facilities to conserve the heritage of the United States, and to help ease the financial burden borne by museums as a result of increased popularity and public use. A Museum Board would advise the Director of the Office of Museum Services with regard to museum policy. The FY1996 authorization level for museum services programs would be \$28.7 million (equivalent to the FY1995 appropriation for IMS).

**Arts and Artifacts Indemnity Act.** The Senate version of H.R. 1617 would amend the Arts and Artifacts Indemnity Act by placing authority for indemnification under the Institute of Museum and Library Services. The Arts and Artifacts Indemnity Act insures eligible art exhibitions against loss or damage. The FY1996 authorization would be "such sums as necessary" to provide for functions of the Director and to pay claims.

## LEGISLATION

### H.R. 1120 (Zeliff)

Employment Reform Enhancement Act. Repeals authorization for several programs and creates one block grant to states; and consolidates several vocational rehabilitation programs into the basic state grant of the Rehabilitation Act of 1973. Introduced Mar. 2, 1995; referred to the Committees on Economic and Educational Opportunities, Ways and Means, Agriculture, and Veterans Affairs.

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<sup>28</sup>Susan Boren, Specialist in Social Legislation, Education and Public Welfare Division, wrote this and the following section.

**H.R. 1617 (McKeon)**

Consolidated and Reformed Education, Employment, and Rehabilitation Systems Act (CAREERS Act) repeals several programs and authorizes multiple "consolidation" grants to states including (1) Youth Development and Career Preparation, (2) Adult Employment and Training, and (3) Adult Education and Family Literacy. Introduced May 11, 1995; referred to the Committee on Economic and Educational Opportunities. Ordered reported (amended) by a vote of 29 to 5 on May 24, 1995. Reported June 22, 1995 (H.Rept. 104-152). Passed House Sept. 19, 1995, by a vote of 345 to 79. Passed Senate in lieu of S. 143 Oct. 11, 1995, by a vote of 95-2.

**S. 6 (Daschle)**

Working Americans Opportunity Act. Provides training vouchers for dislocated workers and low-income adults through a system administered jointly by the Secretaries of Education and Labor. Funds the system funded primarily from appropriations for the Adult Training and the Economic Dislocation and Work Adjustment programs authorized under the Job Training Partnership Act (JTPA). Repeals these programs. Introduced Jan. 4, 1995; and referred to the Labor and Human Resources Committee.

**S. 143 (Kassebaum)**

Workforce Development Act of 1995. Repeals authorization for several programs and creates one consolidation grant to states for workforce employment, workforce education, and school-to-work activities. Makes Job Corps a state-run rather than a federally-run program, and maintains a separate funding stream for an amended vocational rehabilitation program. Introduced Jan. 4, 1995; referred to the Labor and Human Resources Committee. Ordered reported (amended) by a vote of 10 to 6 on June 21, 1995. Reported July 24, 1995 (S.Rept. 104-118). The language of S. 143, as amended, was inserted in H.R. 1617 on Oct. 11, 1995.

**S. 180 (Kennedy)**

Workforce Development Act. Uses a range of strategies including establishing policy boards; providing state grants to for build integrated workforce development systems; providing waiver authority at the federal level for statutory and regulatory requirements that impede integration; establishing a system of vouchers for training and education for dislocated workers; and establishing one-stop centers. Introduced Jan. 9, 1995; referred to the Senate Labor and Human Resource Committee.

**S. 1120 (Dole) Designated as Amendment 2280**

Work Opportunity Act. Welfare reform proposal of the Republican leadership. Included S. 143 (see above), with some amendments, as Titles VII and VIII. Introduced August 3, referred to Committee on Finance. Amended August 11. Titles VII and VIII were dropped from S. 1120 on Sept. 19, 1995, by a vote of 87 to 12 (Amendment No. 2683 to Amendment No. 2280).