Withdrawal/Redaction Sheet
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. memo	Mike Schmidt to Bill Galston re: Technology Learning Challenge Update [partial] (2 pages)	Jan 24, 1995	b(6)
001b. memo	To Suzanne Ramos, Re: Chair, Technology Challenge Grants Competition [partial] (1 page)	nd	b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Michael Schmidt
OA/Box Number: 7340

FOLDER TITLE:

Spinner [Steve] / ETR Education, Training and Re-employment] [2]

2013-0968-S
sb39

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
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14.

Voc.-Ed. Law Expected To Get Close Scrutiny

By Meg Sommerfeld
Washington

With a new Republican leadership that has adopted a rallying cry of tax cuts and program consolidation, Congress is expected to take a critical look at federal vocational-education programs when the Carl D. Perkins Vocational and Applied Technology Education Act expires next year.

The 104th Congress may even choose not to reauthorize the Perkins Act as a discrete piece of legislation, and instead merge vocational education into a broader workforce-development bill.

Lawmakers could also choose to postpone the reauthorization process and extend the current law for a year in an effort to tackle such front-burner issues as welfare reform.

"The primary issue is, 'Should there be a separate federal vocational-education program, and, if so, what is its purpose?' " said John F. Jennings, the chief education counsel for the House Education and Labor Committee.

Recent comments by Rep. Bill Goodling, R-Pa., who is expected to become the new chairman of the House education panel in January, may provide an indication of the direction the new Republican majority will take.

"I'd suggest that the 'inside the Beltway' term 'reauthorization' be stricken from the dictionary," Mr. Goodling said last month. "We shouldn't assume programs are going to continue year after year, but intensely examine them to make sure they are still needed and achieving their purpose."

Supporters of consolidation point to a series of G.A.O. studies published between January and July of this year that found more than 150 separate federal job-training programs. Reducing the number of programs and giving states more flexibility would eliminate redundancy and fragmentation, proponents contend.

Last spring, Mr. Goodling and other G.O.P. committee members introduced a bill that would merge some 86 employment and training programs into seven block grants. Included among the programs were the Perkins Act and the Job Training Partnership Act, which aids economically disadvantaged individuals.

The measure would give states greater control over federal funds and help them create comprehensive workforce-development systems. The bill's sponsors contend that the changes could save $7 billion over five years.

"Our basic thrust is that we're trying to look at the whole workforce-training system and see how it all fits together," an aide to Mr. Goodling said.

Coordination a Priority

Sen. Nancy Landon Kassebaum, R-Kan., who is expected to become the chairwoman of the Senate Committee on Labor and Human Resources, has also proposed a consolidation bill, as has Sen. Edward M. Kennedy, D-Mass., the outgoing chairman. Senator Kassebaum's bill would initially grant broad waivers to states giving them more control of federal funds and establish a commission to study how to replace current programs with a comprehensive system driven by private-sector demand.

At its annual meeting in November, the Council of Chief State School Officers approved recommendations that support retaining Perkins as a separate piece of legislation but stress the importance of linking it with the national goals and other programs.

A Sept. 20 *Federal Register* notice seeking comment on reauthorization of the Perkins Act emphasized the need to align the law with the national goals and other programs, suggesting that the Clinton Administration also views coordination as a priority.

> *"Whenever one raises the issue of consolidation, I always ask, 'For what purpose?' "*
>
> **Augusta Souza Kappner**
> *Assistant Secretary of Vocational and Adult Education*

But Augusta Souza Kappner, the assistant secretary of vocational and adult education, said that while she does not necessarily object to consolidating programs, consolidation is only an effective strategy if the end result is to improve the quality of programs for the people they serve.

"Whenever one raises the issue of consolidation," she said, "I always ask, 'For what purpose?' "

She also disputed the G.A.O. tabulations often cited by advocates of consolidation, asserting that the G.A.O. inflated program tallies by counting different titles within one piece of legislation separately and including programs that are no longer funded.

However, Ms. Kappner acknowledged that there are instances of duplication or overlap and that states sometimes face barriers to using federal funds effectively.

Leveraging Reforms

Although the Perkins Act, which is funded at $1.17 billion in the current fiscal year, provides only about 10 percent of the amount states spend on vocational education, Ms. Kappner argued that it represents a critical link in a set of programs that contribute $14 billion and together can leverage reforms.

Others agreed with her assessment. If vocational education is consolidated with other job-training programs, and the funding and programs are moved out of schools, Mr. Jennings cautioned, "the danger is that schools will not care about job preparation."

The National Assessment of Vocational Education, a three-year federal study conducted by the office of educational research and improvement, also linked recommendations for greater coordination between programs with a call for encouraging reforms.

The researchers concluded that reforms recommended in the last reauthorization of the Perkins Act have been implemented on a limited basis and resulted in initiatives of "widely varying quality." Among other initiatives, they cited programs that integrate academic and vocational curricula and tech-prep programs, which link the last two years of high school vocational-education with two years of postsecondary training.

By directing funds to local sites, the report said, the act overlooked the role of state governments in supporting reform.

With consolidation becoming a

more...

DROPOUT DATA, continued...

Federal education officials focus on the dropout rate, too. U.S. Education Secretary Richard Riley announced recently that 11.4 percent of high school sophomores had dropped out by the 12th grade in 1992, compared with 6.2 percent a decade earlier.

Dr. Rumberger said the graduation rate is a better indicator in many respects because it shows how many kids finish school. But, he said, neither statistic reveals much about students who transfer out of the district.

"I want a measure of how the district is retaining kids, what we call holding power.' How many kids want to stay there?" he said.

Mr. Marquez, the former federal dropout adviser, said officials in Dallas and across the country should pay more attention to the attrition rate. That would illustrate how many kids don't make it through a school system, regardless of whether they transfer or drop out.

"There's about 13,000 ninth-graders in the (Dallas) district and about 5,000 12th-graders," said Mr. Marquez, who last week accepted the superintendent's job in the Harlandale district in San Antonio.

"So where did these kids go?"

Mr. Woolery said officials are doing everything they can to ensure that kids stay in school and earn a diploma.

"The goal is to make them successful and to get the completion rates up," Mr. Woolery said. "I don't know if any other school district holds schools responsible for graduation rates. We do.

It's not a shell game. I think you have to work on all of it."

Voc.-Ed. Programs continued...

buzzword on Capitol Hill, vocational-education advocates fear that Perkins programs—which they describe as a "first chance" system preparing students for the workforce—will be lumped together with "second chance" programs that retrain adults.

"My biggest concern is that they don't divorce vocational education ... from the rest of education reform by separating us out into a Labor [Department] program," said Bret Lovejoy, the acting executive director of the American Vocational Association.

"I think there's a real danger here that investment in education will be sacrificed to a politically popular tax cut," he said.

Others expressed concern that successful but nascent vocational-education programs funded under the last Perkins reauthorization, such as small programs for rural students, might be jeopardized.

Insuring access for special-needs students also expected to be a hot topic.

"If they blend all of those programs into one big act, I just can't imagine Congress funding them to the level that would be necessary to get what we need to have happen," said Carolyn Maddy Bernstein, the director of the office of special populations at the National Center for Research in Vocational Education at the University of Illinois at Champaign.

'Special Needs'

The question of insuring access to vocational-education programs for special-needs students, such as students who are economically disadvantaged or limited English proficient, is also likely to remain a hot topic. One of the key findings of the NAVE report was that disadvantaged students, especially special-education students, were overrepresented in high school vocational-education programs.

When Congress last reauthorized the Perkins Act in 1990, it eliminated language setting aside separate monies for special-needs students, and instead targeted funds to districts with higher percentages of such students and required program evaluations to insure that their needs are met.

A pending lawsuit argues that regulations issued by the Bush Administration undermine that intent by requiring programs to provide supplementary services to special-needs students only "to the extent possible" with federal funds. The Education Department had planned to issue new rules addressing that concern. But Republicans objected, and Congress approved an amendment this fall barring any such regulations until after the Perkins Act is reauthorized.

While the Education Department does not yet have a specific timetable for introducing legislation, it is acting on the assumption that the law will be reauthorized next year, Ms. Kappner said. "Things are very fluid right now," she added.

Mr. Jennings said the legislative agenda cannot be determined until the new leadership sets its priorities and the jurisdictions of committees.

"It's hard to say this or that is going to happen until you know what the other demands are going to be on the committee," he said.

EDUCATION WEEK · DECEMBER 7, 1994 P-7

Report Casts Critical Eye on Reading Recovery Program

By Debra Viadero

A new report questions the success of one of the nation's most popular remedial reading programs for 1st graders.

Reading Recovery, which began in New Zealand in the early 1970's, is used with about 35,000 students a year in this country. The program aims to provide intensive tutoring to struggling young readers, thus giving them the strategies they need to succeed in the classroom.

Numerous studies over the past decade have documented Reading Recovery's success toward that end. Such success has earned Reading Recovery a spot on the National Diffusion Network, a federal program designed to disseminate effective education programs nationwide.

But in an analysis in this month's *Educational Researcher*, Elfrieda H. Hiebert says such data paint an "inconclusive" portrait of the program's effectiveness in raising the literacy levels of entire grades of students.

"Yes, at grade 1, these children are leaving with better oral performances in reading, but what does that mean by the time they get to grade 4?" Ms. Hiebert, a University of Michigan education professor, said in an interview. "What difference does it make to an entire grade of students?"

Flaws in Studies

Proponents of the approach, in response to Ms. Hiebert's criticisms, say the report is based on old data. They say newer data—both published and unpublished—suggest that the program is becoming more successful.

Ms. Hiebert, in partnership with other reading researchers, has been working with a few schools to develop a reading-instruction program that focuses on tutoring small groups of students and on identifying the key elements for teaching reading to entire classes.

She contends that Reading Recovery demands closer inspection because it requires a substantial financial investment. Two of the program's key ingredients—one-on-one tutoring and lengthy teacher training—are expensive propositions for districts.

> Data on strategy's effectiveness are called 'inconclusive.'

The problem with some previous studies, she said, is that they are based on children in New Zealand, where the educational and cultural context differs from that of the United States. And, she said, they tend to compare the program with other remedial programs, such as the federal Title 1 program for disadvantaged children.

She also contends that the program's mechanisms for measuring children's reading success do not pay enough attention to whether they understand what they read.

For her analysis, Ms. Hiebert reviewed a 1990 study of the program that tracked children through grade 4; annual reports, made from 1984 to 1992 at three of the training sites that have had the program in place the longest; and a 1993 summary of previous data from all the sites using the program in North America.

By her calculations, an elementary school with three 1st-grade classrooms of 24 students each could expect to have a total of nine additional successful 1st-grade readers as a result of the program. The 4th-grade teachers would then have four additional proficient readers, she said.

Given the program's heavy up-front investment—the cost per student may be as much as $8,333 for one successful 4th grader—Reading Recovery may be a shaky foundation on which to base policy, Ms. Hiebert said.

She also said preliminary findings from other studies suggest that the program may not be as effective with groups of children from poorer families.

"An alternative route to a call for more tutors should be considered—the examination of the underlying principles of Reading Recovery and their applicability to student-teacher contexts other than tutoring," Ms. Hiebert writes. "Why are the instructional elements that have consistently been associated with high levels of literacy attainment not a given in all Title 1 programs?"

Different Data

Proponents of Reading Recovery said Ms. Hiebert is correct in calling for more research on other kinds of groupings.

more...

Bill -
Mike needs to
talk w/ you ASAP
re. new developments
since this memo.

E.D. needs
sign off today

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001a. memo	Mike Schmidt to Bill Galston re: Technology Learning Challenge Update [partial] (2 pages)	Jan 24, 1995	P6/b(6)

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Domestic Policy Council
Michael Schmidt
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DATE: January 24, 1995
TO: Bill Galston
FROM: Mike Schmidt
RE: Technology Learning Challenge Update

I wanted to bring you up to speed on the progress of the Technology Learning Challenge and ask your guidance on two issues.

The Technology Learning Challenge Grant Announcement/Event

As you know, the Scheduling Office has given us approval for a Presidential event to announce the Technology Learning Challenge Grant Program for sometime during the week of February 6. The Vice President submitted the request, and will be there as well. The event is currently seen as taking place either in a local school that uses technology or in the East Room of the WH. Suzanne Ramos (VP's Staff), Ed Fitzsimmons (OSTP) and I have scouted a number of possible school sites in the area (with the help of DoEd), and have found an elementary school that all three of us feel would be the ideal site for an announcement. The school, Forrest Noll Elementary School in Silver Spring, MD, (Middle Class!), has integrated technology into its curriculum to an astonishing extent. The technology also allows a number of physically-disabled children to be fully integrated into the mainstream classes -- that is to say, they are not separated in any way from the other children. It is truly heartwarming, and an excellent example of the promise of learning technology. The problem is, we are not convinced that the scheduling folks will go for having the POTUS travel out to Silver Spring, tour the school, make the announcement, and come back (too much time) -- our assumption is that they will opt for a quick 15 minute appearance in the East Room.

My question to you is, how can we persuade scheduling to do the event at a school (preferably the school we have in mind)? The VP's staff is working on their side to make this request, but what can we do as DPC to weigh in? I would like to bring Carol up to speed on this aspect of the announcement, since I know she has a special interest in disability issues -- do you think that we should ask her to weigh in on this in any way?

Candidates to Head the Technology Learning Challenge Grant Competition

The Department of Education has finally gotten us a list of candidates that they recommend to be the spokesperson for the challenge grant program. Mike Smith and Secretary Riley met on this yesterday afternoon and have come up with the attached list of three candidates, in order of the Secretary's priority. We need to have a candidate in hand for the Presidential announcement during the week of February 6. I would like your thoughts on this list,

[redacted] (b)(6)

a stronger choice for the role we would like this person to play, and he was listed on DoEd's top three list. One possible compromise might be for the challenge grant program to have an informal board of advisors, upon which (b)(6) could sit. What do you think?

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UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE SECRETARY

MEMORANDUM TO THE SUZANNE RAMOS

RE: Chair, Technology Challenge Grants Competition

From TC 1-24-95

Here is the latest on the position we are seeking to fill at the Department of Education. Although the title is still being worked out with our office of General Counsel, a job description is attached.

A position of this nature would normally not require White House Clearance. However, the incumbent will be introduced by the President at a press event during the first week or so of February to announce the National Challenge Grants for Technology in Education Competition.

The Secretary recommends the following candidates in priority order:

[redacted] (b)(6)

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United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Employment, Housing, and Aviation
Committee on Government Operations
House of Representatives

For Release on Delivery
Expected at 10:00 a.m., EST
Thursday, August 4, 1994

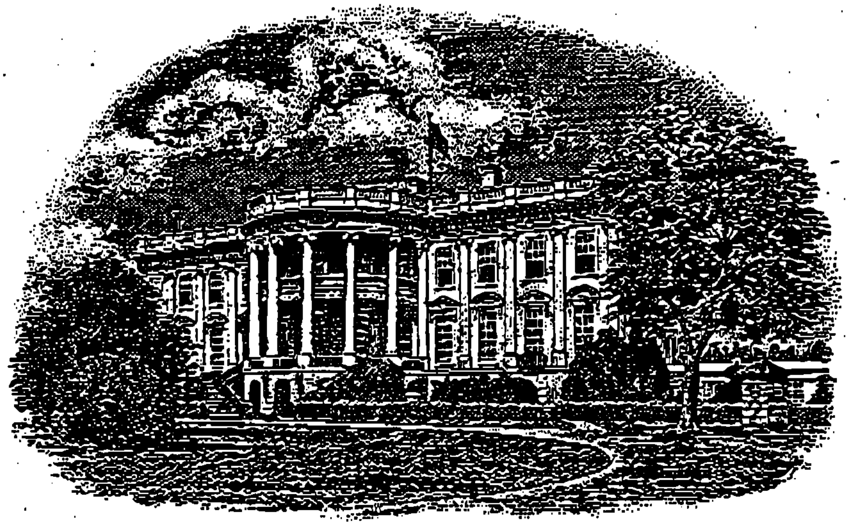
MULTIPLE EMPLOYMENT TRAINING PROGRAMS

How Legislative Proposals Address Concerns

Statement of Clarence C. Crawford, Associate Director, Education and Employment Issues, Health, Education, and Human Services Division

GAO/T-HEHS-94-221

EXECUTIVE OFFICE OF THE PRESIDENT



Office of Management and Budget

FAX TRANSMITTAL COVER SHEET

Number of pages (including cover sheet) 23

Date: 11-7-94

To: Gene Sperling / BILL GALSTON

Fax No. 62878 Voice No.

