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Consolidated and Reformed Workforce Development and Literacy Act (1976): Speech 25

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May 19, 1996

NOTE FOR: TIM
       RAY
       DICK
       GARY
       BILL
       TERI
       TERRY

FROM: GERRI AND MARK

SUBJECT: Progress Report on Conference Materials

Attached for your review are the following materials:

- Talking points and amendment on dislocated workers;
- Talking points and amendment on performance accountability;
- Talking points on accountability and federal administration;
- Talking points and amendment on gatekeeping/consumer information;
- Talking points and amendment on at-risk youth (this is incomplete -- amendments on collaboration and formula need to be developed);
- Talking points and amendment on targeting; and
- Talking points and amendments on one-stop career centers.

Other pieces that need to be prepared tomorrow morning include:

- Amendment on accountability and federal administration;
- Talking points (drafted) and amendment on authorization level;
- Talking points and amendment on local board responsibilities;
- Talking points and amendment on adult training resources;
- Talking points and amendment on national activities;

We also are developing a list of selected miscellaneous questions and concerns based on our review of the conference notes.

Attachments
AMENDMENT ON DISLOCATED WORKERS
Talking Points

- The proposed conference agreement does not maintain our national commitment to dislocated workers.
  - These experienced workers have made significant contributions to our economy and now they are asked to bear the burdens of economic change.
  - Their jobs disappear in factory closings, base closings, and other large-scale downsizings. They are permanently laid off through no fault of their own.

- Until now, these workers were not abandoned to bear alone the costs of economic distress. Rather, they could count on government help to learn new skills and land new jobs.

- The proposed conference agreement could result in laid-off workers facing two closed doors -- first the factory door and then the door to government assistance.
  - Given the competing demands, States could choose to use their block grant funds to help welfare recipients with their job search and training, train other special populations, enhance One-Stop services, or upgrade the skills of employed workers to lure new industry to the State -- ignoring the needs of dislocated workers.

- Based on CBO data, it is anticipated that more than two million workers will be dislocated during 1997. We must provide assurances that adequate resources are available for the types of assistance that have proven successful in helping these workers.

- The amendment I am offering would help dislocated workers in two ways:
  - First, it would guarantee a minimum level of resources for these workers. Each State would be required to spend funds for dislocated workers from the total amount available to that State from the adult training and flex accounts that is not less than what they spent for such workers in fiscal year 1997. This "hold-harmless" provision will ensure that sufficient resources are available to help these workers make a successful transition to new jobs and careers. [Note 102]
  - Second, the amendment requires that training be provided to dislocated workers only through career grants. [Note 337]
Career grants are essential because here we are dealing with experienced workers. Many have had long and successful careers. It just happens that -- through no fault of their own -- in our dynamic economy, they have been displaced from their jobs.

Career grants will give these experienced workers the opportunity to choose the training that will best meet their reemployment needs and to make the most of it.

By equipping these workers with purchasing power and information on the track records of training institutions, we will create market incentives to improve the quality of training.

A vote against the amendment undercuts our commitment to American workers who played by the rules and permanently lost their jobs. A vote against this amendment robs these American workers of important opportunities to make an effective transition to a new job or career.

NOTE: Amendment is attached.
NOTE 102 -- HOLD HARMLESS FUNDING FOR DISLOCATED WORKERS

House recedes with amendment:

"Subsection __. HOLD HARMLESS FOR DISLOCATED WORKERS. From the total amount available to each State in any program year for employment and training and the flex account, each State shall expend an amount to provide employment and training services to dislocated workers that is not less than the amount that was expended in such State for dislocated workers under title III of the Job Training Partnership Act in fiscal year 1997."

NOTE 337 -- CAREER GRANTS

Senate recedes with amendment:

"Paragraph __. USE OF CAREER GRANTS

(i) DISLOCATED WORKERS. -- Except as provided in clause (ii), training provided to dislocated workers under this Act shall be provided through the use of career grants."

NOTE 337(a) -- EXCEPTIONS TO USE OF CAREER GRANTS

Senate recedes with amendment to strike subclauses (III) and (IV).

NOTE 337(b) -- TRANSITION FOR CAREER GRANTS

House recedes.
It has been claimed that this legislation will strengthen accountability by holding States accountable for results. (Senator Kassebaum has underscored the need for strong accountability provisions.)

However, the proposed conference agreement simply does not do that. On the contrary, the agreement would severely undermine such accountability.

First, the agreement drops the House requirement and a similar Senate provision that would have provided for a uniform definition of performance benchmarks established by the Secretaries in collaboration with the States and others.

