1996

Consolidated and Reformed Workforce Development and Literacy Act (1976): Conference Proceeding 01

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Note 334 — Training/Pell Grants (reimbursement)

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Issue: Authorization

Background: The original House bill had an initial year authorization of approximately $4.8 billion. The original Senate bill was $8.5 billion, but that included programs that have since been dropped or modified. An initial year authorization of $6 billion has been discussed at the staff level, but the House will not agree to an amount that high. Quite frankly, the Senate figure of $6 billion is probably too low, but the House is adamant in its opposition to an amount above its original level. The suggestion has been made to use “such sums” in the initial year, something that would allow everyone to attach their own assumptions to the final bill.

Talking Points: As a member of the authorizing committee, I believe we should set an initial year authorization at a level that we, in our judgement, believe is adequate to fund the programs covered in the legislation. That would probably be somewhere in the neighborhood of $8 or even $10 billion.

However, I recognize that the majority of the conferees do not believe we can go that high. The Administration has requested about $5.7 billion for these programs for Fiscal 1997. Thus, to my mind, an initial year authorization for Fiscal 1998 should be higher. I would hope that the House could agree to the Senate figure of $6 billion, but I understand that that may not be the situation.

A “such sums” authorization in the initial year is probably the best compromise, even though I believe we shirk our responsibility as authorizers not to attach a reasonable or realistic number to this bill.
AUTHORIZATION LEVELS NEEDED TO ASSURE
FULLY-DEVELOPED WORKFORCE DEVELOPMENT SYSTEM

DRAFT

May 20, 1996
Billions of Dollars

<table>
<thead>
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<td>$1.762</td>
<td>$2.019</td>
<td>$1.139</td>
<td>$1.750</td>
<td>35%</td>
<td>$2.100 35% $2.000 40%</td>
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<td>$0.752</td>
<td>$0.998</td>
<td>$0.488</td>
<td>$0.750</td>
<td>15%</td>
<td>$0.900 15% $1.000 20%</td>
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<td>$1.085</td>
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<td>$0.163</td>
<td>$0.250</td>
<td>5%</td>
<td>$0.300 5% $0.350 7%</td>
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<td>Flex Account</td>
<td>NA</td>
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<td>NA</td>
<td>$0.814</td>
<td>$1.250</td>
<td>25%</td>
<td>$1.500 25% $0.500 10%</td>
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Notes:
Although most of National Activities money goes to local areas, either to the states or to Indian and Migrant organizations, it is shown separately because the eventually use of the money is uncertain.
School-to-work funds, both DOL and DoE, are shown separate from block grant funds allocated to states because these are temporary appropriations for the purpose of capacity building and are expected to be continued with the flex account and then phased out.
Options 1 and 2 provide authorization levels needed to meet the President's priorities in the FY 1997 budget.
Issue: Percentages

Background: The following areas would be allocated funds: (1) employment and training; (2) vocational education; (3) adult education; (4) at-risk youth; and (5) flexibility account. The original Senate bill had 25% for employment and training; 25% for vocational and adult education; 50% for the flexibility account and an entirely separate authorization for at-risk youth. The House had at least four separate grants to the states, each for a different activity, but nothing comparable to the Senate provision which had one grant to the states and specific reserves within that single grant.

At the staff level, the proposal has been made to allocate a single grant in the following manner: (1) 35% for employment and training; (2) 20% for vocational education; (3) 5% for adult education; (4) 15% for at-risk youth; and (5) 25% for the flex account. The flex account would be split among the other four areas, but the decision on how to split the account and what percentage would go to each area would be left to each state.

Talking points: Agreeing upon the amount that should go to each area is difficult to do when we do not have an overall authorization upon which to base such an allocation. For example, a 20% allocation for vocational education is, to my mind, adequate if the initial year authorization is $6 billion. Anything below that puts adequate vocational education funding very much at risk.

With respect to adult education, I am heartened by the agreement to provide a separate stream of funding specifically for adult education activities. That is certainly a step in the right direction.