Comments:

From: Belle Sawhill

Fax No.: 202-395-5730 Voice No. 202-395-4844

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

ROUTE SLIP

TO Bill Galston	Take necessary action ☐
Gene Sperling	Approval or signature ☐
Bruce Reed	Comment ☐
Paul Dimond	Prepare reply ☐
	Discuss with me ☐
	For y our information ☐
	See remarks below ☐
FROM Belle Sawhill	DATE 11-7-94

REMARKS

Attachments include:
1) Updated options Paper

2) DOL input that we received just this evening.

OMB FORM 4
Rev Aug 70

D R A F T 10/27/94 etropt.9

OPTIONS FOR REFORM OF ADULT EDUCATION AND TRAINING

This paper arises out of the work of a subgroup of the NEC and DPC responsible for devising options for the Administration's strategy for Education, Training and Reemployment (ETR). The subgroup also includes OMB, CEA, ED, DOL and HHS.

The group has examined options for the next round of Administration proposals (following on last year's Reemployment Act proposal) to improve the quality of the workforce, the functioning of labor markets and the economic success of firms. The proposal should also respond to bi-partisan criticism of the complexity, inefficiency and limited effectiveness of the billions the Federal government spends annually on the programs it has created to address these issues.

The Administration succeeded in enacting its proposals for reform of the pre-school and K-12 educational process (Head Start, Goals 2000, School to Work, Improving America's Schools Act), and the student loan system. Taken together, these laws give reason to believe that increasingly over the coming years, Americans will be better educated and better able to finance additional years of higher education with greater ease. The options considered here seek ways to improve the economic success of current workers, of job seekers, and of firms.

CONTENTS OF THE PAPER

A separate effort to develop reform options for youth programs (vocational education, JTPA youth, School to Work, TJTC, and the myriad small programs) is underway through the Youth Development group as part of a potential urban initiative. When this work is further along, it should be possible to integrate it with the options for adults presented here.

DRAFT

I. THE PROBLEM

The several statutes, the administrative procedures among Departments, and related State/local and private sector activities, do not add up to a coherent workforce development strategy for the nation as a whole or for any segment of the population.

- o Current workers, job losers and job seekers do not have ready access to information, services and training resources they may need to advance their careers within firms or to find new jobs in new fields. Firms are very uneven in their appreciation of the increased market success they might enjoy if they enhanced the role of workers in shaping work and the workplace, adopted more of the practices of the "high performance workplace", or invested more in helping workers learn on the job and off the job.

- o The several major and the scores of lesser Federal programs intended to aid the disadvantaged in achieving labor market success are administered independently by several departments, have inconsistent or duplicative goals, engender large State and local bureaucracies, and can show only limited evidence of significant net impact on beneficiaries.

- o GAO has identified 154 Federal workforce development programs spending over $25 billion annually. A survey conducted by Senator Kennedy's office of the programs at ED, DOL, and HHS indicated that there is little consistent evidence of program impact, and many programs with little or no evidence at all. The count is not totally accurate, but it is close, and both Republicans and Democrats in Congress cite GAO reports as evidence of the need for significant legislative action.

II. PROGRAMS AND RESOURCES AT ISSUE

Federal workforce policy has for decades principally pursued two related strategies: (1) facilitating average worker and job seeker access to jobs and career advancement, and the average firm's access to job seekers; and (2) providing special services and benefits to low-income and otherwise disadvantaged segments of the population to enhance employability and reduce dependency on public assistance.

DRAFT

The first strategy is embodied largely in the Employment Service (ES), and Unemployment Insurance. The second is embodied in a host of programs (GAO identified 154, spending about $25 billion per year, excluding UI payments). The seven largest, in three cabinet departments, spending $8 billion on vocational training and employment services, are mainly at issue in this paper[1]. The rest will need to be dealt with, at least in the supporting rhetoric for any initiative, through some combination of terminations, deferral to other policy contexts (e.g., veterans policy) and justifications for continuation.

	1995 BA $ in billions
Department of Labor:	
Employment Service	.8
Job Training Partnership Act (JTPA) adult:	
Title II	1.1
Dislocated workers	1.3
Department of Education:	
Vocational Education Act (postsecondary)	.3
Adult Education Act	.3
Pell Grants (vocational portion estimate)	2.0
Loans subsidy (vocational portion estimate) *	.9
Department of Health and Human Services:	
AFDC/JOBS	1.3
TOTAL	8.0

* Loan subsidies support about $9.0 billion in loan capital.

In the options, JOBS funding would not be incorporated directly into a new system. JOBS purchases services from, and needs to work closely with, the education and training systems. What the options would change is the quality of the

[1]The balance of GAO's $25 billion is in programs that finance traditional higher education ($7.5 billion), vocational rehabilitation ($2 billion), JTPA youth programs ($2.8 billion), 10 VA programs ($1.5 billion), and the rest in the plethora of other programs scatted among **XXX** agencies.

system(s) providing services. Explanatory material accompanying any legislative initiative would make clear the benefits for welfare recipients and JOBS system from its enactment.

The ETR group recognizes that Federal resources equal but a small fraction of what workers and firms spend on training and career development, and that their impact on the total workforce is marginal at best. However, these programs are a major statement of government's commitment to workforce improvement, especially for the disadvantaged. The private sector components discussed at the end of the paper are very important to the ability of the strategy to appeal to constituencies broader than those supporting the disadvantaged, but the resources they involve are relatively minor.

III. PRINCIPLES FOR THE INITIATIVE

- o The system should be coherent and user friendly.
- o The system should facilitate learning over a lifetime.
- o The system should deliver high quality services that improve people's lives.
- o The system must ensure access for the disadvantaged.
- o The system should be coordinated with, and leverage the activities of, the private sector and States and localities.

IV. THE REEMPLOYMENT ACT PROPOSAL OF 1993

The Administration's workforce strategy legislation last year was the Reemployment Act (REA) proposal. The REA had four major elements:

- o Creation of a comprehensive dislocated worker assistance program, including job search and training, consolidating six current programs, the largest of which is Trade Adjustment Assistance (TAA), and made benefits (including the income support below) available regardless of cause of job loss.

DRAFT

- o Income support for dislocated workers who met a job tenure screen (one year on the job at minimum, higher support for tenure above three years) and who, after 16 weeks unemployed, entered training. This program was a capped entitlement on the mandatory side of the budget, paid for by termination of the mandatory TAA program and by permanent extension of the .2 percent Federal Unemployment tax (FUTA) on business.

- o Authorization of One-stop career centers for employment services, that would also streamline access to DOL training programs, and at State option, other programs.

- o Creation of better labor market information.

REA generated some significant Democratic support. Its Ways and Means components were marked up by one of the two cognizant subcommittees, but not in Senate Finance. The House Education and Labor committee discussed but did not mark up a modified bill introduced by Congressman Ford. A substitute was introduced at the end of the session by Senator Kennedy dealing primarily with coordination of programs for the disadvantaged (see description below). Criticisms centered on:

- o Insufficient attention to program consolidation (although consolidation of the Trade Adjustment Assistance program was the source of considerable criticism from organized labor).

- o Too little or too much (depending on the critic) protection of the Employment Service as the labor exchange medium.

- o For some in the business community, the costly new entitlement for dislocated workers (this was supported by organized labor). Business also generally opposed the FUTA tax extension.

V. CONGRESSIONAL PROPOSALS

Congressman Goodling proposed sorting GAO's 154 programs into seven block grants to States. Senator Kassebaum proposed giving the States two years to experiment with consolidation, then having an outside commission, like the Base-closing commission, recommend to Congress a final consolidation plan for up or down vote. Neither bill was marked up.

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Senator Kennedy worked through the latter months of the 103rd Congress to devise an alternative to the Administration's
REA and to the Kassebaum bill, that would attract bi-partisan attention. At the end, he could not get Senator Kassebaum to support his bill, but that may have been for partisan reasons unconnected to the substance.

The Kennedy bill would establish a nine person commission, including the Secretaries of ED, HHS, and DOL, to devise and annually comment upon a national workforce development strategy, and to recommend to Congress what programs should be consolidated or eliminated. The bill would also establish a complex system of Federal, State and local planning commissions, strategies and "report cards" on workforce development programs, and permit statutory waivers for DOL programs.

VI. OPTIONS FOR AN ADMINISTRATION PROPOSAL

Each option is workable within the current aggregate resource level. New resources could be added to whichever is chosen, if budget priorities permit. **A decision is needed on whether this initiative should be the basis for any FY 1996 Budget decisions. At minimum, FY 1996 budget proposals for affected programs need to be consistent with the legislative initiative.**

Each option addresses primarily the major programs identified above, but any option chosen will be accompanied by strategies for elimination, consolidation, or justification for continuation of the scores of smaller programs on the GAO list.

Each option presumes the continuation of the student loan programs as a Federally-run entitlement system. Connections to the options below would occur primarily through new ways to ensure the use of loans only for quality schools and service providers, and possibly new ways to make them more effective for incumbent and older workers.

Each option focuses on the services financing and delivery mode. There would remain in all cases a strong Federal role for oversight, system performance management, technical assistance, model development and dissemination, research, evaluation and national leadership. The manner in which these roles are carried out requires separate attention.

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It is possible to make some minor improvements in the system without new legislation -- better interagency coordination; some administrative improvements in performance management and some use of common terms and definitions; more rigorous evaluation; promoting best human resource development practices within firms. However, only new legislation can make a material improvement in the existing programs for the disadvantaged, and overcome barriers to better services and benefits for the average worker. New legislation is assumed for each option.

Option 1A. **Voucher-centered system ("A GI Bill for all workers").** This option would replace most traditional grants to States and other intermediaries with payments to individuals who, with much improved information, could make their own choices on services and training.

- o Funds would flow directly to individuals, generally in the form of individual grants, as in the GI bill and the current Pell grant program.

- o Funds ($6-$7 billion or more) would be derived from the seven major programs, which would, with the possible exception of the ES, be repealed. Their large Federally-mandated State and local bureaucracies would be eliminated, freeing those resources to be used for additional benefits and services within the same aggregate resource levels.

- o Student loans would continue to be available to individuals, with possible changes to address the needs of incumbent and older workers. The income contingent repayment option would continue to be promoted as mitigating the risk of borrowing and easing repayment.

- o Some grants might be available to all, regardless of income, but education and training for the disadvantaged would continue to be subsidized most heavily. No funds now spent on the disadvantaged would be used for spending on the non-disadvantaged.

- o A central administrative body (the ES or some other system) would provide to all: eligibility screening for the voucher; high quality information on job openings; information on training and other service providers eligible to accept vouchers (see "Program integrity and effectiveness" Crosscutting Issue below on certification of providers).

PROs:

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- Individual grants and loans reinforce personal responsibility by requiring individuals to make choices, and in some cases, to share in the cost.

- Responds to the public's anti-bureaucracy, anti-government sentiment.

- Could appeal to a broader, more middle-class constituency which has not traditionally been served by existing programs.

- Eliminates costly intermediaries, putting more money into training and services, including counseling and job placement services provided by the private sector (including non-profits) and tailored to the needs of particular groups. Encourages these providers to compete for available funds by providing the most effective services possible.

  – A rough calculation indicates that JTPA Title IIA funds, which serve almost 280,000 people at $3,800 per person, could support 60,000 more people if funds now going to overhead were converted to funding for direct payments.

- Experience administering Pell grants and the new Direct Student Loan system indicates that such a system is well within the Government's management capability. The problems in those programs are mainly related to service provider quality (addressed below under "Quality Assurance"), not benefit delivery.

<u>CONs</u>:

- Each current program has a strong interest group and powerful Congressional support; they will fight such radical reform, making enactment highly doubtful.

- States will likely object to being by-passed as decision makers.

- Jobs in the State/local intermediary systems will be lost.

- This option would protect benefits for the disadvantaged, but their advocates may still oppose it because of the loss of institutional support for traditional intermediaries.

- o Pell grant and student loan experience indicates that some of the poor do not make good decisions on use of vouchers on their own.

- o *This option is heavily dependent on a highly effective institutional quality system which, as discussed in the* Crosscutting section below, is not yet in place in any Department.

Option 1B. <u>**A "GI Bill" for mainstream workers**</u>. This option would modify the student loan programs and the dislocated worker programs to provide access to resources for skill development or new career training for all workers who do not need extensive additional support services. It would be coupled with activities to leverage private sector attention to improving the workplace for all workers, moving toward the high performance workplace, and investing in workers.

- o To meet concerns about the GAO list of programs, there would be a Kennedy-style commission established to recommend to the Congress and the President a consolidation or streamlining plan at some future date.

- o Improvement of the major programs for the disadvantaged could be addressed in the interim by a strategy that is not threatening to current program supporters and service providers: waivers, study, experimentation, and best practice dissemination.

<u>PROs</u>:

- o Appeals to the mainstream worker constituency -- perhaps 85 percent of the population -- that is on average not interested in and not affected by programs for the disadvantaged.

- o Addresses programs for the disadvantaged in ways (the commission; the non-threatening waiver plus strategy) that avoid political battles that provider constituencies will wage to protect current programs and that would distract from the ability to achieve a better program for the vast majority of Americans.

- o Gives States and localities more time to work out how they might improve program delivery so that at some future date, a true consolidation and streamlining bill can be proposed based on better evidence.

<u>Cons</u>:

- o The deferral of decisions to a commission does not address squarely the consolidation issue for programs for the disadvantaged, upon which most in Congress are focused. The Administration would not have a strong counter to Goodling and Kassebaum approaches.

- o Evidence of program plethora and limited program effectiveness will continue to be used to criticize Administration strategy.

- o Traditional Democratic constituencies will be offended by focus on the middle class at the expense (as they will put it) of the disadvantaged.

Option 2. State flexibility. This option would replace the current major programs with a grant to each State. The State would decide how best to use the funds to provide services and benefits.

- o States would be required to set performance goals for program and participant outcomes within Federal guidelines, and implement reward and sanction systems.

- o The same funds as in option 1 would flow to the States, initially in the same proportions as now. States would be free to build the system they desire, either around existing structures (ES, JTPA) or a new structure. States would be free to convert some or all funds to vouchers, to rely on contracting with vendors, or to support current institutions.

- o State plans would be submitted and approved based on prospects for achieving measurable outcomes for the target populations. The Federal government would require rigorous assessment of results achieved, and provide technical assistance on effective program models. Over time, a growing share of funds would be distributed among the States on the basis of performance.

- o States would be required to spend the same proportion of the grant funds on the disadvantaged as the Federal programs do now. A State match might be required, to augment resources and give States a stake in mounting effective programs.

This legislative strategy would be accompanied by a strong push by the relevant Departments to engage the States and localities in the use of the extraordinary new waiver and joint funding authorities enacted last year. The

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Administration would demonstrate its commitment to streamlining through all available use of powers in law, as well as by seeking the more dramatic legislative improvement offered by the State flexibility approach.

PROs:

- Consistent with the State-led approach enacted by Congress in Goals 2000 and School to Work, precedents that should enhance the likelihood of enactment.
- Would be strongly supported by the States, and with the usual funds pass through to localities, by cities and counties, many of whom are pioneering consolidation and improved services already.
- Responds to local service manager complaints that the complexity of multiple Federal laws and rules, and Federal auditor/IG interpretation of them, present huge barriers to effective program delivery; service deliverers would be able to focus on serving people's needs in more effective and innovative ways, not on writing reports, allocating costs, and warding off the IGs.
- Consistent with the National Performance Review and National Governors Association recommendations to consolidate programs and give States a bigger say in the management of resources.

CONs:

- The quality of design, implementation, and performance management may be as mixed across States as it is under Federal prescription. Some may argue that a system tailored to each State's needs cannot sum to a coherent national system.
- Does not necessarily eliminate any State and local bureaucracy.
- Although this option would mandate levels of benefits and services for the disadvantaged (including welfare recipients), their advocates may still not support it, fearing that not all the States will truly support the target populations without more detailed Federal laws and regulations.

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- o Congressional supporters of individual programs will resist elimination of their ability to take credit for providing funds and categorical programs for specific groups who support them.