Without such definition, each State can define each benchmark differently -- for example, there may be 50 different definitions of what constitutes a job placement.

Because of this, we won’t know what has been achieved, and we will have no way of comparing the performance of one State with another.

Therefore, the performance information will be largely meaningless. It will be impossible to tell how the system as a whole is performing and what the taxpayers are receiving for this substantial Federal investment.

Second, the proposed conference agreement allows States to set their own expected levels of performance, with sanctions based on whether the State meets those levels.

This provision creates a powerful incentive for States to set their expected levels of performance low in order to avoid sanctions and be able to show continuous improvement.

To ensure that the Federal taxpayer gets a return for this investment, my amendment requires that States negotiate their expected levels of performance with the Secretaries.

Third, the agreement provides that a State may qualify for incentive grants if it includes expected levels of performance in its plan that are approved by the Secretaries, but then those same levels become the basis for sanctions.

I believe it is more sensible to have different levels of performance for sanctions and incentives. Sanctions should be applied if certain minimally acceptable levels of performance are not achieved. On the other hand,
incentives should be reserved for exceptional or challenging levels of performance.

My amendment would therefore provide that in addition to negotiating the expected levels of performance that would be the basis for sanctions, the States and the Secretaries would negotiate challenging levels that would result in incentives.

This approach tailors the design of the performance accountability system to ensure that all States are accountable for providing an appropriate return on the investment of resources while also rewarding States that achieve exceptional performance.

Another key component of the accountability system is management information systems. This is the means by which the system monitors and reports on how the Federal funds are used and the performance results from these expenditures.

The proposed conference agreement is inadequate in this regard too.

The agreement has omitted demographic characteristics as a required element of the MIS system.

Thus, we will not know who is being served, what services these demographic groups receive, and how they fare after training.

In recent years the House and Senate committees have held hearings to determine whether women and minorities were receiving equitable services in job training programs. We won’t have such hearings in the future because we won’t have this data. This is a "better not to know" approach.

My amendment would require that data on demographic characteristics be collected and reported in the MIS system.

It is also imperative that data on performance be verified as accurate.

The amendment I am proposing would require a job placement verification system that would verify the accuracy of employment-related outcomes.

Job placements and earnings would be verified through the use of Unemployment Insurance Wage Records. This is the best source of information currently available. Of course, the amendments also include confidentiality provisions to ensure such information is only used for verification purposes.

NOTE: Amendment is attached.
AMENDMENT ON ACCOUNTABILITY AND FEDERAL PARTNERSHIP
Talking Points

o The legislative proposal before us would compel unprecedented managerial reforms at all levels of government -- federal, State, and local level. For example, States would have to:

-- Integrate a complex array of training, education, and employment programs provided by both public and private vendors with the needs of workers and of employers.

-- Build an infrastructure that organizes adult education, training and employment services through the One-Stop system, and that organizes youth learning and employment services through school-to-work systems.

-- Set performance benchmarks and measure their progress in reaching them -- and do the same for local communities.

-- Devise sophisticated systems of monitoring performance of many different types of service providers.

o Getting the federal-State balance right may be one of the most critical things we do as part of job training and education reform legislation, and in doing so, we must ensure that the governance structure provides for the efficient and effective performance of Federal responsibilities.

-- The Federal partner must be responsive to both the needs of States for assistance in implementing and administering the Act and of the Congress in carrying out its oversight responsibilities.

o Since we agree about the need for more flexibility, it would be ironic if we were to impose cumbersome and complex administrative procedures on the Secretaries of Education and Labor -- procedures that could impair their responsiveness and effectiveness in carrying out federal responsibilities as a key partner in this new workforce development system.

o Although continuing federal staffing cuts in the future may be necessary and identifying numbers may be impressive and satisfy for some the desire for action, it is not good policy. We need to ensure that the federal government is able to provide the assistance that the proposed radical transition will require.

o Thus, I find the provisions addressing the federal "administrative partnership" highly objectionable, and I offer an amendment to these provisions (items 353 - 362) that
makes it clear to federal taxpayers and Congress about whom is held accountable in the Executive Branch for the effective and efficient execution of the Act and ensures appropriate coordination, consistency, and collaboration between the Secretaries of Education and Labor in carrying out the Act. My amendment:

-- Requires the Secretaries to approve/disapprove State plans based on whether they meet the basic purposes of the Act;

-- Delineates the two Secretaries' respective authority and responsibility through an streamlined Interagency Agreement -- allowing them Secretaries the flexibility to determine which specific functions are most appropriately carried out by each Department;

-- Deletes micromanagement provisions that are unnecessary and violate the principle of flexibility; and

-- Eliminates arbitrary mandated personnel cuts, but does require the Secretaries to submit a draft agreement accompanied by a proposed personnel reduction plan to the President and to the House and Senate authorizing Committees.