I know that Chairman Kassebaum wants a large percentage reserved for the flexibility account. I respect her position, even though I am personally of the mind that it could be reduced a bit -- perhaps by 5% -- and that vocational education could be increased to 25%.
## PERCENTAGES OF AUTHORIZATION LEVEL

<table>
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<tr>
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<th>FY1996</th>
<th>FY1997</th>
<th>Senate offer</th>
<th>Dem. offer</th>
<th>Alt. Dem offer</th>
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<td>$5.739</td>
<td>$6.000</td>
<td>$7.000</td>
<td>$6.000</td>
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<tr>
<td>National Activities</td>
<td>$0.489</td>
<td>$0.934</td>
<td>$0.600</td>
<td>$0.600</td>
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<tr>
<td>School to Work</td>
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<td>$0.400</td>
<td>$0.400</td>
<td>$0.400</td>
<td>$0.400</td>
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<td>$4.405</td>
<td>$5.000</td>
<td>$6.000</td>
<td>$5.000</td>
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<tr>
<td>Adult training</td>
<td>$1.762</td>
<td>$2.019 (46%)</td>
<td>$1.750 (35%)</td>
<td>$2.100 (35%)</td>
<td>$1.750 (35%)</td>
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<tr>
<td>At-Risk Youth</td>
<td>$0.752</td>
<td>$0.998 (23%)</td>
<td>$0.750 (15%)</td>
<td>$1.000 (15%)</td>
<td>$1.000 (20%)</td>
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<tr>
<td>Voc. Ed</td>
<td>$1.085</td>
<td>$1.088 (24.5%)</td>
<td>$1.000 (20%)</td>
<td>$1.200 (20%)</td>
<td>$1.500 (25%)</td>
</tr>
<tr>
<td>Adult Education</td>
<td>$0.259</td>
<td>$0.300 (6.5%)</td>
<td>$0.250 (5%)</td>
<td>$0.300 (5%)</td>
<td>$0.350 (7%)</td>
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<tr>
<td>Flex Account</td>
<td>NA</td>
<td>NA</td>
<td>$1.250 (25%)</td>
<td>$1.500 (25%)</td>
<td>$0.780 (13%)</td>
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</table>
1. Authorization levels and 4. Single Block/Percentages [interrelated]

BACKGROUND

• at a $6 billion authorization, with $5.4 billion to the States and $600 million for national programs, the column second from the right shows how the $5.4 billion would be split. The right hand column assumes the same splits but with level funding from FY 1996. At full funding of the $5.4 billion authorization level, most programs are close to FY 1996 levels. However, if level funding of $3.823 billion is assumed all programs take significant cuts.

<table>
<thead>
<tr>
<th></th>
<th>FY 1995 post rescission</th>
<th>FY 1996 conf final</th>
<th>FY 1997 Pres Request</th>
<th>Republican proposal</th>
<th>If level funded</th>
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<td>$4.656</td>
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<td>$3.823</td>
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<td>Adult Training</td>
<td>$1.980 [54%]</td>
<td>$1.730 [45.3%]</td>
<td>$1.981 [43%]</td>
<td>$1.89 [35%]</td>
<td>$1.34 [68%]</td>
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<td>Out-of-School Youth</td>
<td>$0.311 [8%]</td>
<td>$0.752 [19.7%]</td>
<td>$1.248 [27%]</td>
<td>$0.81 [15%]</td>
<td>$0.57 [18%]</td>
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<tr>
<td>In-school youth [voc-ed]</td>
<td>$1.111 [30%]</td>
<td>$1.081 [28.3%]</td>
<td>$1.120 [24%]</td>
<td>$1.08 [20%]</td>
<td>$0.76 [17%]</td>
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<tr>
<td>Adult Ed</td>
<td>$0.279 [8%]</td>
<td>$0.260 [6.8%]</td>
<td>$0.300 [6%]</td>
<td>$0.270 [5%]</td>
<td>$0.19 [5%]</td>
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<tr>
<td>Flex Account</td>
<td>----</td>
<td>----</td>
<td>----</td>
<td>$1.25 [25%]</td>
<td>$0.96 [28%]</td>
</tr>
</tbody>
</table>

TALKING POINTS

• if funding falls below $6 billion, major cuts will result in education and training programs

• a such sums authorization ducks and finesses the funding issue completely; it calls into question the single block grant since the %-splits were determined based on a higher authorization level

• if we go to “such sums” for the bill, then we MUST have separate authorizations for program area

• the flex account must be significantly reduced or eliminated if the authorization is reduced or we go to a “such sums” authorization
Issue: Vouchers

Background: The House bill mandates the use of vouchers in providing employment and training. The Senate bill is silent, which means that vouchers are optional. The Clinton Administration favors mandatory vouchers for dislocated workers.