- o Without careful language stressing the performance accountability aspect, the option is open to being likened to the Reagan block grant initiative of the early 1980s.

Option 3. REA-based Incremental Improvement. NOTE: This model is being drafted by the Labor Department, and is not yet available. The description that follows, and the pros and cons, are based on OMB staff assumptions about the likely content of the DOL draft.

This model would build upon REA. It would likely include: financing State adoption of the One-stop center approach; dislocated worker program consolidation; dislocated worker income support entitlement paid for by FUTA tax extension; a somewhat broader waiver authority. No material changes are likely for major ED programs (e.g., Pell grants for vocational training, adult education). As with the other options, terminations of small programs would proposed, which would help address interest in responding to the GAO criticisms.

PROs:

- o This is likely to be the least threatening option to the interest groups and Congress and the most consistent with Administration rhetoric used with the last Congress.

- o Accompanied by a careful strategy for helping each State learn what works from the experiments of other States, this Option offers the opportunity to test a variety of approaches, instead of having the Federal government propose radical change to program structures now.

CONs:

- o It is difficult to defend this option as a strong response to the consensus that the current system needs major overhaul. It does not deal with the excessive bureaucracy criticisms.

- o It would not be possible to claim that major improvements will occur in the foreseeable future for the most of the disadvantaged or for the average worker or firm.

VII. CROSSCUTTING ISSUES

A. Program integrity and effectiveness.

One of the most vexing problems in student aid and other programs is how to keep training and service providers from taking Federal money while providing poor quality training and services that do not lead to jobs (and often engender huge defaults among the poor). All options need a strong system to prevent this. Further, no current program has solved the problems of how to identify, encourage and reward high quality performance and how to promote the continual improvement of the system.

No fully satisfactory approach has yet been devised for these issues. There are four primary approaches receiving further staff work. They are not mutually exclusive.

(1) Market mechanisms. Competition among providers for vouchers or services contracts, coupled with giving individuals information on program quality and on provider results in comparison to other comparable providers, should lead to good providers prospering, bad ones not surviving. However, ED's student aid experience indicates that market mechanisms alone may not suffice in a voucher system; providers can too easily take advantage of some applicants.

(2) Regulatory mechanism. (i) Require that providers be "certified" by States, Federal agencies, or accrediting bodies, according to criteria or standards established in consultation with the provider community (e.g., an enhancement of ED's program integrity system for student aid). Enrollment in non-certified programs/institutions would not qualify for Federal subsidies. (ii) Require programs to incorporate recognized skill standards into their curricula.

(3) Incentive system. (i) Create funding formulas (in State grant or One-stop Options) that include incentives for performance improvement. (ii) Authorize higher subsidies/payments for those enrolling in higher quality programs. (iii) Publish annual rankings of programs in each area, by performance against standards. (iv) Provide payment in

several disbursements, withholding full payment until completion of program and demonstration of skill (or other goal) attainment [there are examples in JTPA].

(4) Quality assurance system improvement. (i) Create a multi-agency standards and performance management development and research group to test the validity of quality assurance measures, conduct or oversee rigorous evaluation, validate high quality performance management models, disseminate best practices and caution against proven worst practices. (ii) Require improvement of or deny support to poor performers.

Note: Under any Option, there must be regular national level evaluations of net impact, and collection and analysis of good data with which to measure performance.

B. Private sector role.

We want a significant role for the private sector in the administration of training resources, and strategies that recognize the role played by firms in training their own workers. Private sector options all need further development, but are generally agreed to by the agencies and WH staff, and so are presented for information without PROs and CONs. Other options include tax credits for training and training mandates.

(1) Assistance to firms in restructuring workplaces and training workers through technical assistance (e.g., via Commerce's Manufacturing Extension Centers; consortia of small and medium sized firms) and best practice information; recognition of firms with best human resource practices (modified Baldridge award); loans or loan guarantees for training costs.

(2) Changes to the Targeted Job Tax Credit to make it effective as a hiring incentive for specific groups.

(3) Participation of local business in program decisions (as in JTPA and School to Work).

(4) A "demand-side skills policy" that uses changes to existing workplace policies to encourage growth in workplaces with continuous learning (CEA staff proposal). Examples:

- research and dissemination on ways to enhance worker and firm ability to improve;

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- using government procurement requirements to ensure more purchases from high-quality suppliers, thus driving overall industry quality improvement;
- modifying workplace regulatory strategies (safety and health; wage and hour) to rely more on worker participation to achieve regulatory goals than on standard penalties;
- improving capital market rules to enhance worker involvement in quality improvement (e.g., accounting standards to report on investment in training; ERISA regulations to promote longer term investments; ESOP law changes to let workers act like owners;
- NLRA modifications to reduce barriers to worker ownership).

In addition to the Program integrity and Private sector issues above, interagency work is continuing on: how skill standards can become a part of the initiative; whether UI reforms can be a part of the initiative; how best to support labor market information development and use.

November 7, 1994

EMPLOYMENT AND TRAINING POLICY REFORM
LABOR DEPARTMENT PROPOSALS

SUMMARY

The central premises behind the Clinton Administration's approach to employment and training policy are first, that adaptation to global competition and technological change requires every working citizen to possess both skills and the flexibility to continuously learn new skills and to apply them in new ways; second, that America already has a wealth of training institutions with the potential to prepare workers for the challenges they face; and third, that advancing the Administration's economic and trade agenda requires a meaningful effort to assuage the fears stirred up by economic change. The central vision these premises inspire is of a network of programs, policies, and institutions that equips workers to manage their own agendas of lifelong learning and supports them through the major workforce transitions from school to work, from poverty to work, and from old work to new work. The central resources this vision implies are accurate, up-to-date **labor market information**; effective **counseling** delivered by credible sources in accessible forms; and--most importantly--the **purchasing power** that gives workers access to skill training when they need it.

This document summarizes the Labor Department's proposals for action to be taken over the next two years. Our proposal is informed by experienced gained during efforts to enact the Reemployment Act in the 103rd Congress, and by the interagency employment and training reform project done under OMB auspices in the past several months. It is important to note that this is being written prior to the November 8 elections, and the results of those elections may suggest revisions or changes in emphasis.

Our current strategy has three main thrusts. First is a set of steps to give workers augmented and more secure purchasing power that gives them access to lifelong learning on terms, and at times, that they can control. Second is the continuing construction of a "reemployment" system, including both action under current authority and legislative proposals that build upon the Reemployment Act. Third is program consolidation pursued both through administrative reforms and through the budgetary process.

Purchasing Power for Access to Training

America is rich with institutions where workers can learn the skills they need to adapt successfully to economic change, including four-year colleges and universities, private technical schools, and (especially) the nation's large and growing network of community colleges. The cornerstone of our proposal for the next two years is empowering workers to pursue lifelong learning through expanding their access to purchasing power for training.

This involves four related proposals that, together, define what can be thought of as an individual "lifelong learning account" that ensures each worker access (on terms appropriate to the worker's circumstances) to skill building resources (appropriate to each stage of the worker's career.)

- First, we envision stepped-up marketing of direct student loans to all American workers, emphasizing the income-contingent option, as an affordable way to finance lifelong learning. For some customers, these loans will be the primary or sole financing mechanism required; for others they will form a major part of a financing package.

- Second, we propose tax-code provisions that would reduce the cost of purchasing education and training, encourage saving for lifelong learning, or both. At present, investments in skills unrelated to one's current job lack the tax advantages accorded to other investments in human or physical capital. Tax incentives offer a simple and credible way to increase purchasing power, and would boost the impact of most other lifelong learning initiatives. (There are several methods for structuring such tax incentives, and alternatives are under development by Treasury experts.)

- Third, we propose establishing a common access point at eligible training institutions (including community colleges and private technical schools) for federal training resources available to adult workers, such as direct student loans, Pell grants, and JTPA training grants. Like college students, adult workers could access financing and training at the same place.

- Fourth, we propose a new commitment of JTPA training grants that would give all dislocated workers access to "New-Skill Scholarships" adequate to finance a typical course of retraining at a public institution. All dislocated workers--both those who receive intensive reemployment services at one-stop centers, and those who make their own ways to training institutions--would be eligible for tuition grants of up to $3,500. Direct loans supplement the New-Skill Scholarships for workers whose training needs exceed this cap. This provision would reinforce our commitment to the principle that workers who have lost their jobs as a result of economic changes have a special claim on collective support--beyond the lifelong learning resources available to everyone--as they prepare themselves for new jobs. To make retraining a realistic option for adult workers with adult responsibilities, dislocated workers in training would be eligible for extended unemployment insurance benefits. As proposed in the REA, 0.2 percent of FUTA would be earmarked for this purpose, though we support modifications to reflect House Ways and Means Committee revisions.

Building the Reemployment System

The construction of an effective, integrated reemployment system is essential to smooth workers' access to new-skills purchasing power, and to help guide and amplify the impact of these resources. This task is already underway, although new legislative authority is extremely helpful or essential for several key elements of system reform. We propose packaging most of the legislative provisions in a "Reemployment Act-Plus."

- One-Stop Career Centers The Labor Department, under existing authority, is already providing grants for planning and building statewide networks of one-stop career centers that afford a common point of access to workforce services. Nearly every state applied for one-stop grants; 19 states won planning and development grants, and large-scale implementation efforts have been funded in 6 states. We plan a second round of one-stop grants next year. The reemployment system blueprint also envisages new legislative authority for federal investment in One-Stop Career Center systems, including governance provisions calling for the establishment of local workforce investment boards (using terms tested in the recent grant solicitation.)

- Labor Market Information Using funds appropriated in FY 1994, we are laying the groundwork for a national labor market information network which knits together and refines existing state and local job data systems. Eight to ten states (or groups of states) will receive funding in the months to come. We will also be transmitting to Congress a comprehensive review of the current labor market information system, as a step towards completing our blueprint for reform.

- Profiling A central prerequisite to our envisaged shift from the current unemployment system to a reemployment system is systematically identifying jobless workers in need of reemployment services. Last year, Congress passed legislation authorizing the use of "profiling" procedures to pinpoint those laid-off workers who are likely to exhaust their unemployment benefits without returning to work unless provided with job search assistance and (if necessary) training in new skills. As states develop and deepen their expertise in profiling, a larger and better-targeted stream of customers will provide a "demand-pull" impetus for street-level integration.

- Waiver Authority Often a major impediment to customer-oriented service delivery lies in inconsistent or contradictory rules and procedures. We are working to at once better deploy and expand our waiver authority. Under the School-to-Work Opportunities Act, we are developing expertise in processing waiver requests involving Labor Department and Education Department authorities. We also envision seeking new legislative authority to waive program requirements--broader authority than the original REA would have provided, extending to non-DOL programs participating in the one-stop system.

- Report Cards for Training Institutions Accountability for federal training dollars would be bolstered by requiring all recipients of DOL training funds (as well as institutions involved in other federal programs participating in one-stop) to provide "Consumer Report"-style information on the success of their students. States would be responsible for making this information easily available to potential education and training customers.

Program Integration and Consolidation

The number of federal training programs has attracted considerable, arguably excessive, attention in recent debates. There is an undeniable case to be made for aggressive efforts at program consolidation and elimination. Yet such efforts can be highly disruptive, and experience suggests they are unlikely to be fully successful. Just as important, we are convinced that improved customer service and program integration need not and must not await full-scale consolidation at the legislative level. We should certainly exploit any reasonable opportunities for formal program consolidation. But meanwhile, a concerted campaign of what we term "street-level" consolidation can render the boundaries between separate programs and separate funding streams nearly transparent to the customer. We also propose to eliminate or consolidate a substantial fraction of Labor Department programs through the budget process. Here are the highlights of our consolidation agenda:

- Individual Purchasing Power The portfolio of proposals to increase workers' purchasing power over training resources diminishes the urgency of the consolidation debate by empowering workers to choose their own skill-building resources with little or no regard to program boundaries.

- Street-Level Consolidation Many of the key elements discussed above as elements of the emerging reemployment system are also aspects of "street-level" consolidation: One-stop career centers, waiver authority, and improved labor market information.

- Common Components Among the gravest defects of the current array of multiple training programs is the failure of these programs to fit together smoothly. Yet wholesale consolidation is not the only remedy, or even necessarily the best one. Where legislative consolidation is not possible or advisable, the standardization of program elements can make separate systems "interoperable", delivering simpler, more customer-friendly service and sparing on administrative costs. Components eligible for standardization include performance standards and other accountability measures; terms and definitions; eligibility criteria; funding and planning cycles; and cost accounting and management information systems.

- A system-wide review of definitions and reporting rules is already underway, and will inform decisions about common information systems, eligibility rules, and reporting protocols both among Labor Department programs and across Departmental lines.

- We will soon be reporting to Congress our proposals for a common set of data elements and standardized definitions. A second phase of this project takes on the more complex issues of data requirements for determining eligibility for major employment and training programs.

o Budgetary Program Consolidation The strategy outlined here would result in a 35 percent reduction in the number of separate DOL employment and training programs. Through account restructuring, a large number of now-separate programs or funding streams would be collapsed into six major program activities. Key elements of this restructuring include:

- Dislocated Worker Programs The REA would consolidate all dislocated worker programs, combining six programs into one.

- A Second Chance School-to-Work program will be organized that reflects the planned linkage between school-to-work and other youth programs, including summer youth, Job Corps, Youth Fair Chance, registered apprenticeships, and youth training grants.

- Native American Programs The Native American summer youth set-aside funds would be consolidated with the Title IV JTPA Native American program through merging the programs in our budget request. These funds go to the same grantee, and consolidation would streamline administration and provide delivery agents with more flexibility.

- Job Training for the Homeless Program Funding for this program would be eliminated, consistent with the FY 1995 appropriation decisions.

- Special Targeted Groups A new budget category called "Other Targeted Groups" would be created to cover the following:

  -- The four small programs or projects that Congress has added in the appropriations process for American Samoans, Rural CEPs, Microenterprise Grants, and Women in Apprenticeship; and

  -- Pilot and demonstration projects earmarked for special targeted groups (the handicapped, community-based organizations, Federal bonding, business partnership, labor partnership, Nontraditional Employment for Women, mentoring, and construction trades.)

The number of separately identified programs or projects would be reduced from 12 to 1. The remaining Pilot and Demonstration funding would be merged with the Research and Evaluation budget. This new consolidated line item would represent the Department's pure research, demonstration, and evaluation enterprise.

- Education Programs This proposal could be enhanced by an Education Department appropriation proposal focussed on the 7 proposals that the Department proposed for elimination in FY 95 which Congress declined to consolidate. (Congress did eliminate 13 programs, but added an additional 17.)

Copies to:
Leslie Loble for DOL
Ricky Takai for ED
Howard Rolston for HHS
Belle Sawhill
Paul Dimond
Bill Galston

August 12, 1994

Note for Steve Spinner

Attached please find a set of comments on the draft bill compiled from input from the staffs of ED, DOL, HHS, OMB and the White House. We also had the benefit of Tony Carnevale's comments to you. While we have a number of significant questions and concerns expressed in this paper, all reviewers agree that the draft contains many good ideas and provides an excellent starting point for serious discussions of the issues. Wherever possible in this paper, we have suggested alternatives to the elements we question.

In a few complex areas we indicate our desire for more extensive conversations, and have not tried to explore in depth all the permutations of each notion here.

Once you have had a chance to go over this, we are prepared to engage in specific discussion of each issue. We (e.g., myself, Ricky and Leslie and other ED and DOL staff, Paul Dimond) could meet as soon as late Friday (say 5:30), but if your schedule permits, Monday would be easier on several of the group.

I've been asked to be a central point of contact for arranging further staff level discussions. Please call me at 395-4532. My FAX is 395-4875. I should be back in the office from meetings by 2 pm Friday. If I haven't heard by then, I'll call you.

We appreciate your efforts to date and all look forward to a close working relationship.

/S/
Barry White

Note:
Spinner is amenable to a meeting Monday. I'll call to get a time set.