- Personnel levels are best addressed as part of the annual budget and appropriations process. It is extremely difficult to anticipate what Federal staffing levels will be needed five years from now to effectively carry out this Act.

- This amendment gives the Secretaries the capacity to follow sound management practice for restructuring and right-sizing their organizations and ensures that federal partner will be able to adequately assist States and local communities in transition to the new system -- increasing its chances of success.
DRAFT  May 19, 1996

GATEKEEPING/CONSUMER INFORMATION
Amendment and Talking Points

AMENDMENT: Notes 138-139. Senate recedes without proposed amendments.

TALKING POINTS:

- One of the most fundamental and positive changes that was to be made by this legislation was to ensure that individuals would have high quality information on the performance of training providers on which to base their training decisions.

  -- Such information as program completions and licensure rates and the job placement and earnings of graduates would greatly enhance the accountability of providers and promote informed choice by customers.

- The original House provision ensured as a condition of eligibility that all training providers would have to submit such performance-based information for all non-degree programs.

  -- However, the conference agreement significantly expanded the programs that would be exempt from the performance-based information requirements.

  -- In addition to degree programs, programs eligible under the Higher Education Act that could be credited towards a degree and any program that leads to a certificate or other recognized credential would be exempt.

  -- This would exclude information on many valuable non-degree community college programs that are designed specifically for workers -- these programs lead to certificates, and they narrowly focus on helping adults acquire the knowledge and skills required to land a job in a specific occupation.

- There is no justification for such a change. These additional programs are designed to result in placement and employment and should be treated like other non-degree programs. An exemption would deprive consumers of essential information and undercut program accountability.

- I therefore urge my colleagues to restore the original House provision so that the key principles of quality information, informed choice, and provider accountability will be realized.
AT-RISK YOUTH
Amendments and Talking Points

I believe the needs of low-income, at-risk youth are being severely shortchanged in the proposed conference agreement.

-- The agreement would require that 15 percent of the block grant funds be spent on at-risk youth.

-- At the House Budget Committee mark, this translates into $___ million, a reduction of ___ percent from the $1.23 billion proposed by the President in his FY 1997 Budget.

-- This represents a reduction of ___ percent from the FY 1996 levels.

Reductions of this magnitude are simply not acceptable.

-- Youth unemployment far exceeds overall unemployment, and unemployment among at-risk youth is an even more serious problem.

-- The pervasive joblessness of at-risk youth contributes fundamentally to such problems as poverty, crime, welfare dependency, teen pregnancy, and drug abuse.

-- If we ignore this population, we will pay in other ways -- through costs of welfare, incarceration, drug treatment and the like.

I therefore offer amendments to better address the needs of at risk youth.

-- This target population is in danger of being ignored or written off in this legislation. We know from experience that if this group is not specifically targeted, it will not be adequately served. A number of models have been developed that have proven successful or show promise of success in serving at-risk youth.

My first amendment would increase funding for at-risk youth, with a corresponding reduction in funds for the flex'pot.

-- Specifically, the amendment would increase at-risk youth funds through:

** Option 1: the use of a trigger mechanism that would -- if the amount of funds available for at risk youth activities in aggregate was less than the sum of FY 1997 funds available under JTPA Titles IIB and IIC -- require a State to expend from the total amount of funds available to at-
risk youth and the flex account, an amount that is not less than that expended in FY 1997 under JTPA titles IIB and IIC; or

** Option 2: an increase from 15 percent to 20 percent of the block grant funds for at-risk youth with a corresponding decrease of 5 percent in the flex account.

- The second amendment would require that each local area use a portion of its funds to provide summer jobs to at-risk youth.
  
  -- Currently, the proposed agreement would allow summer jobs as an authorized activity, but there is no requirement or assurance that these jobs will be provided.

  -- Summer jobs provide critical first opportunities for low-income youth to be exposed to the world of work and obtain work experience. There is ample evidence that the summer jobs program works well. It provides hope and concrete skills to hundreds of thousands of young people.

  -- The Labor Department estimates that a third of the summer jobs held by black youth and a fourth held by Hispanic youth come from the Federal summer jobs program.

  -- This modest amendment will ensure that summer jobs continue to be provided -- although at a level determined by each local area.

- The third amendment would require each local workforce development boards to establish a priority/equitable service to dropouts.

  -- The costs to society of ignoring this population are enormous.

  -- Over a lifetime the average high school dropout will earn about $230,000 less and contribute $70,000 less in taxes than a high school graduate.