At the staff level, we have agreed upon language that prevents the voucher from competing with the Pell Grant as a means of assistance for those who seek education and training. If the individual is needworthy, they must first seek.

However, the staff has been unable to agree on the size of a mandated program. Senator Kassebaum wants a general pilot program; the House would accept a pilot program as long as its focus was dislocated workers who are unable to get help elsewhere.

Talking Points: First, I want to commend the staff for agreeing upon language that will prevent a competition between career grants or vouchers and the Pell Grant program. This is especially important for needworthy students.

Second, I believe we should agree upon a pilot program that would limit the use of vouchers to those dislocated workers who are unable to locate help through the workforce system. They would then have the financial help to enroll in the training programs that will get them back into the workforce.
Issue: School to Work

Background: Both bills repeal the School to Work Opportunities Act, but the Senate bill requires that a portion of the Flexibility Account be used to support School to Work activities now underway in the states. This is an issue of major importance to the Clinton Administration which does not want School to Work repealed.

Talking Points: This is an area where I hope we could all agree simply to remain silent, and to drop the provisions that would repeal the School to Work Opportunities Act. The Administration’s intent when it originally submitted the School to Work legislation was that it was to be a one-time 5 year authorization, and I believe deeply that we ought to let that authorization run its course through 1999.

The School to Work program is immensely popular in my own home State of Rhode Island, and it enjoys widespread support from the private sector. I simply believe that we should permit it to do its work and not repeal it.
School-to-Work

Summary Statement:

Few challenges facing the nation are more important to its future than preparing all youth for good careers in an economy driven by rapidly changing technologies and increasing international competition. Last year, the Congress and the President, in a bipartisan fashion, addressed this challenge by passing the School-to-Work Opportunities Act of 1994--an innovative approach that provides seed money to states and local communities to design and build their own school-to-work systems.

The Congress, in this conference bill, must continue to support the School-to-Work initiative. The bill must not repeal the School-to-Work Opportunities Act.

Talking Points:

o 27 states have received School-to-Work implementation grants from the federal government under the Act. These states must be allowed to complete their five-year plans to build school-to-work systems. In addition, remaining states must have an opportunity to receive these grants.

o Governors from both parties are strongly supportive of the School-to-Work initiative.

o Educators at the state and local levels have embraced school-to-work as a powerful strategy to widen opportunities--postsecondary education and high-skill, high-wage careers--for all youth.

o The School-to-Work initiative is based on a broad consensus among practitioners and researchers about what we can do to enable all youth to make a smooth transition from school to careers. Research and practice has proven that school-to-work programs widen education and career opportunities for youth.

o The Act is set to expire in 2001; it does not continue forever. It was designed to be a catalyst for building school-to-work systems, not a categorical program to provide long-term support.
Issue: Role of Federal agencies under proposed bills

Background: The Senate bill established a Workforce Development Partnership under the joint control of the Secretary of Labor and the Secretary of Education. This Partnership would develop a set of model national benchmarks, negotiate state benchmarks, assume administrative responsibility for the activities covered under the Act and would have administered the relevant programs currently run by either Labor or Education. Under the Senate bill, the Secretaries approve plans, allot funds, award incentives and sanctions to the states.

Under the House bill, the two Secretaries jointly administer the three block grants. The Secretaries review but do not approve state plans. Each Department is also responsible for a small number of national programs.

The Staff Conference has decided on the creation of an Interagency Memorandum of Understanding (MOU) between the Secretary of Education and the Secretary of Labor outlining the responsibilities of each department. The Secretaries allot funds, review but do not approve state plans, administer national programs, and report on the performance of the States.

Talking Points: Inability to approve or reject a state plan compromises quality of training programs, the use of federal funds and the accountability of states to actually train people.

States have little or no experience in developing the complex training programs this bill calls for and would need the help of the Departments.

Current language encourages States to set low performance benchmarks in order to boost performance standards.

While not the new bureaucracy that the Senate bill created, the MOU would be very bureaucratic.