Bill

REACTIONS TO DRAFT EMPLOYMENT AND TRAINING BILL
August 12, 1994

These materials are a very positive beginning for the discussion of how to advance the process of reform and streamlining of the national adult employment and training system. We find a number of ideas to be very promising, striking the right tone for the direction for the future. These include:

- the concept of consolidation where appropriate to improve the quality of services and outcomes and eliminate ineffective activities;
- moving toward common reporting elements across comparable programs;
- greatly enhancing the focus on accountability for outcomes, and proposing new ways of acquiring the data to make the concept operational;
- thinking about the issues from a systemic, rather than piecemeal, program-by-program, approach;
- use of the Administration's One-stop strategy.

At the outset, however, we must express our strong reservations about the draft's proposed complex intergovernmental structures, plans, reports and grant approach. This heavily process-oriented strategy, relying on State experimentation to devise the reformed system, is not obviously the right way to go now. Further, it's multi-year process (leading edge/planning grants) would constitute a very significant barrier to the important substantive program and policy reforms the Administration is now working on for presentation to the next Congress.

Developing our proposals for comprehensive reform with all the affected Secretaries is of necessity, time-consuming and intensive. The President established a NEC-DPC interagency working group on Employment, Training and Reemployment (ETR) in March, 1994. The ETR Group is chaired by his National Economic and Domestic Policy Advisors. It includes the Director of OMB and the Secretaries of ED, DOL, HHS, and the Deputy Secretaries of Defense and Commerce. The Group is in the midst of an extensive review process to enable us to develop options for comprehensive reform, and to engage in appropriate consultations and collaborations with the Congress and with outside groups and individuals to get needed input to the decision-making process.

We share with you the desire for a bill this session that will generate important debate and can be enacted, but we want that bill to set the stage for reform proposals for the next Congress, not forestall them.

Here's an example of the kind of issue we are exploring that cannot be resolved now. We are looking at the use of voucher-like approaches (e.g., grants and loans under title IV of HEA) to maximize individual choice and leverage in the system over the life of an individual. In this context, income-contingent repayment, and its great mitigation of the risk of investing in one's own education and training, changes traditional conceptions about how to finance learning outside the workplace. It is important that the reform of the employment and training system take these issues into account. Expanding the discussion to include these resources could well mean a very different system design than could be possible under the draft's approach.

The National Workforce Development Board. The National Board structure responds to the desire to get past bureaucratic barriers and interest group parochialism that arguably have been part of the reason why more progress has not been made to date on system reform. However, it effectively places Federal Government responsibilities – e.g., grant making, approving agency plans – in the hands of non-Federal officials. Such provisions will not pass constitutional review with respect to the appointments clause.

o Note especially Buckley v. Valeo and subsequent Supreme Court decisions that hold that there are core functions that must be carried out by Executive Branch officials and cannot be carried out by entities that include members appointed by Congress.

Even if the Constitutional concerns could somehow be dealt with, the Board's powers would take away from the President and his Cabinet their essential responsibilities to manage and evaluate programs and to set policies. No President can accept that.

We do need a way – for example, through the NCEP – to get the benefits of outside expertise, continual constructive criticism and new thinking brought to bear on the whole system (rather than on programs one-by-one).

Action-forcing mechanisms. We accept the need for provisions that pressure the Congress and the Executive Branch to take action. We see benefits from at least two ideas:

o Sunset provisions. There may be a way to accomodate the idea of sunset provisions four or five years out for the basic authorizations (not just authorizations of appropriations) of virtually all the programs (not just the big ones) at issue. But there are two important caveats:

(1) the language must be crafted so that beneficiaries and their advocates do not see this as leading to loss of benefits or diminution of Federal commitment to the disadvantaged.

(2) it must in no way preclude proposals in the intervening period to restructure, do away with, or redirect some or all of the programs. For example, the Administration has already proposed radical reforms for welfare/JOBS. The sunset needs to be a promise that action will be taken in the intervening period to reform programs or otherwise consolidate or terminate them, not a bar to the Government taking such actions.

- o <u>Call for a Proposal</u>. The bill could call upon the President to submit to Congress by a date certain (say March 31, 1995) his legislative proposals for reform and streamlining of the system, consistent with the purposes of the bill. We already plan to send reform proposals.

<u>The intergovernmental structure</u>. The nested Federal, State and local structures, plans and reports are extremely complex and bureaucratic sounding. They would take years to develop well, as the "leading edge" State approach acknowledges. As noted above, this is not necessarily the way to go.

We hope to devise clear outcome goals for all programs for all workers and potential workers throughout their lives; firm methods and requirements for obtaining positive results for the disadvantaged; an effective system of rewards and sanctions (with technical assistance and other support); an appropriate mix of income support, grants and loans; workable incentives for high quality in all aspects of the system; and greater flexibility (e.g., waivers) for the States and for local labor market mechanisms.

If we can support and link this construct with a greatly improved capability to know results and feed them back for continuing improvement – here, as the draft correctly stresses, we need intensive work on the role of UI and other data sources for certain aspects, and data on longer term educational outcomes, jobs, career and earnings trends – we can likely rely upon the States to figure out most of the particular processes.

The call to the President suggested above could emphasize the need for strong roles within the system he proposes, for States, local communities, the private sector, labor, education, and other appropriate groups.

<u>Consolidation</u>. We do not have a specific consolidation proposal to make right now, but we are ready to open a discussion of options. We note that program streamlining proposals made by the National Performance Review and affirmed in the 1995 Budget are a good starting point.

The general concept of keeping "savings" generated by consolidations within the employment and training arena has merit, although drafting language to accomplish this will not be easy.

<u>Waivers</u>. We agree with the potential value of a waiver section, but want to see this done in a way that does not preclude taking more direct action to reform, consolidate or eliminate programs. That is, the opportunity for States and others to change programs cannot become a reason to delay reform until they finish working through their waivered program approaches. With this understanding, we are prepared to work cooperatively with you to devise a broad waiver authority.

Accountability and program quality. The draft's stress on accountability is very valuable. Our experience to date in accountability systems is mixed at best. We are exploring more effective performance standards than we have in JTPA, better ways to make performance standards operational than appears to be happening in Perkins, improvements in institutional gatekeeping promised by implementation of the HEA title IV Part H program integrity system, and better ways to build quality improvement into the system.

Perhaps most importantly, we need to include in these discussions the role of consumer choice, the methods by which the system might screen individuals into programs and screen institutions out, establishing meaningful program outcome goals and ways of ensuring that the success of programs is judged by the success of individuals against those goals. Overall, we strongly agree that we need much better, more timely information, and the imperative to act on what it tells us about performance at all levels.

REA offers some important provisions in this matter, including requirements to replace poor performers through a competitive process. The Welfare Reform bill also proposes a new system of performance standards for JOBS.

LMI and the role of BLS. We agree with the need for a more effective LMI system at all levels but we are not ready to come down on a specific statutory approach to LMI improvements. It is not clear to us that the most important factor here is more national level or even State data on general job openings and trends, though those are important components.

We need to improve local job development, through the One-stop system and by other institutional players. We need to get into the hands of individuals the key data they need to make intelligent choices. DOL has important work underway on LMI improvements that needs to be understood by each agency and will be shared with you.

BLS is a statistical agency, not a program oversight or management agency. Many of the roles assigned to it in the draft are not appropriate and could not be carried out effectively by BLS. They need to be assigned to the Departments whose program success is tied to effective information systems.

The private sector. We have not yet seen provisions on private sector incentives or participation. We are exploring such options, especially through examination of the work of Commerce's business assistance centers and the research on high performance workplaces. We need to recognize the role of learning on the job, which can be more important than formalized classroom training. Increasingly, the "work" at jobs is becoming a process of continuous learning.

For example, one idea that has surfaced in a variety of places is to augment, or create a parallel to, the Baldridge award that would spotlight firms whose competitiveness is based on such continuous learning, and firms that use high quality employee development strategies to advance their market success. We may also want to find ways to help more businesses learn how to take advantage of proven approaches to successful employee training and embedding of continuous learning in their work.

Data collection. We support the use of common reporting elements wherever appropriate. However, it is not clear that extensive universal longitudinal reporting on all the elements identified in the draft is necessary at all levels, nor that its burden and costs are fully understood. We want to explore more use of survey approaches and to be sensitive to privacy concerns. The NCEP, ED and DOL are exploring ways of using UI data that may provide a useful approach here to some of the issues.

August 18, 1994

Note for Steve Spinner

As you asked, we tried our collective hand at technical assistance for you as specs or (in one case) some possible language, based on discussions last week. These materials address: findings; responsibilities of the Federal agencies; responsibilities of an outside entity; two possible approaches to sunset.

With respect to immediate consolidations, the bill could include (1) termination/repeal of the programs the President proposed to terminate in the FY 1995 Budget; (2) the consolidations proposed in REA; (3) the repeal of Education's unfunded authorities. On the latter, ED is supplying legislative language separately. It covers more than the programs defined as employment and training; you could sort it that way, or just incorporate the whole package.

If the Committee wants to propose consideration of additional consolidations, we would be happy to react to them. Note that we address future proposals for consolidation in the suggestions on Federal responsibilities.

With respect to what we talked about as a possible "call to the President", our suggestion is that the bill instead could structure the Federal responsibilities to require continuous action on all relevant fronts, and regular reports and legislative recommendations to impel progress toward reform and streamlining along each dimension in the 8/5 draft.

Since we talked last week, we received the House draft REA bill and recommend that you consider using the House bill language on One-stop, LMI, and waiver provisions, with some possible modifications as laid out in the attached statement. The statement captures our suggestions on these items for this bill. One additional thought on waivers: we would be open to looking at and reacting to as broad a waiver authority as you may wish to offer.

Please continue to use the material provided in this process as informal staff technical assistance; it does not represent policy positions of the Administration.

We look forward to seeing the next draft.

Please call with any questions.

/S/

Barry White

c: Lobb for DR
Tokoi for ED
Carnevale CEP
Robinson for HHS
Dimand
Solomon

Sam hill
OMB staff
Waldman

August 18, 1994

ONE-STOPS AND WAIVER AUTHORITY

The draft House bill provides a sound foundation for proceeding with reform of the employment and training system. Therefore, with respect to establishing One-Stop systems, labor market information systems, and related waiver authority, we would support the House bill language, provided that changes are considered in the following areas:

POLICY POINTS

- o Ensuring Street-level Consolidation -- Department of Labor programs, including the Employment Service, should be required to participate in the one-stop career system on a mandatory basis along with JOBS (welfare reform). It is essential to include at least the DOL programs to ensure an appropriate level of program integration through one-stops and streamlined access to services for customers. The linking of UI, job search assistance and learning and training opportunities is essential to creating an effective reemployment system. Such linkages can only be achieved with the mandatory participation of the Employment Service in the one-stop system, with full involvement of the State, in cooperation with localities, in developing and operating that system. In order to achieve such an integrated Statewide governance function, it may be desirable to give the States a stronger role in approving and tracking the provision of direct grants to localities and in approving and tracking local operating agreements.

- o Strategic Planning and Performance Standards and Evaluation -- The bill should require that the grant application demonstrate how strategic planning and oversight will be carried out for all workforce development programs throughout the local area. This is essential to ensure both accountability and continuous improvements in the new reemployment system beyond just administering the one-stop system. Effective implementation of these functions will help in identifying training needs, areas of underinvestment and other issues for improvement in the local reemployment system.

TECHNICAL POINTS

- o Administrative Costs -- There should be no cap on the extent to which planning or implementation grants can be used to support administrative activities. The intent of such grants is fund those administrative activities essential to building new program systems and procedures: for example, cross-training of personnel, development of information system, forms development, etc.

- o Waivers -- Waiver authority should be expended to apply to those OMB Circulars and regulations relating to cost principles, grants and cooperative agreements, non-profits, and uniform administrative regulations for States and localities. These regulations not only impose a significant barrier to sharing SESA property in any One stop arrangement; they also impose barriers to sharing other resources and constrain other aspects of program integration.

August 18, 1994

FINDINGS AND PURPOSE

These are suggestions for the Findings/Purposes sections if you want to link this bill more closely to what Congress has already declared as its findings and purposes in Goals 2000 and School to Work, to pick up ideas about learning in the workplace.

<u>Lead current findings with something like:</u>

- o the Congress and the President have worked cooperatively with the private sector, States, and localities to lay important parts of a new foundation for a system of lifelong learning that will provide all Americans with the opportunity to learn the skills they need to succeed in this new, technologically advanced, globally competitive economy, including major revisions of Head Start, enactment of Goals 2000 and the School-to-Work Opportunities Act, creation of the National Service and transformation of the Student Loan program;

- o Congress and the President must now turn attention to laying another cornerstone of this foundation, the development of a system of adult workforce development and labor exchange that provides all workers with the skills – and firms with the supply of skilled workers – that are needed for this Nation, our workers and our firms to prosper and thrive in this new economy;

- o This new system for adults must work to implement the Goals and Objectives to which we are committed – to wit, by the year 2000,

    every adult American will be literate and possess the knowledge and skills necessary to compete in a global economy and to exercise the rights and responsibilities of citizenship;

    every major American business will be involved in strengthening the connection between education and work;

    all workers will have the opportunity to acquire the knowledge and skills, from basic to highly technical, needed to adapt to emerging new technologies, work methods, and markets through public and private educational, vocational, workplace, or other programs;

    quality programs that are designed to serve more effectively the needs of the growing number of part-time and mid-career students will increase substantially;

    every worker will have the opportunity to invest in his or her own learning and career advancement based upon reliable information concerning the learning and job outcomes of diverse providers and firms over time;

all workers will have the access to the effective labor market information and exchange that they need in the new economy to take responsibility for navigating their careers;

all employers will have the access to the effective labor market information and exchange that they need in the new economy to staff their businesses effectively;

Government will recognize and reward (a) firms where continuous learning that contributes to innovation and productivity is embedded in the daily business of the workplace and (b) firms that invest in developing the skills of their workers to increase their productivity and responsibility]

(5a) [delete (2) and place after current (5):]

despite more than 30 years of Federal involvement and investment in employment and training policy, there has been no cohesive, integrated Federal policy to assist in the evolution of a properly functioning workforce development system in the United States, that recognizes the full contribution and potential which the much larger individual, local, State, and firm investments in learning, skills, information and effective labor market exchanges can have for such a system;

In the current (5): replace "nearly" with "more than".

In the current (9): replace "single entity" with "locus of responsibility"; delete "State or local".

Rewrite the current (12) to say:

the Federal Government should address these Findings with immediate and long term improvements that make it possible for workers and potential workers of all ages, the States and localities, and the private sector, obtain the benefits of a high quality workforce development system needed for the economy of today and for the 21st century.

In (b) Purpose, rewrite the lead-in to say:

The purpose of this Act is to take certain immediate actions, and to set in motion the requirements for longer term improvements, required to begin the transformation of Federally-funded education and job training efforts ....

August 18, 1994

RESPONSIBILITIES OF THE EXECUTIVE BRANCH; RESPONSIBILITIES OF AN OUTSIDE ENTITY

We suggest that the bill could replace the National Board with Executive Branch responsibilities appropriately assigned to that Branch. To the extent the committee believes it needs in addition a strong outside body to observe, report and comment on the evolution of the workforce development system, and conduct evaluations of it, we offer suggestions for how you might structure it.

<u>Outside entity</u>

A. <u>Structure</u>. You may wish to make this entity an enhanced NCEP. It exists (thus saving many months for start-up) and already has the basic responsibilities in its charter. Creating anything else would require repealing NCEP.

To give more force and credibility to the NCEP in this enhanced role, the bill could do the following:

- o Amend JTPA part F section 471 to read "to establish a NCEP <u>as an independent agency in the Executive Branch</u>, which shall have ..." [new language in underlined].

- o Repeal section 3(c)(2)(B)(iv), the $2 million set aside within the DOL budget, and replace with a freestanding authorization for $XX million at the end of part F.

- o If you want to make NCEP more acceptable to all interests in this broadened role – many of whom probably see it now as mainly commenting on DOL-related matters – the bill could amend 472(a), which now lists groups of which the members should be "broadly representative", to include language like, "at least one member shall be a representative of each of" the various named groups. Note that the Justice Department often opposes language that appears to limit the President's discretion in making appointments, but for an advisory body with no direct Federal functions, it may be less concerned.

For whatever outside entity you choose to authorize, you might consider another specific responsibility to lend more significance to it.

- o Impose on the entity a responsibility to testify at least once a year before a joint hearing of the Senate Labor and Human Resources Committee and the House Education and Labor Committee on the status of improvements in the workforce development system. This provision would be modeled on the responsibility of the Federal Reserve to testify before the JEC.