  -- Currently, over one-half of all black male high school dropouts under age 25 and three-quarters of the dropouts who are between the ages of 25 and 24 are under the criminal justice system supervision. It costs $35,000 a year to keep a youth in a detention facility.

  -- This amendment will attempt to provide resources to perhaps the most underserved group among at-risk youth.

- The fourth amendment will increase the collaboration among local schools and the workforce development board in serving at-risk in-school and out-of-school youth.

NOTE: Amendments are attached.
AT-RISK YOUTH AMENDMENTS

FUNDING

OPTION 1 -- HOLD HARMLESS TRIGGER

NOTE 102. House recedes to Senate offer with the following amendment:

"Subsection __ SPECIAL RULE. -- If the Secretaries determine that in any program year the amount of funds available for at-risk youth activities under paragraph (3) of this section would, in the nationwide aggregate, be less than the amount available under subtitles B and C of title II of the Job Training Partnership Act in fiscal year 1997 --

(i) each State shall expend from the total amounts available for at-risk youth and the flex account in such program year an amount for at-risk youth that is not less than the amount expended by such State under subtitles B and C of title II of the Job Training partnership Act in fiscal year 1997.

OPTION 2 -- INCREASE PERCENTAGE

NOTE 102. House recedes to Senate offer with the following amendment:

-- in paragraph (3) at Section __ relating to at-risk youth, strike "15 percent" and insert "20 percent."

-- in the paragraph relating to the flex account, reduce the percentage by a corresponding 5 percent.

SUMMER JOBS PROGRAM

Note 210 -- House recedes with the following amendment:

"Subsection __, SUMMER JOBS PROGRAM. -- Each State shall use a portion of the funds provided for at-risk youth activities under this section to conduct a summer youth
employment program. Such program shall provide worksite learning opportunities for at-risk youth and be linked to year-round education and training activities provided to such youth."

**PRIORITY/EQUITABLE SERVICE TO DROPOUTS**

Note 211. House recedes with the following amendment:

**OPTION 1:**

"Subsection __. PRIORITY FOR DROPOUTS. -- Each local workforce development board shall establish a process to ensure that a priority is provided to school dropouts in the provision of services to at-risk youth under this section."

**OPTION 2:**

"Subsection __. EQUITABLE SERVICE FOR DROPOUTS. -- Each local workforce development board shall establish a process to ensure that school dropouts are served on an equitable basis under this section, taking into account their proportion of the at-risk youth residing in the local workforce development area."

**Collaboration**

Note __.

"Subsection __. To be addressed."

**Formula**

Note __.

"Subsection __. To be addressed."
TARGETING OF SERVICES
Amendment and Talking Points

AMENDMENT: Note 336 -- Senate recedes with amendment.

"Subsection _ PRIORITY. -- Each local workforce development board shall establish a process to ensure that dislocated workers and low-income individuals receive a priority in the provision of intensive and training services in the local workforce development area."

NOTE: Check with Omer Re Notes 349, 350, and 351. It appears that economic development activities were dropped from the flex account. If so, there is no need to limit the use of the flex account for such activities.

TALKING POINTS:

o I offer an amendment to target workforce employment resources to those who need them the most.

o Because of the limited Federal resources available for training and intensive services, it is our responsibility to ensure that resources are spent on those who need them the most.

o Evaluations and decades of experience have shown that some kind of targeting provisions are necessary in order to avoid the problem of "creaming" -- the tendency of service providers to serve those who are the most job ready, instead of concentrating on those who are the least job ready and in the greatest need of training and employment services.

o The proposed conference agreement does not adequately ensure that the needs of dislocated workers, low-income workers, and out-of-school youth will receive priority for limited dollars.

o In providing greater flexibility to States, we should not reduce emphasis on assuring adequate services for dislocated workers, and low-income workers.

o The amendment I am proposing would ensure better targeting of services by requiring local workforce development boards to establish a process that ensures dislocated workers and low-income adults receive a priority in the provision of intensive and training services as proposed in the House bill.
ONE-STOP CAREER CENTERS
Amendments and Talking Points

AMENDMENT: Note 323c -- The Senate recedes.

AMENDMENT: Note 324k -- The Senate recedes.

TALKING POINTS:

One of the underlying principles of both the House and Senate bills being reconciled in this conference is that workers will have better access to services and will be better served through One-Stop Career centers -- rather than being shuffled from program to program and office to office to get the services they need.

-- This one-stop concept has long-standing bipartisan support, but the conference agreement seriously undermines this approach.