Additionally, the Department of Education and the Department of Labor would be asked to take on additional responsibilities for running their programs and coordinating with each other at the same time they make the staff reductions also called for in the bill. (as high as 40%)
FEDERAL ROLE

Current System: In general, the Department of Education administers Federal programs related to vocational education, adult education and literacy through the Office of Vocational and Adult Education (114 employees in 1996). The Department of Labor administers Federal job training and workforce development programs through the Employment and Training Administration (534 employees under block grant programs in 1996). The two agencies are jointly administering the School-to-Work program. Each program submits a separate plan or application that is reviewed and approved by one of the Departments.

House Bill: The Secretaries of Labor and Education jointly administer the three block grants. The House bill does not specify details of the Federal structure. The Secretaries jointly review, but do not approve plans. Oversight consists of a sanction of up to 5% if the State does not meet its block grant goals. The Secretaries are responsible for certain national activities such as the LMI system, national emergency grants for dislocated workers, research, evaluation, demonstration programs, and technical assistance.

Senate Bill: The single block grant is administered by a Federal Partnership, under the joint control of the two Secretaries. The Federal Partnership is directed by a National Workforce Development Board made up of 13 individuals appointed by the President and approved by the Senate. The Partnership develops a set of model national benchmarks, negotiates State benchmarks, reviews reports, and advises the Secretaries on incentive grants and sanctions, among other activities. The Secretaries approve plans, allot funds, award incentives and sanctions, and disseminate information. The Senate bill abolishes Education’s Office of Vocational and Adult Education and Labor’s Employment and Training Administration, transfers staff to other offices, and reduces personnel from these offices by one-third in 1998 and an additional 40% five years later.

SENATE GOP GOVERNANCE OFFER: The Secretaries administer the single block grant jointly through an interagency agreement. The interagency agreement is available for public comment 180 days after passage of the Act, and the President must approve or offer an alternative 45 days later. The Secretaries make allotments to the States, review State plans, issue regulations and guidelines, administer national programs, and submit an annual report of the absolute and relative performance of the States toward reaching their benchmarks.

HOUSE AND SENATE DEMOCRATS’ GOVERNANCE PROPOSAL: Support Senate offer, but require review and approval of State plans and benchmarks by the Secretaries.

SENATE GOP PERSONNEL OFFER: The Departments reduce FTEs by 16% by July 1, 1998 and by an additional 40% by 2002. January 1, 1996 is the baseline. (ED goes from 114 to 58; DOL goes from 534 to 269.)

HOUSE AND SENATE DEMOCRATS’ PERSONNEL OFFER: The Departments reduce FTE’s by 16% by July 1, 1998 and by an additional 25% by 2002. January 1, 1996 is the baseline. (ED goes from 114 to 72; DOL goes from 534 to 336.)
TALKING POINTS:

- **Lack of plan review compromises quality and accountability.** States plans are only approved on a voluntary basis in order to be eligible for an incentive grant if incentive grant funds are available. Furthermore, states receive technical assistance only when requested. This severely limits the ability of the Secretaries to address inadequate plans or plan components. There is no control for ensuring that specific groups of workers -- such as dislocated or economically disadvantaged workers -- receive adequate support and services.

- **States have little experience setting benchmarks for performance and will need assistance.** Performance-based governance is new to most places. States will have to develop strategic plans, consolidate a complex array of training and education programs, set performance standards, and measure progress. Developing challenging benchmarks will be new and will require continuous refinement and updating. Federal partners will be essential for providing technical assistance and disseminating information on this process. States are unlikely to have meaningful benchmarks right away.

- **Current language creates an incentive to set low benchmarks for performance.** States are held accountable based upon their performance against benchmarks that they determine without consultation or negotiation with the Departments. Since these benchmarks serve as the sole source for awarding incentive grants or applying sanctions, why would States commit themselves to challenging targets?

- **Haphazard Federal downsizing is a poor management approach.** Program consolidation will certainly result in staff reductions, but dramatic reductions should be delayed while the old system is dismantled, the new system is designed and implemented, and a thorough management analysis is completed. Early years of this new system will require substantial staff investments in technical assistance and trouble-shooting if we are to create a system that works. Immediate RIFs will result in a loss of expertise and poor morale -- a bad recipe for success.