B. Functions [if the NCEP, in addition to, or in elaboration of those now in section 473, as appropriate]

- o Report annually to Congress and the President a summary assessment of the status of the national workforce development system, including recommendations for improvements.

- o Conduct or arrange for the conduct of rigorous evaluations of education, employment and training programs. [note: if you do this, it requires more substantial authorization of appropriations.]

Executive Branch

A. Structure. The suggested language below assigns to the Executive Branch the responsibility for acting in a coordinated, collaborative manner across agencies, as no law now requires, but does not interfere with a President's right to organize his Administration as he sees fit.

> "The Secretaries of Labor, Education, Health and Human Services, and Commerce, and such other Executive Branch officers as the President may so designate in general or for particular issues, shall carry out the following functions in a coordinated and collaborative manner, such that in each case, a unified position of the Executive Branch is developed and implemented in a timely manner."

B. Functions (related to those in the 8/5 draft bill)

- o Develop and report initially by ____ 1995, and thereafter at least once every two years a collective assessment of:

  – the effectiveness of current employment and training programs – individually, and as a components of a workforce development system – indicating the directions in which future policy should develop, including any specific recommendations on further program consolidation, termination or streamlining;

  – how businesses are progressing in the restructuring of the workplace to provide continuous learning, are improving the skills and abilities of the current workforce, and are participating in Federal, State, and local workforce development strategies for new and incumbent workers, including any specific recommendations for changes in Federal policies or programs to enhance these efforts;

  – how to the maximum extent within current law they have made definitions and funding cycles in comparable programs the same, and are proposing to

Congress any recommendations for law changes needed to expand appropriate uniformity of definitions and funding cycles [refer to JTPA report as in 8/5 draft];

– the status of labor market information system improvements at all levels, identifying specific areas in need of further improvement and the plan for achieving that improvement, including recommendations for law changes;

– the status of the capacity of programs at the local level to obtain and provide to consumers the best possible information on real job openings, and recommendations for ways to improve that capacity through administrative or statutory changes;

– the status of systems that provide information on the outcomes of employment and training programs, specifically including the extent to which the use of the UI system and data for this purpose is in place or being developed, identifying specific areas in need of further improvement and the plan for achieving that improvement, including recommendations for law changes.

- o Develop and report annually on a multi-year inter-agency integrated strategy for research and development on education and training, updating each year for the effect of Congressional action on authorizations and appropriations, and for the interim or final results of studies. NSF and DOD might be specifically named as participating in this function.

- o Develop and report annually on a longitudinal evaluation, with appropriate control groups, of the net impact of the major education, training and employment programs on individual beneficiaries.

- o Carry out the approval of waiver requests from States and other eligible entities, ensuring timely responses.

- o Annually assess the performance of States and other waiver recipients against the goals of their waiver proposals and make any appropriate recommendations for law changes based on that assessment.

- o Disseminate information on best practices to States, localities and other service providers, as appropriate.

August 18, 1994

SUNSET

We understand the desire of the committee to have some kind of sunset provision as a means to "force" action to reform the program structure. We offer two possible approaches. No matter how this is done, the definition of programs needs revisiting (here and for the bill in general). The GAO list has some program names that are not suitable for an authorization list, includes as separate programs certain items that are actually parts of other programs already listed, and includes some with no funding. A clean list is needed. You could write the list in this bill (which invites amending), or you might ask GAO to clean up its list in a new numbered publication that the bill could refer to.

Option 1: Uniform end dates for authorization of appropriations.

We prefer this approach. It is straightforward, puts all the programs on the same schedule, and should excite minimal concern from interest groups concerned about "their" programs, while at the same time making Congress act on each program on some concerted time line. It also takes in a number of programs, many in DOL, that do not have explicit authorizations of appropriations now, and thus no forcing actions for review.

Option 2: Sunset for underlying authorizations

If Option 1 is not acceptable, we have tried some language for a repeal of authorizations that balances the desire for an action-forcing mechanism, with the need to make clear to the public that the Congress is not abandoning responsibility for helping groups in need. This language is a bit torturous. It has not been run by any attorneys or through professional drafters. It may raise Chadha issues. Wording with respect to the Budget Enforcement Act should get technical review, perhaps by the Budget Committee.

___. (a) TITLE. This section may be cited as the "Incentive for Federal Education, Employment and Training Programs Reform Act of 1994."

(b) FINDINGS AND PURPOSE. Because the needs of the nation's workforce and business are not being met adequately by the many current Federal education and training programs, the Congress has determined that a major effort is necessary to reform and streamline these programs into an effective workforce development system. This must be done without in any way reducing the commitment or level of effort of the Federal Government to improving the education, employment and earnings of all workers, particularly the disadvantaged, individuals with disabilities, individuals with limited English proficiency, and others with special needs. The process of reform will be enhanced and accelerated if the individual education, training and employment programs are all scheduled to be repealed at a single point in time.

(c) REPEALS. Unless previously incorporated in a reauthorization subsequent to enactment of this Act, and notwithstanding any other provision of law, each Federal education and training program is hereby repealed effective September 30, 1999, unless the following conditions are met:

(1) The head of the agency responsible for administration of the program certifies to the Congress by March 31, 1999 that its repeal at that time would not be in the public interest because (A) the program continues to serve a purpose within the Federal workforce development system, and in the certification, specifies that purpose and how well it is being served, or (B) that consolidation, streamlining or reform of the program is a part of legislation transmitted to the Congress by the Administration and not yet been acted on by Congress; and

(2) the Chairs of the cognizant House and Senate authorizing committees report to their respective bodies by March 31, 1999 that a repeal at that time would not be in the public interest because (A) there is pending before the Congress legislation to consolidate, streamline, reform or otherwise improve the program, or (B) such legislation is before the committee and will be reported by a date certain prior to September 30, 1999, or (C) the Chairs jointly report that the program continues to serve a purpose within the Federal workforce development system, and in such report, specify that purpose and how well it is being served.

(d) RETENTION OF FUNDING FOR EDUCATION, TRAINING AND EMPLOYMENT. The amount of the authorization of appropriations, or the appropriation amount for the fiscal year ending September 30, 1999, whichever is applicable, for each program herein repealed in accord with subsection (c) shall be retained within the workforce development system, as follows.

(1) The amount of the authorization of appropriations for each repealed program for the fiscal year ending September 30, 1999, shall be added to the authorization of appropriations for the following year for the largest (in terms of appropriation) education, training or employment program under the agency head responsible for the repealed program, which has the largest authorization.

(2) If the repealed program has an indefinite (e.g., "such sums") authorization level, then the amount to be added to the authorization for the largest remaining program, as in subsection (d)(1), shall be the amount of the appropriation for fiscal year 1999.

(3) The agency head shall notify the chairs of the committees on appropriations of each House of the potential effect of this provision on his programs in his budget justification to Congress for FY 2000, and simultaneously shall so notify the Chairs of the respective authorizing committees, so that these committees shall have ample notice before the repeal required by this section to take whatever actions they deem appropriate.

(4) In the event that the repealed program is a mandatory spending program, the level of spending for that program shall not be taken from the aggregate mandatory spending level then in effect under the Budget Enforcement Act or its successors, and the amount so retained may be used as an offset for program increases in other mandatory spending education, training and employment programs.

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GOVERNORS' BULLETIN

June 13, 1994

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NGA PRIORITIES

Governors Focus on Key Issues Before Adjournment

Nation's governors score important victories in Congress; more work ahead

The remaining legislative days of the 103rd Congress are passing rapidly and action still needs to be completed on a score of state issues from health care reform to regulation of Indian gaming.

NGA has won victories in several areas. States received major support from the administration and Congress on disaster relief funding, the North American Free Trade Agreement, exemptions from lobbying registration requirements, education issues, and the Safe Drinking Water Act.

In spite of the strict five-year spending limits and caps that were imposed by last year's deficit reduction package, the fiscal 1995 federal budget provides a fair amount of aid to state and local governments.

Despite these gains, however, the budget freeze could translate into low funding levels for the highway obligation ceiling and the crime bill.

NGA has been involved in legislation on health care, welfare reform, education, environmental issues, crime relief, transportation, the Uruguay round of the General Agreement on Trade and Tariffs (GATT), and the Indian Gaming Regulatory Act (IGRA).

NGA won some notable victories in education legislation. The governors managed to preserve a set-aside for the Drug-Free Schools program, to eliminate mandatory or enforceable opportunity-to-learn standards, and to gain state leadership in school-to-work programs.

The following areas will be receiving special attention from NGA in the final days of the 103rd Congress.

Health Care Reform

Colorado Gov. Roy Romer and Wisconsin Gov. Tommy G. Thompson, co-chairs of NGA's Health Care Leadership Team, continue to negotiate with Congress on health reform issues affecting states.

Although members of Congress have expressed hopes of obtaining agreement on before the July 4 recess, progress on the enactment of national health care reform has been slow and a middle ground has yet to emerge.

NGA hopes to achieve progress in three areas of health care reform. First, the governors are urging the administration and Congress to pass health care legislation that includes insurance reform, state-organized purchasing cooperatives, core benefits and access, low-income subsidies, and caps on the tax deductibility of health care premiums. Second, NGA is calling for health care costs to be brought under control. Finally, NGA wants the barriers created by current federal statutes removed.

Welfare Reform

The staff advisory council of NGA's Welfare Reform Leadership Team, has been involved in frequent consultations with the administration to influence the development of its welfare reform plan.

Governors have been surveyed twice in the past six months to solicit their comments on key issues in the proposal and those survey results have been an important part of the team's discussions with the administration.

Continued on page 2

ANNUAL MEETING

Governors to Discuss Health Reform

The governors' active role in the national debate on health care reform continues at NGA's Annual Meeting July 16-19 in Boston, Mass.

During the meeting's opening plenary (*see agenda, page 2*) the governors will discuss the impact of national health care reform on the states and low-income subsidy program alternatives in a reformed health care system.

The governors also will focus on unfunded mandates, education, welfare, criminal justice, environment and risk assessment, and trade issues.

The meeting will include an exhibition of state-of-the-art technology applications used by states to deliver services. ■

Early Registration Deadline Approaches

Annual Meeting attendees have until June 15 to take advantage of special lower registration fees. Also, June 27 is the last day to mail advance registration and payment forms to NGA's Registration Center. After June 27, attendees should register on site.

For more information, call 202/624-5966.

In this issue . . .

Draft
6/24/94

Short Term Consolidation Options

The following short-term options could be included as part of a legislative package to address the immediate goal of employment and training program consolidation. These options would constitute the down payment on a commitment to adhere to a phase-by-phase strategy for reforming the employment and training system.

Develop a list of the top employment and training administrative improvements
Pull together a package of legislative changes in the short term, and require the Secretaries of Labor, Health and Human Services and Education to recommend to Congress and the President in the long term, changes to accelerate the development of:

-- uniform reporting requirements and eligibility criteria where populations overlap, and

-- common reporting terms and program operating cycles

These measures would help to remove barriers to coordination, service integration and streamlining; enhance program planning and oversight capability at the Federal, state and local levels; and allow for more effective program evaluation.

Create bottom-line waiver authority
A bottom-line waiver pilot program could be established that:

-- creates a competitive grants process that encourages States to drive system reform and to consolidate programs at the local level, starting with leading edge states and localities.

-- allows states and localities to strategically trade-off the obligation to meet higher standards of accountability in exchange for greater flexiblity and control over *how* improved outcomes are achieved.

-- requires the Administration to establish an expedited, interagency waiver approval process.

Establish a Human Resource Development Board
Two approaches are:

Authorizing a temporary Board to:

- conduct a study and issue a report with a set of recommendations to bring about additional reforms for a more consolidated employment and training system.

- require the President to submit reform proposals in his FY 1996 budget package.

Empowering a permanent Board to:

- continously recommend improvements in the employment and training system and to monitor and report on progress made.

- oversee, monitor and improve programs and potentially act as a "one-stop" for federal waiver requests.

Repeal unfunded authorities
A two-step process could include, for example:

- pulling together an initial legislative package that would immediately repeal authority of appropriate unfunded employment and training programs. This package could include selected Department of Labor and Department of Education programs.

- requiring all Federal agencies to compile a list of unfunded employment and training programs for inclusion in the President's FY 1996 budget request.

Promote accountability for training program quality
Specific measures could include, for example:

- Establishing a Cabinet-level interagency working group to develop a package of uniform outcome indicators, related to factors like proportion of graduates attaining skill certificates and "post-graduate" wage data. This core set of outcomes would set the stage for consistent comparison; it could be supplemented with measures related to specific program purposes.

- beefing up sanctions for nonperformance while rewarding exemplary performance to institutionalize the concept of continuous program improvement.

-- collecting, maintaining, and providing labor-market information in user-friendly ways, including data related to program performance.

Create Street Level Consolidations.
Possible options include:

-- expanding the list of mandatory programs under one-stop.

-- extending the oversight responsibilities of Workforce Investment Boards (WIBs) to include programs that are not under one-stop as well as programs that are. The WIB's authority over a program would vary depending on whether or not the program is part of one-stop.

Stimulate State-level administrative consolidation
Provide incentives to encourage states and localities to consolidate administrative responsiblities for efficiency, to shift administrative resources into program resources, and, if possible, to improve program effectiveness. For example:

-- The Governor of each state could combine administration of all training programs operating through the agency or agencies that can best deliver the service.

-- Conduct a national evaluation of the state-level administrative consolidation to assess its impact on program effectiveness and efficiency. Evaluation finding would be reported to the Congress or to a Federal Board or Commission for action.

Support research, development, and application of new technologies to unify disparate programs such as:

-- distance learning
-- interactive learning methods
-- interactive job-match services
-- software that facilitates program entry

COMMON REPORTING TERMS AND FUNDING CYCLES

Background

As required in the Job Training Reform Amendments of 1992, the Departments of Labor, Health and Human Services, and Education are nearing completion of a report to Congress on "Core Data Elements and Common Definitions for Employment and Training Programs". It is a modest first step toward addressing the problem of lack of common terms and definitions in employment training programs. The report identifies 40 terms for client characteristics, program services, and outcomes that are common to two or more programs and recommends a consolidated, standard definition for each. There is also a discussion of some of the expected benefits of adopting common terms and definitions. The report recommends further attention to problems of policy and legislated inconsistencies, as discussed below. In a separate effort, work has begun to isolate inconsistencies in legislation across key terms used in statutes for eligibility determination and identified in attached list. This report should be ready in Fall 1994.

Problem of Inconsistent Terms and Program Operating Cycles

Differences in program terminology, eligibility requirements and funding cycles have evolved in part due to differences in client populations, services and program goals and objectives. Even among programs providing similar services or serving the same target group, determining who is eligible for which program is a complex process that confuses clients and frustrates administrators. Additionally, differences in program terminology and funding periods inhibit cost-efficient ways of planning, managing and overseeing inter- and intra-agency operations. For example, matching available funding with estimates of the number of those seeking assistance is problematic when operating cycles do not coincide. Because key definitions relating to the determination of program eligibility and the timing of program funding cycles originate in legislation, moving towards common terms will require not only statutory changes but also agreement on the purposes and goals of workforce policy.

Rationale for More Definitional Consistency

The reporting and performance management functions are an integral part of program operations. Without greater consistency in terminology used to determine eligibility, report on client services and program outcomes, and in the timing of funding cycles, reinvention initiatives and GPRA may push agencies into setting up discrete accounting/tracking systems and conflicting program outcomes which may undermine the Administrations's integrated workforce strategy.

Need for Ongoing Centralized Review of MIS/Program Outcomes

MIS and performance management plans are being developed by each agency to respond to GPRA and NPR deadlines within the next year. These plans should be reviewed centrally to ensure greater consistency in performance measurement and reporting among programs with similar functions and/or populations. At a minimum there should be consistent reporting among programs supporting the Administration's initiatives such as school-to-work transition, worker retraining, welfare reduction and economic self-sufficiency.