The availability of core services at one physical location is a key component to ensuring that a one-stop system is truly one stop -- eliminating referrals from one location to another.

-- The House bill ensured that there would be at least one such center in each local area.

-- However, the conference agreement significantly weakens the one-stop design. It would allow a system to be classified as one-stop even if it had no one-stop center and simply had "multiple connecting points" or a network of multiple locations that provided the core services.

-- The likely result of this "flexibility" will be business as usual -- different offices and bureaucracies at different locations will continue to offer related services -- just the type of arrangement this legislation seeks to remedy.

I am proposing an amendment that would restore the one-stop concept by retaining the House provision.

In addition, it is essential that the core services available in the one-stop system include services that will increase the likelihood that unemployed workers will use the system to accelerate their reemployment.

-- One of the surest ways to help unemployed workers become aware of the employment-related information and job search assistance available at the one-stops is to ensure that such workers can file initial applications for unemployment compensation there.
The House bill included receipt of unemployment claims as a core one-stop service. I believe this is fundamental to the one-stop concept. Why should a worker have to go to one place to file a claim and another place to receive reemployment services. That is the old way of doing business.

I urge my colleagues to support this amendment to retaining the House provision and to ensure that unemployed workers gain easy access to the one-stop system.

Similarly, workers -- and employers -- should be able to access quality labor market information as a basic service in One-Stop centers. I am uncertain about whether the provisions in the conference agreement unequivocally require that all workers and employers will this labor market information as a basic service -- as proposed by both the House and Senate bills. (Note 323d)

If the provisions have been weakened or are inconsistent to assure access to quality information through One-Stops, I will propose an amendment to make sure that workers and employers have consistent access to such information.
AMENDMENT TO H.R. 1617
(Conference Draft)

Amendment to target incentive funds to those programs for which the incentive bonus was earned:

Note 159: The Senate but not the House specified the appropriate use of incentive funds.

The House recedes to the Senate with the following amendment:

USE OF FUNDS-- A State that receives such a grant may use the funds made available through the grant to carry out services authorized under this Act, for the program(s) [Randy is there a better word than “program”--perhaps in parentheses list adult ed, youth education, youth training and/or adult training?] for which the state became eligible to receive an incentive grant.
AMENDMENT TO H.R. 1617
(Conference Draft)

Amendment to retain House provisions on reporting on performance of local areas and local entities:

Note 145: The House recedes with an amendment inserting "(d) Report on Performance -

(1) In General -- Each State that receives an allotment under [section 102] shall annually prepare and submit to the Secretary of Education and the Secretary of Labor, a report that states the levels of performance achieved by local areas and local entities and how the state is performing on State benchmarks, and the status and the results of any evaluations specified in [subsection (f)] that related to activities carried out through the statewide system of the state....

Note 155: change to : Senate recedes to the House

(A) [Randy, check--is there any language in the House section 110(c)(1)(A) that must be changed, e.g., "benchmarks" instead of levels, etc.)

(B) Strike "The Governor though the collaborative process" and insert "The Governor or eligible entity (as defined in section__), in collaboration with local areas and entities"

Strike "local area" and insert "local area or local entity"
Option #1

AMENDMENT TO H.R. 1617
(Conference Draft)

Reduction in the number of Federal employees:

Note 359: Senate recedes to the House with an amendment to read as follows--

"(1) CONSOLIDATION OF STAFFING POSITIONS.--(1) The Secretaries of Education and Labor shall, within their plan required under section ---, submit to the President appropriate goals for the number of Federal employees that will be necessary to perform the functions associated with the Federal administration of this Act.

"(2) Not later than 5 years after the date the President approves or disapproves the plan required under section ---, the Secretaries of Education and Labor shall submit to the President and to the appropriate committees of the Congress a report describing staffing levels associated with the Federal administration of this Act and the actions taken to meet the goals described in the plan."
Option #2

AMENDMENT TO H.R. 1617
(Conference Draft)

Reduction in the number of Federal employees:

Note 359: Senate recedes to the House with an amendment to read as follows--

"(2) CONSOLIDATION OF STAFFING POSITIONS.--(1) The Secretaries of Education and Labor shall, within their plan required under section ---, submit to the President--

"(A) appropriate goals for the number of Federal employees that will be necessary to perform the functions associated with the Federal administration of this Act; and

"(B) strategies, such as reductions in force actions, and target dates for achieving such goals.

"(2) Not later than 5 years after the date the President approves or disapproves the plan required under section ---, the Secretaries of Education and Labor shall submit to the President and to the appropriate committees of the Congress a report describing staffing levels associated with the Federal administration of this Act and the actions taken to meet the goals described in the plan."