Requiring the Secretaries of Labor, Health and Human Services, and Education to reconcile differences in the definitions used in key reporting terms, criteria used in determining eligibility and the timing of funding cycles among programs serving similar populations will help to:

Remove barriers to coordination, service integration, and streamlining

- Encourages cross-training of staff and promotes data exchange on clients among programs and integrated MIS
- Reduces duplicative agency efforts in recordkeeping, staffing and resources, and promotes operational efficiency (increased co-location of facilities or outstationing of staff)
- Improves joint inter-agency planning to ensure that needed resources to serve similar clients are available

Enhance program planning and oversight capability at the Federal, state and local levels

- Improves comparisons across programs and permits for the first time assessing program duplication--either in the populations they serve or the services they provide

Eliminate unnecessary barriers to efficient customer service

- Simplifies eligibility determination, expedites client referrals to/from other agencies, shortening "lead time" in receiving services
- Promotes joint intake and eligibility determination, joint assessment, case management and enhanced referrals to training and services, joint job development and placement services, which together will provide customers with more efficient and comprehensive access to information about available needed services

Promote integrated client tracking and referral systems

- o Increases in-house evaluative capability and communication among agency staff

- o Creates incentives for programs to coordinate by permitting shared credit for client outcomes

- o Improves tracking of full complement of services received by clients and the outcomes they achieved

Recommendations

<u>**Short-Term Option**</u>

Issue Glossary of Most Frequently Used Terms in Federally-Funded Programs

- o Expedite Report to Congress including glossary of 40 most frequently used data elements in federal job training and education programs (to be finalized in late July) which includes the least controversial terms relating to participant characteristics, program services and selected outcomes that are not now statutorily defined.

- o Use executive authority (e.g., Executive Order or OMB circular) to promote federal compliance with glossary.

- o Authorize the Office of Management and Budget to oversee glossary terms are being utilized in any new administrative reporting.

Develop Common Definitions for Least Controversial Statutorily Defined Terms

- o Achieve consensus on definitions of least controversial program status terms that are statutorily defined. These include:

  - participant/participation
  - terminee/termination
  - case closure
  - applicant
  - enrollee
  - inactive/active status

- Waive relevant statutory provisions in JTPA, Family Support Act, Food Stamps, Wagner-Peyser, Adult Education, Higher Education, and Carl Perkins to conform to these definitions.

- Require Departments of Labor, Agriculture, Health and Human Services and Education to adopt these terms in reporting requirements within one year.

Build Consensus Around More Controversial Terms Relating to Eligibility/Funding Cycles

- Secure inter-departmental consensus on "big ticket" terms dealing with eligibility, funding cycles, and remaining target groups/outcomes in the fall. Utilize current inter-departmental workgroup to develop options.

<u>Long-Term Option</u>

- After agreement is reached, the Secretaries of Labor, Agriculture, Health and Human Services and Education will recommend to Congress and the President (1) uniform federal definitions for those terms used in determination of program eligibility, (2) a common process for determining the income of participants, (3) consistent, expanded reporting requirements, and (4) uniform funding/operating/ reporting cycles. See attached list of "candidate" terms which are included in determining income eligibility across programs. Impose a one-year deadline to reach consensus among participating departments and programs on which terms should be standardized and their definitions.

- Require regulatory changes to promulgate definitions conforming to the standardized federal definitions developed.

- Authorize the respective Secretaries to develop data systems that (1) conform to federal and state privacy guidelines and confidentiality safeguards, (2) where appropriate, utilize consistent personal identifiers (social security numbers), and (3) incorporate the uniform federal definitions, standard income-determination terms and process, and uniform funding/operating/reporting cycles for purposes of program evaluation and inter-program accountability. A 3-year deadline should be imposed to allow for full implementation with state and local program partners.

Terms to be Considered for Standardization

The report to be prepared by the Secretaries would go beyond the non-controversial terms proposed for immediate inclusion in statute. At a minimum, the issue of consistency in funding cycle (Calendar Year? Program Year? Fiscal Year?) must be addressed, as well as the following terms:

- personal income
- family
- family income
- economically disadvantaged
- placement
- employable
- literacy
- target groups (dropout, displaced homemaker, at-risk, basic skills deficient/educationally disadvantaged, etc.)

Forty Most Frequently Used Data Elements in Federal Job Training and Education Programs

Demographic Elements:

Social Security Number
Date of Birth
Gender
Race/Ethnicity
Disability Status
Education/Highest Formal Grade Level at Entry
Degrees/Credentials at Entry
Labor Force Status at Entry
Scheduled Hours of Work per Week (If Employed)
Homelessness
Veteran Status
Receiving Public Assistance (Federal, State, or Local)
Long-Term AFDC Recipiency

Services Received:

Assessment/Testing/Counseling
Job Development/Job Search Assistance
Occupational Skills Training (Non-OJT)
On-the-Job Training (OJT)
Work Experience
Job Readiness Training
Basic Skills Education through 8th Grade Level
Basic Skills Education at Secondary (Grades 9-12) Level
English as a Second Language
Postsecondary Academic (Nonoccupational) Education
Supportive/Supplementary Services

Activity Completion:

Completion of Occupational Skills Training (Non-OJT)
Completion of On-the-Job Training
Completion of Work Experience
Completion of Job Readiness Training
Completion of Basic Skills Education through 8th Grade Level
Completion of Basic Skills Education at Secondary (Grades 9-12) Level
Completion of English as a Second Language
Completion of Postsecondary Academic (Nonoccupational) Education
Reason for Not Completing Planned Service(s)

Program Outcomes:

Advanced to Higher Level Education or Training
Attained Additional Degree/Credential
Assessed Learning Gain in English as a Second Language
Assessed Learning Gain in Basic Skills
Entered Unsubsidized Employment
Entered Subsidized Employment

Employment Descriptors:

Scheduled Hours of Work per Week
Earnings (Hourly Wage or Annual Salary)
Occupation

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WAIVER-BASED INCENTIVES FOR STATES TO ACHIEVE CONSOLIDATION

BACKGROUND

The regulatory and statutory requirements of categorical programs can be a significant barrier to achieving better outcomes for those served and to building a more integrated education and training system locally. The operating flexibility available through waivers can improve outcomes, enhance program services, and spur innovations in program design. Under a "bottom-line" waiver program, states and localities trade-off the obligation to meet higher standards of accountability and to accept more stringent sanctions for under-performance for greater flexibility and control over how improved outcomes are achieved.

"Bottom-line" waiver authority has two key advantages in overcoming the barriers that categorical programs present. First, it grants broad flexibility in using Federal resources to **improve customer outcomes** and gives States and localities **more control over the rules that govern program operations**. Second, it is **an approach to reform that changes the system at the point where services are delivered**. It enables states and localities to design a system that is unified from the customer's perspective even though it continues be funded along categorical lines.

FRAMEWORK FOR "BOTTOM-LINE" PILOT PROGRAM

Scope

Initially, the waiver-based strategy would be tested on a pilot basis. Although there is a general consensus that the proliferation of categorical job training programs is a problem, there is little agreement as to how they should fit together as a part of a coherent strategy. The purpose of the pilot program would be to test and evaluate, in a select number of States and communities, a diverse set of comprehensive strategies to develop integrated education and training systems.

Decisions will be required that define the scope of the pilot program. These decisions include whether the program should be:

- Targeted (say, on the economically disadvantaged) or more universal.
- Include grants to states and localities. Grants could instrumental in planning the waiver program, funding system-building costs, or as a reward for outstanding performance.
- State-wide, or focused on regional or local sub-state areas.

If targeted on the economically disadvantaged, programs within the scope of the program's waiver/grant authority could include JTPA Title II, JOBS, Food Stamp Employment and Training, Job Corps, Migrant and Seasonal Farmworkers programs, and Senior Community Services programs.

If implemented as a universal bottom-line program, the pilot could authorize waivers/grants for the above programs as well as consolidated dislocated worker services, the Employment Service, UI, the Veterans Employment program, Carl Perkins Vocational Education and Applied Technology grants to States, and Adult Education programs. Appropriate learning programs sponsored by HUD, the Department of Veterans Affairs and the Department of Agriculture could also be included.

General Program Framework

To be eligible for waivers/grants, the State and/or locality would submit an application specifying the package of waivers/grants requested and the Federal programs affected by the request. The application should also specify what operational and administrative changes will result from approval of the request and what program innovations will be initiated. The application should show how these operational, administrative and program design changes are connected to improved outcomes for those served. Specifically, the application would indicate what outcomes for participants will be achieved through the new strategy.

Each waiver would be limited to 2 years, with extensions possible for up to 4 years if effectiveness is demonstrated. The pilot program would be limited to no more than 6 "leading edge" States that are willing to commit to high standards of accountability and that have the experience, capacity and leadership needed for success.

Federal guidelines would provide a framework for state and local choice about what waiver/grant packages would be sought while maintaining **maximum state and local discretion in proposing specific approaches.** The guidelines would require applications to show how:

- Waiver/grant packages **maintain the basic purpose and standards** -- eligibility, labor, wage, health and safety, and civil rights standards -- of affected programs.

- Similar regulatory and statutory provisions under State law have been waived.

- Waivers/grants will have a **direct effect on improving outcomes** for those served that cannot be achieved without waivers,

- States and localities will develop a strong partnership among education and training institutions, labor and the private sector employers. A strategy that does not involve all partners will not be sufficient to support approval of the application.

- Waivers/grants would be **used strategically** to improve "bottom-up" consolidation and coordination. (Waivers requests targeted on solving ad hoc problems that are unrelated to improved outcomes, system-building or program innovation would not be approved),

  ** One strategic use of waivers/grants would be in connection implementing a State-wide network of One-stop Career Centers or similar institutions that provide a focal point for consolidation and coordination.

- States and localities would resolve review and governance issues. For example, what would be the role of local governing bodies such as Private Industry Councils and School Boards in planning and managing the pilot program? What state-level review and oversight mechanisms are envisioned?

- States and localities would work to **achieve continuous improvement** in local system consolidation, coordination and outcomes.

In general, the criteria for approving waivers will be consistent with the criteria established under the School-to-Work Opportunities Act.

Guidelines related to information needed for management, performance measurement and accountability, and evaluation would give great weight to:

– **Participation in an independent impact evaluation** of program effectiveness.

– **Uniform performance measures/standards**, including those related to customer satisfaction.

– **Common information elements**–including common information and reporting systems, common terms and definitions, and common cost categories and cost limitations to the extent practicable.

– **Standards for certification of education and training** providers, including standards keyed to customer feedback.

Federal Coordination

A Federal Human Resources Board to expedite review and approval of waiver/grant requests is key to effectively managing the pilot program. Such a Board has been proposed to expedite decisions on waivers in connection with One-stop Career Centers under the Reemployment Act of 1994.

The Board could be expanded to become a forum for coordinating all aspects of Federal policy affecting pilot programs. Its membership could include the Secretaries of Labor, Education, Health and Human Services, Housing and Urban Development, Veterans Affairs, Agriculture and Defense.

ISSUES

The pilot program raises issues that need to be resolved in refining its structure. They include:

– **How will funding integrity be maintained under a universal "bottom-line" program?** Categorical programs, in part, reflect the need to maintain a minimum level of funding and service for groups that are vulnerable. Ways need to be identified to protect the interests of vulnerable groups if a bottom-line pilot proposes to merge program funding streams or to manage the program in such a way that significant shifts in the level of service provided among groups is likely to occur.

- **How will problems associated with overlapping Congressional committee jurisdiction be resolved?** The problem of Congressional committee jurisdiction increases as more programs are included in the scope of bottom-line grant authority. The problem can affect the scope of the pilot program that is feasible.

– **What effect will other waiver-granting "programs" have on the pilot?** Legislation authorizing empowerment zones, the proposed National Competitiveness Act, and the proposed Community Assistance Flexibility Act are examples of potentially competing waiver-granting programs that would need to be coordinated with the pilot program. In the evaluation study, for example, it would be important to distinguish the effects of DOL-based waiver program from the effects of other related programs.

  One option is to permit states and localities to submit a unified waiver application. Under this option, the need for a review body to expedite and coordinate approval of applications becomes more critical and its task more complex.

– **How can the pilot program be used as a framework for developing a coherent workforce strategy similar to the School-to-Work opportunities Act?** Providing such a framework would help to encourage States focus on the key objectives and rationale for bottom up consolidation.

Draft
6/24/94

Create a Human Resource Development Board

Establish a Cabinet-level Human Resource Development Board to study the employment and training system. The Board could be permanent or temporary.

Option One: Empower a new permanent Board to oversee, monitor and improve programs and potentially to act as a "one-stop" for federal program waiver requests.

The Board would serve as the focal point for recommendations for continual administrative adjustments in reporting and eligibility requirements, performance standards and program consolidations.

A. Board Composition:

1. The Human Resource Development Board which would be composed of the Secretaries of Education, Labor, HHS and Defense. As currently proposed, it would be established by Executive Order and would function as a sub-group of the NEC and DPC.

B. Potential responsibilities and functions include:

1. Administrative Authority
Making final decisions on administrative improvements to the employment and training system, including reporting and eligibility requirements, performance standards and common definitions.

2. One-Stop Waiver Authority
Granting state requests for waivers on rules governing a wide range of federal employment and training programs. The goal would be to offer as broad waiver authority as possible in exchange for states and localities committing to specific results.

3. Planning and Oversight Authority
Requiring the Board to produce an annual plan and proposal for employment and training system improvements that will promote more integrated and coordinated systems while preventing overlap. The Board would also serve as a watchdog over the employment and training system with the authority to issue penalties for nonperformance, reward outstanding programs and to report annually on progress and improvement.

3. Consolidation and Program Elimination Authority
   Streamlining, consolidating, or eliminating employment and training programs where overlap exists or where programs are ineffective or unworkable. For example, if the Board or saw fit, it could merge the JOBS and JTPA programs into one program housed in the agency they deemed appropriate.

C. Additional requirements could include:

1. Requiring the Board to produce a package of detailed legislative and administrative changes for both long and short term reform.

2. Requiring the President to submit consolidation and reform proposals in the federal budget each year as part of a continuous improvement effort.

3. Requiring the Board - or the President - to annually report on the progress of reform and the performance of employment and training programs.

Option Two: Create a temporary Human Resource Development Board to study the employment and training system and submit recommended statutory and administrative improvements to the President within one year.

The Board would make recommendations on general system reform, as well as specific improvements such as uniform eligibility and reporting requirements, performance standards, sanctions for nonperformance and program consolidations.

Draft
6/15/94

Repeal Unfunded Authorities

Follow a two-step process to repeal authorized federal employment and training programs that are no longer funded or are no longer needed:

Short-Term Option
Pull together an initial legislative package that would immediately repeal authority of unfunded employment and training programs. Eliminating programs that are no longer needed or have already served their purpose is part of a down payment that demonstrates commitment to a phased-by-phase effort to reform the employment and training system

Attached is a list of Department of Labor programs that are currently unfunded (although not necessarily proposed for elimination) and 33 funded Department of Education programs proposed for elimination.

Medium-Term Option
The next step would require the President to instruct all Federal agencies to compile a list of unfunded employment and training programs for inclusion in the President's FY '96 budget request.

Department of Labor Unfunded Authorities

- o Displaced Homemakers Self-Sufficiency Assistance Act -
  Provides assistance to States so they provide coordination and referral services, support service assistance, and program and technical assistance to displaced homemakers and displaced homemaker service providers. Funds for the Displaced Homemakers Self-Sufficiency Assistance Act have never been requested nor have funds been appropriated. As a result participant and performance data does not exist.

  Senator Howard Metzenbaum and Representative George Miller sponsored the bill, which was enacted in 1990.

- o Jobs For Employable Dependent Individuals Incentive Bonus Program (JEDI) -
  Provides to participating States an incentive bonus for providing job training to:

  - absent parents of children receiving aid to families with dependent children who pay child support following training;

  - blind or disabled individuals receiving supplemental Social Security income who find a job following training.

  Funds for JEDI have never been requested nor have funds been appropriated. As a result participant and performance data does not exist. Senator Kennedy and Representative Martinez sponsored the bill, which was enacted in 1992.

- o Airline Employee Protection Program
  Provides for 72 months of unemployment benefits and rehire protection for employee wholly or partially employed and rehire protection for employees unemployed or otherwise adversely affected by Airline Deregulation Act of 1978. Funds for The Airline Employee Protection Program have never been requested nor have funds been appropriated. As a result participant and performance data does not exist. Certifications have been pending with the Department of Transportation since the early 1980's. However, no certifications have been approved.

- o Redwoods National Park Act of 1978
  Provides benefits to workers dislocated by the 1978 expansion of the Redwood National Park including dislocation allowances, severance pay, health and welfare benefits, and pension benefits. 5,900 people participated in the program over its lifetime. The program has now ended. $142 million was appropriated over the life of the program. The last appropriation was in FY 1993, when $250,000. No additional funding is needed for this program. Performance data is not available.

Programs Proposed for Repeal (85)

Adult Education Act
- English Literacy Grants
- Education for Commercial Drivers

Hawkins-Stafford Elementary and Secondary School Improvement Amendments of 1988
- Fund for the Improvement and Reform of Schools and Teaching *
- Education for Native Hawaiians *

Carl D. Perkins Vocational and Applied Technology Education Act
- Community-based Organizations *
- Consumer and Homemaking Education *
- Business-Labor-Education Partnership for Training
- Supplementary State Grants
- Lighthouse Schools
- Bilingual Vocational Training *

Elementary and Secondary Education Act
- Secondary School Programs for Basic Skills Improvement and Dropout Prevention and Reentry *
- Foreign Languages Assistance *
- Presidential Awards for Teaching Excellence in Foreign Languages
- Allen J. Ellender Fellowship Program *
- General Assistance to the Virgin Islands *
- Territorial Teacher Training *
- Alternative Curriculum Schools
- National Geography Studies Centers
- Instruction on the History and Principles of Democracy In the United States
- Ready to Learn Television
- Drug-Free School Zones Demonstration
- Assistance to Address School Dropout Problems

Excellence in Mathematics. Science and Engineering Education Act of 1990
- Robert Noyce Scholarships
- National Academy of Space, Science, and Technology

Higher Education Act
- Articulation Agreements
- Access and Equity to Education for All Americans Through Telecommunications
- Academic Libraries and Information Services *
  -Includes College Library Technology, Library Education and Training, Research and Demonstrations, and Research Librariesgram

* Funded in FY 1994, but proposed not to be funded in FY 1995. Additional programs proposed for zero-funding are Gallaudet University Construction and Civic Education.

- National Student Savings Demonstration Program
- State Student Incentive Grants *
- Special Child Care Services for Disadvantaged College Students
- Work Colleges
- Training in Financial Aid Services
- State and Local Programs for Teacher Excellence
- National Teacher Academies
- Teacher Corps *
- Alternative Routes to Teacher Certification and Licensure
- Class Size Demonstration
- Middle School Teaching Demonstration
- New Teaching Careers
- National Mini Corps
- Foreign Language Instruction
- Small State Teaching Initiative
- Faculty Development Grants
- Early Childhood Staff Training and Professional Enhancement
- Periodicals and Other Research Materials Published Outside the United States
- American Overseas Research Centers
- Improvement of Academic and Library Facilities
- Authority to Make New Construction Loans for Academic Facilities
- Forgiveness of Certain Loans
- Cooperative Education *
- Women and Minorities Science and Engineering Outreach
- Dwight D. Eisenhower Leadership Program *
- Assistance to Guam *

Higher Education Amendments of 1992
- American Indian Postsecondary Economic Development Scholarship
- American Indian Teacher Training
- National Job Bank for Teacher Recruitment
- National Commission on the Cost of Higher Education
- National Clearinghouse for Postsecondary Education Materials
- School-based Decisionmakers
- Olympic Scholarships
- Advanced Placement Fee Payment

Follow Through
- Follow Through *

Indian Education Act of 1988
- Grants to Local Educational Agencies for Demonstration Projects
- Evaluation and Technical Assistance
- Gifted and Talented

Library Services and Construction Act
. Public Library Construction *
. Foreign Language Materials Acquisition
. Library Literacy *
. Evaluation and Assessment
. Library Learning Centers

National Writing Project
. National Writing Project *

Omnibus Trade and Competitiveness Act of 1988
. Educational Partnerships Program
. Technology Education Demonstration

Partnerships in Education for Mathematics, Science, and Engineering
. Partnerships in Education for Mathematics, Science, and Engineering

Rehabilitation Act of 1973
. Vocational Rehabilitation Services for Individuals with Disabilities
. Loan Guarantees for Community Rehabilitation Programs
. Comprehensive Rehabilitation Centers
. Reader Services for Individuals Who Are Blind
. Interpreter Services for Individuals Who Are Deaf
. Model Transition Grants

Robert A. Taft Institute
. Robert A. Taft Institute

Warren G. Magnuson Foundation
. Warren G. Magnuson Foundation

Gallaudet University
. Gallaudet University Construction

Civic Education
. Civic Education

Performance Accountability in Federally-Funded Human Resource Programs

<u>Background</u>

o **Ambiguity in measuring program accomplishments.** Human resource development programs share a common mission and purpose -- to improve an individual's self-sufficiency through increased employment, earnings, attainment of academic credentials, or reduced welfare dependency. Yet, there is considerable ambiguity in how each program measures the attainment of these goals. Improving accountability across Federal human resource programs will remain problematic until program accomplishments are simply and consistently measured.

o **The role of the States in program accountability.** Where program management rests primarily with State (or local) entities, there appears to be a greater emphasis on process-oriented measurement, such as participation rates. In this context, Governors and State/local officials are more likely to view oversight in terms of ensuring that eligibility requirements are met, rather than seeing that good program results are achieved. Where there are no financial incentives to be gained or lost through a minimalist approach to program management, States or localities are unlikely to engage in anything more than minimal compliance behavior.

o **Customer characteristics.** Most federally-funded human resource programs serve similar groups of customers and establish service priorities based on some determination of need. Therefore, accountability measures should assess how well programs are meeting both service level objectives and performance expectations.

<u>Issues</u>

There are a number of State efforts underway pilot testing more comprehensive, cross-cutting approaches to performance management in the area of workforce development. One such effort supported by the National Governors Association involves six States (Illinois, Iowa, New York, North Carolina, Texas and Washington). Over the next 15 months, this project will be exploring ways to achieve statewide systemic reforms in overcoming barriers to coordinated service delivery.

Since Federal initiatives will require considerable cooperation from States, federal policies might benefit from a review of these State experiences and any recommendations from the NGA project. Additionally, further work is needed to design more consistent measures of learning gains and to relate such gains to literacy and skill needs in the workplace. Measures of learning gains need to be tied to national educational goals, workplace literacy objectives and occupational skill standards which will take several years to develop. Therefore, this initiative needs to be placed on a much longer-term track.

<u>Short-term Recommendation</u>

Require Secretaries of Labor, Education and Health and Human Services to examine their current planning, reporting and monitoring systems to ensure they have the following basic principles of a systemwide performance management:

o Shared goals and objectives need to be identified across human service programs, and shared credit for relevant outcomes be given when appropriate. Common outcomes which support and promote these goals and which reflect desired policy should be emphasized.

o To insure full reporting of program accomplishments, and to facilitate information sharing among programs, **relevant** outcome measures should be included in every program's management information system. However, not all outcomes need to be included in every system. For example, welfare reduction might not be an appropriate outcome for Department of Education programs.

- The statute should require the Secretaries to develop ways of accessing and appropriately utilizing administrative records such as unemployment insurance wage records, welfare records, and school records, ensuring privacy and confidentiality safeguards.

o To institutionalize the concept of continuous improvement, performance management policies should include monitoring program performance results at least annually. Results need to be formally communicated to programs, so that programs with receive feedback on how they did relative to benchmarks. Good results should be highlighted. Those with poor results should also be identified to determine what caused underperformance, and corrective actions to be undertaken:

- initial underperformance would, at a minimum, require the initiation of technical assistance and the development of a corrective action plan.

- persistent underperformance (i.e., time period should be made explicit) would trigger a sanction.

- Exemplary performance should also be identified and recognized through monetary rewards or departmental certificates of achievement. Recognition and compensation for good performance provides necessary incentives for programs to continue to promote established goals and objectives.

o Standardize reporting terms, forms and cycles used across programs that serve similar populations and/or functions.

Long-term Recommendation

The Secretaries should establish an interagency working group to explore the issue of uniformly measured learning gains related to the national literacy and skills standards efforts currently underway. Such outcomes may include the attainment of skills or literacy benchmarks tailored to each individual customer and anchored in future national skill standards.

State-level Administrative Consolidation

Provide incentives to states to allow administrative consolidations for efficiency, to shift administrative resources into program resources, and, if possible to improve program effectiveness.

Many state agencies now exist because of federal laws requiring "single state agency" administration, or other limits on state flexibility. In most states, separate state offices administer adult education, vocational education, and job training for youth. Numerous state offices, all protecting their turf and authority, have resulted in a lack of coordination and a waste of resources for administration.

Top-down efforts at administrative consolidation have not been very successful. In the 1992 amendments to the Job Training Partnership Act, Human Resource Investment Councils were created to facilitate state-level coordination of education and training programs. However there was fierce resistance from various sectors, particularly from vocational education, to create such councils. As a result, very few states have established councils that are effectively operating.

In Administration's reauthorization proposal of ESEA, incentives have been offered to encourage states to consolidate administrative responsibilities of various federal programs for purposes of efficiency. A similar proposal that encouraged states to devise their administrative consolidation strategies could be offered.

Proposal

Governors may elect to combine the administration of all training programs operating through the same state agency,.or among two or more state agencies. Program goals, performance standards and outcome measures, as determined by the cognizant federal agency, would still have to be met, but any other administrative requirements (with the exception of civil rights and other individual safeguards) would be at the discretion of the governor.

- o Choice of programs for which to consolidate administration need not be because of common populations served or type of service, but rather because the governor determines which state entity can best deliver the service.
- o Saved administrative resources resulting from consolidation could be retained within the state and added to program activities.
- o A national evaluation of the state-level administrative consolidation would be conducted to assess its impact on program effectiveness and efficiency. Findings from the evaluation would be reported to the Congress (or alternatively to the

Human Resource Investment Board) to (1) determine whether to make the authority permanent or (2) amend the affected statutes to combine administration as the norm, regardless of current administering agency.

ID: JUL 12'94 21:23 No.005 P.01

FAX
EDUCATION BRANCH
OFFICE OF MANAGEMENT AND BUDGET

TO: Galston **FAX NUMBER:**

FROM: **BARRY WHITE**

DATE: 7-12- **TIME:**

NUMBER OF ATTACHED PAGES: 4

NOTES:

Our FAX Number: 202 395-4875
Voice Confirmation: 202 395-4532

July 12, 1994

To: Bill Galston
Paul Dimond

From: Barry White BW

Subject: The Kennedy Discussions

Attached the input call from Steve Spinner. Belle has it as well.

Reads to me like the principals need a candid discussion with LIttlefield/Kennedy about what the goal is here. What we had earlier discussed providing -- our June Vision draft shorn of program options, and then the "short term options" package -- would not seem sufficient to satisfy the appetite revealed in this memo.

attachment: Spinner to Loble/Takai July 11, 1994 rec'd 11:45 7-11

To: Leslie Loble
Ricky Takai

From: Steve Spinner

Date: July 11, 1994

Subject: Follow-up to July 8th Meeting

The purpose of this memo is to summarize the discussion we had last Friday so that we can maximize opportunities to coordinate the DOL/DOE/ OMB effort with the Kennedy/Kassebaum bipartisan job training reform and consolidation effort.

I. Overview

As you know, over the next two weeks we intend to complete work on a detailed outline of a Kennedy/Kassebaum bill. (Kassebaum's staff don't feel quite the sense of urgency that we do, but I am reasonably confident we can hit the deadline that Nick gave us).

The outline we are constructing closely follows the joint statement that Kennedy and Kassebaum made on the floor late last month It looks like the bill will consist of four (or possibly five) titles:

Title I Consolidation

Title II The Federal Role in Reforming Workforce Development Programs

Title III State Responsibilities

Title IV Local Responsibilities

Title V Private Sector Role and Responsibilites

Title V is something that Kassebaum's staff is interested in. They intend to consult with business leaders on this. We will keep you posted, but I think it is unlikely that they will figure out what they would want to include in a stand alone title on the private sector's role. We will push them to include the private sector piece within Titles II-IV instead.

In keeping with the design matrix which we have been widely circulating for comment (attached), it is likely that Titles II-IV will each consist of three parts:

a)- Building Blocks for Creating Infrastructure for a system (at fed,state, local levels)
b)- Provisions to encourage all three levels of govt to take a more systematic and strategic approach to workforce development policy
c)- Mechanisms to ensure continuous improvement of system performance

II Next Steps

In response to your offer "what can we do to help" we discussed the following points:

- ***Sharing more of the thinking of the "OMB Group" with us.*** It will be much easier for us to coordinate the Kennedy/Kassebaum effort with some of your longer range plans if we have more of an idea of where you are headed. We will, of course, treat all materials that you share with us as confidential.

- ***Respond to the Kennedy/Kassebaum survey by the July 18th deadline.*** The sooner that we have this information, the easier it will be for us to steer the discussion with Kassebaum away from mindless consolidation talks towards a more thoughtful approach to systemic reform (that also eliminates unncessary programs).. We all agree on the need to meet privately prior to the public release of this information to Kassebaum in order to ensure that it is presented in the proper context. I will also meet with key Labor Dem staffers to make sure we have a unified view of the spin we want to put on this data.

- ***Let us know your Department's positions on the attached matrix.*** By getting as many groups as possible on record in favor of thoughtful reform measures we can begin to marginalize some of Kassebaum's more extreme ideas. We also think this process might generate a lot of interesting ideas that could be discussed during hearings later this summer.. We are getting an enthusiastic response to this matrix, but many groups have also been asking us for your views. (As we have discussed on several occasions, we think that much of what DOL would like to accomplish through REA could fit within the different boxes on this matrix).

- ***Fill us in on the DOL labor market information project.*** All of the major consolidation/reform proposals on the table agree on the need for action on the LMI front. It is our understanding that DOL has had an internal LMI task force working on this for months. The more we know about what you are doing, the higher the likelihood that the Kennedy/Kassebaum bill will reflect your thinking.

- ***Give us some guidance on the issues of common definitions and funding cycles.*** These are issues that everyone agrees demand more attention. We would like to develop language to respond in an aggressive manner to this demand without setting you up to accomplish impossible tasks. In this context, your thoughts on the types of terms that can be standardized with some focussed energy and the types that aren't worth the political trouble would be welcome.

- ***Brief us on the findings of the BLS UI wage records report.*** Although we did not discuss this on Friday, we have discussed the potential importance of UI wage records towards establishing accountability for workforce development programs on many occasions. The 1992 JTPA amendments required BLS to submit a report to Congress on this topic by July 1, 1994. How are we doing? Can we get a sneak preview of these recommendations?

- ***Let us know if you are interested in helping us to do a break-out of the service develivery structure of major workforce development programs.*** We believe that such an analysis would be useful to help people think through how to achieve program integration (not just consolidation) at the street level. I will send you the "Directory of Workforce Development Programs" that we prepared in Massachusetts. Although it is somewhat crude, it proved to be an invaluable tool to help people get their arms around how all of these different programs actually operate in their regions. If this is something you are interested in helping us with, that would be great. If not, we may ask GAO to take a stab at it.

- ***Help us identify your counterparts at HHS.*** On several occasions we have expressed Senator Kennedy's concern about the lack of integration between the job training aspects of the Administration's welfare reform proposal and its other major workforce development initiatives. The cooperation between DOL and DOE on the difficult issues of program integration and systemic reform has been outstanding. How can we get HHS more in the loop? Doesn't it make sense to include them in our discussions as well as those of the OMB/DOL/DOE group?

In closing, I think that the rather general discussions that we have had over the past two months have been extremely useful. We all now seem to agree that the issue of consolidating workforce development programs is of serious concern to many members of the Senate on both sides of the aisle (including my boss). Our challenge is to respond to these legitimate concerns in a progressive manner. Accordingly, now that we are approaching crunch time in developing a bill it makes sense for our discussions to get much more specific so that we can ensure that the Kennedy/Kassebaum effort is as close to the Administration's thinking on these issues as possible.

cc Nick, Sarah

July 30, 1994

Note for: Belle Sawhill, Bernard Martin, HR staff, Dan Chenok
Bill Galston, Paul Dimond

From: Barry White BW

Subject: Notes of the Meeting on Kennedy/Kassebaum, July 28, 1994

Attending: DOL: Glynn, Loble, Ross, Palast; ED: Longanecker, McNeill, Takai; WH: Dimond; OMB: Sawhill, White; Kennedy staff: Littlefield, Spinner, Fox, Nilson; NCEP: Carnevale.

Agenda; preliminaries. Tom Glynn distributed an agenda (attachment #1) and two pieces identifying Administration efforts on consolidation and streamlining to date (attachment #2), and the House appropriations committee's recitation of terminations they did (attachment #3).

- Of the legislative proposals, a brief summary was given of Kasich/Zeliff, an about to be introduced bill that combines 90 programs into block grants, is said to save $7 billion over 5 years, and repeals the .2% FUTA tax.
- Paul Dimond noted that the VP has asked Carol Rasco to look into how the Federal government can help States like Oregon ("Oregon Benchmarks") consolidate programs and streamline activities.
- Tony Carnevale described three upcoming reports (that we should get):

  -- An examination of the experience of 12 States with Human Resources Investment Councils.
  -- An examination of planning processes for training programs.
  -- A book of descriptions of the training programs of DOL, ED, and HHS. DOL and HHS should be done the week of 8/1.

Status of Kennedy/Kassebaum

Spinner described Kennedy's desire to "get out front" on the consolidation issue, noting that most of the bills introduced to date are Republican bills.

He has a more detailed outline (attachment #4) of provisions of the bill he and others are drafting.

His bill has a bit of unspecified consolidation and all the notions discussed at previous sessions: common definitions and measures, some kind of commission, grants to "leading edge" states, one-stops, better management information and labor market information, accountability mechanisms, enhanced Federal, State, and local cross-program planning.

The approach is a much more elaborate form of the Bush approach: make significant improvements in the programs, but do not disturb the basic major program structures. Littlefield continues to affirm that they will not do anything that may do violence to a larger Administration initiative for next year.

Specifications on title II-IV have gone to Legislative Counsel; options for title I to the Kassebaum staff. Title V on Private Sector Involvement and Responsibilities has no content yet. Spinner hopes the Kassebaum staff will come up with something here, in addition to the Gunderson approach of loans to businesses to finance training. (This is Sallie Mae's notion, too, but they were not mentioned).

Political landscape

Nick restated Kennedy's insistence that the bill be bi-partisan and noted that Kassebaum's cooperation seemed genuine and should bring other Republicans along. So far, only Durenberger and Jeffords are definitely interested, but Spinner believes others will sign on.

Nick wants a bill introduced by the August recess (which he believes will be around August 19th) so he can schedule hearings in September. Then if the House really produces a bare bones REA bill and sends it over, the Kennedy/Kassebaum consolidation bill with as much of REA as possible may be able to pass and meet it in conference. While actual passage is not very likely this Congress, the ground work will be in place for a more ambitious bill with the Administration for next Congress.

Neither Kennedy staff nor DOL know what the House is writing.

Kassebaum is convinced she can beat REA on the merits as well as the politics. Senator Mitchell will not bring REA up by itself. Spinner believes the business community and the States will support the consolidation bill, and will bring many Republicans along.

Administration process

Belle described our process and working Principles. Littlefield noted that Spinner's bill had nothing on technology and needed it. Also nothing on incentives for individuals or the income support side. Spinner agreed to get something in on the former. On financing of training or income support, he said he has no background on student aid or UI and would welcome help. They had not thought of the "lifelong learning" notion, nor of the income contingent repayment aspect of student loans, which I brought up.

Littlefield asked about HHS role and was told of their membership on the full ETR group and contact at the ACF level. Belle will work out appropriate contacts.

Next Steps

Spinner will get bill drafts and other materials in hand by mid to late week of August 1 to the Administration to react to.

Loble (DOL), Takai (ED) and White (OMB) were identified as the staff contact points to receive materials and to meet with Spinner. Nick sought commitments for three meetings a week beginning next week. No firm dates were set, but all agreed to whatever meeting schedule was needed to maintain close contact.

attachments

Attachment #1

Agenda
July 28, 1994

I. Inventory and Updates

A. Proposals
1. Clinton FY 1995 Budget
2. Clinton FY 1996 Budget
3. Goodling
4. Kennedy/Kassebaum
5. Kasich/Zeliff
6. Gunderson
7. Andrews/Weldon Waiver Request Board
8. NCEP

B. Studies and Policy Review
1. GAO Report (Simon) "Service Delivery"
2. GAO Report (Hatfield) "Administrative Costs"
3. GAO Report (Kassebaum)"Program Effectiveness"
4. GAO Report (Harkin) "Program Efficiency"
5. GAO Report (Kennedy) "125 Training Programs"
6. Chief Economist and ETA Policy Review of JTPA
7. Vocational and Adult Education Acts Reauthorization Planning

C. Hearings
1. House Government Operations - 8/4/94
2. House Government Operations - 3/10/94
3. Senate Labor and Human Resources - 3/10/94

D. Oregon Benchmarks

II. Short Term -- Kennedy Kassebaum

III. Longer-Term - FY 1996 Budget

A. President's Working Group

B. Principles
1. Coherence
2. Incentives for Lifelong Learning
3. Consistent Quality and Performance Standards
4. Access for Special Needs
5. Leveraging Resources
6. New Technology

C. Elements
1. One-stop
2. Performance Based Funding and Accountability
3. Private Sector Incentives/Incumbent Worker Training
4. Financial Assistance for Individuals

D. Timetable

Attachment #2

The Clinton Streamlining and Consolidation Package

The Clinton Administration inherited a federal government laden with programs and systems that often created as many problems as they solved for users. From the day the President took office, he has aggressively led the way in putting government back on the right track of effectively and efficiently serving Americans. Where the Administration has discovered duplicative, ineffective or unworkable programs, it has eliminated, consolidated or streamlined them -- *in fiscal 1994 that amounted to 340 fewer programs*. This year, the Administration plans to still further to improve the system. For example it has proposed to:

- Cut another 115 outmoded or duplicative programs in FY 1995

- Eliminate 33 Department of Education programs from the FY 1995 budget that have accomplished their purpose, duplicate other activities, or can be more effectively run at the state or local level.

- Terminate 59 Department of Housing and Urban Development programs and review an additional 47 programs for consolidation and streamlining.

- Consolidate nearly 25 percent of all Department of Labor's employment and training programs, by collapsing all dislocated worker programs into a single program through the proposed Re-Employment Act of 1994, among other steps.

And the Clinton Administration is further streamlining services by:

- Creating street-level consolidations by creating a single point of entry to more than 40 jobs and training services through the Department of Labor's One-Stop Career Centers.

- Ending red tape by developing one uniform set of program and participant definitions, and reporting requirements across programs and departments.

Attachment

June 30, 1994

APPROPRIATION FACTS

A PROGRESS REPORT ON THE ENACTMENT OF THE FISCAL 1995 BUDGET

- *12 of the 13 regular appropriation bills* required to fund the federal government during the twelve months beginning October 1, *were passed by the House before the end of June*. Those 12 bills contain 99.9% of all appropriated expenditures. This concludes House appropriation action on federal programs affecting Member's districts. The 13th bill which deals with the District of Columbia, has been reported from committee and awaits floor action.

- The appropriation bills are *in line with the five year budget plan* adopted by Congress last year. That plan in effect freezes non entitlement and non mandatory programs in the federal budget (the portion controlled by the appropriation process) at current year levels over the five year period. Total annual spending for appropriated items will decline by 10% in inflation adjusted terms over that period.

- The thirteen bills actually *cut the amount of new spending authority below* the amounts permitted in *the 1993 budget plan*, the amounts requested by *the President* and the amounts contained in *this years budget resolution*. The bills are *$10.8* billion below the 1993 budget plan, *$5 billion* below the President and *$3.9* billion below this years budget resolution in terms of discretionary budget authority.

- A total of *395 federal programs were cut below their previous year spending levels* in these appropriation bills. 36 *programs were eliminated entirely*. Total cuts from prior year levels among these programs amounted to more than *$26 billion*. (See Attachments 1, 2 & 4)

- These cuts permitted a reallocation of resources to fund selected *new investment initiatives*. These included efforts to *increase the readiness of our armed forces, funding of the President's new anti-crime program, expansion of the Women, Infants and Children (WIC) and Headstart programs and funding for improvement of American schools, funding of research to strengthen the competitiveness of American businesses in international markets.* (See Attachment 3)

PROGRAMS TERMINATED

	1994	1995
Agriculture Water Bank	$8M	-0-
Agriculture Resource Conservation Demonstration Program	3.6M	-0-
Emergency Community Water Assistance	10M	-0-
Rural Abandoned Mine Program	13.2M	2.5M[1]
Assistance for Phillipines: Multilateral assistance	20M	-0-
Administrative Conference of the U.S.	1.8M	-0-
Intergovernmental Advisory Commission	1M	-0-
Substance Abuse & Mental Health Admin.	16M	-0-
Drug Abuse Campus Program	9.4M	-0-
AIDS Outreach	10.5M	-0-
Comprehensive Child Development	47M	-0-
Postsecondary Education	16M	-0-
Dropout Demonstration	38M	-0-
Foreign Language Assistance	10.9M	-0-
Community Based Organizations	12M	-0-
Bilingual Vocational Training	3M	-0-
Eisenhower Leadership	4M	-0-
Cooperative Education	13.7M	-0-
Grants for Schools and Teachers	5.4M	-0-
Family-School Partnership	3.7M	-0-
Library Construction	17.8M	-0-
College Library Technology	3.9M	-0-
Department of Education Research and Demonstrations	2.8M	-0-
Research Libraries	5.8M	-0-
U.S. Bilateral Science and Technology	4M	-0-
Televison MARTI	7M	-0-
Tri Services Attack Missile	552M	-0-
D.C. Crime and Youth Initiative	17M	-0-
HUD National Cities in Schools in Community Development	10M	-0-
HUD Capacity Building for Community Development Affordable Housing	20M	-0-
Chemical Safety and Hazard Investigation Board	2.5M	-0-
Department of Transportation:		
Office of Intelligence and Security	1M	-0-
Office of Management Planning	1.2M	-0-
Federal Aviation Administration:		
Center for Management Development	10M	-0-
Microwave Landing	41.2M	-0-
National Railroad Passenger Corporation, Pennsylvania Station Redevelopment	10M	-0-
Interstate Commerce Commission	44.9M	-0-

[1] Termination Costs

(Attachment 4)

Attachment # 4a

DEVELOPING A JOB TRAINING CONSOLIDATION AND REFORM BILL:

MAJOR CHALLENGES:

- POSITION DEMOCRATS TO BE RESPONDING TO GAO REPORTS IN A PROACTIVE RATHER THAN REACTIVE MANNER

- DEVELOP A BIPARTISAN BILL THAT IS ENDORSED BY SENATOR KASSEBAUM AND OTHER REPUBLICANS AND IS ENDORSED BY LEADING EXPERTS

- ENSURE THAT BILL IS CONSISTENT WITH AND BUILDS UPON WORK DONE BY CONGRESS THIS SESSION TO IMPLEMENT THE AMERICA'S CHOICE RECOMMENDATIONS

- DESIGN STREAMLINED SYSTEM THAT BOTH MOVES TOWARDS BECOMING MORE UNIVERSAL AND ENSURES ACCESS FOR DISADVANTAGED (e.g. INTEGRATE JOB TRAINING ASPECTS OF WELFARE REFORM INTO MAINSTREAM SYSTEM)

- ENSURE THAT BILL IS CONSISTENT WITH OVERALL THRUST OF REA AND, IN FACT, IMPLEMENTS KEY PROVISIONS OF REA

- BUILD ON INNOVATIVE EFFORTS UNDERWAY IN MASSACHUSETTS AND OTHER STATES THAT ARE LEADING THE WAY IN REINVENTING THE WAY THAT WORKFORCE DEVELOPMENT PROGRAMS OPERATE

- AIM TO PASS MAJOR REFORM BILL THIS SESSION WHILE DEMOCRATS MAINTAIN A RELATIVELY STRONG POSITION IN SENATE

Joint Kennedy/Kassebaum Statement: Consolidating and Reforming Federal Job Training Programs

We believe that immediate action needs to be taken to transform federally-funded job training efforts from a collection of free-standing, categorical programs into a coherent, integrated, accountable work force development system.

The system should be based on the needs of job-seekers and employers alike. Too much activity that takes place within federally-funded job training programs is based on the institutional imperatives of the bureaucracy, rather than serving the needs of job-seekers, workers and employers. We need to create a system that assists individuals to enter the work force, increases their basic skills, improves their technical skills, or retrains them for new jobs according to the needs and demands of employers. We recognize that various hard-to-serve groups may require more assistance than others to succeed in this new system.

The system should be readily accessible to any worker, job seeker, or employer. The system should be understandable to all participants and easy to use. Every individual or business who approaches the system should have information about the full array of services available, and should be able to easily gain entry into the system. The system should assure that job-seekers will receive information, guidance and counseling about all available employment and training services--no matter where they first enter the system.

The system should focus on performance. Performance should be defined by the value added that is achieved (such as long-term job placement) rather than by the number of individuals served. Accurate and up-to-date information on the performance of all programs should be available to all.

The system should provide flexibility and responsibility to the states, and in turn to local communities, for design and implementation of job training systems. States are well-positioned to integrate federally funded job training programs with state education and economic development strategies, and to provide incentives and monitor the performance of local programs. Local officials should, wherever practicable, be given the authority to allocate resources based on the needs of job-seekers and employers alike, and the supply, demand, price and quality of job training services in their areas. The appropriate role for the federal government in the job training system is to provide overall policy direction, articulate the authority and role for each level of government in the new system, provide resources to help execute these policies and establish this system, oversee system-wide performance, and disseminate best practices.

The system should be based on local labor market needs which, by necessity, require the active involvement of the private sector. Private sector businesses, which ultimately provide the jobs, must be included as an integral part of the system at every level. Too often training programs are not connected to available employment opportunities. The system should require the involvement of employers in the choice, design and content of the types of skills and training needed in each local area in order to link training to employment opportunities.

Outline for Reforming & Consolidating Federal Job Training Programs

System Elements	Short term (Immediate)	Medium Term (12-24 months)	Long Term (within 5 years)
Building Blocks for a Streamlined Workforce Development System			
Consolidate programs at federal level & eliminate fragmentation			
Build in performance accountability			
Establish comprehensive labor market information system serving local, state and federal needs			
Strong private sector role at local, state and federal level			
Enhance program and service provider staff capabilities			
Local, State and Federal Roles And Responsibilities			
Local: Integrated, accessible system driven by employer and worker needs			
State: Comprehensive strategic planning and oversight of local performance			
Federal: Policy development, establish standards to guide systemwide performance and disseminate information on best practices			
Independent Mechanism to Monitor Continuous System Improvement			
Commission			

Attachment 4b

PROPOSED OUTLINE FOR KENNEDY/KASSEBAUM
Job Training Consolidation and Reform Act of 1994
(as of July 28th)

FINDINGS/PURPOSE

TITLE I CONSOLIDATION

TITLE II FEDERAL RESPONSIBILITIES

A. Building Blocks for Reforming Federal Workforce Development Programs
B. Federal Workforce Development Policy Blueprint
C. Mechanisms for Continuous Improvement of System Performance

TITLE III STATE RESPONSIBILITIES

A. Building Blocks for State Workforce Development Systems
B. State Workforce Development Policy Blueprints
C. Mechanisms for Continuous Improvement of System Performance

TITLE IV LOCAL RESPONSIBILITIES

A. Building Blocks for Local Workforce Development Systems
B. Local Workforce Development Policy Blueprints
C. Mechanisms for Continuous Improvement of System Performance

TITLE V PRIVATE SECTOR INVOLVEMENT & RESPONSIBILITIES

ANNOTATED OUTLINE FOR KENNEDY/KASSEBAUM
Job Training Consolidation and Reform Act of 1994
(as of July 28th)

FINDINGS

- Combine America's Choice points about problems of fragmented system with GAO-related findings in S 1943 and REA findings

PURPOSE

- Create a reformed and consolidated system consistent with Kennedy/Kassebaum statement

TITLE I: *CONSOLIDATION*

- Eliminate 10-20 programs immediately (look at list of programs eliminated in H.R. 4407, DOE proposed phase-outs in Clinton budget, unfunded programs at DOL,etc)
- Re-invest any cost-savings into improving the system: 20% for federal level "infrastructure improvements"; 80% for grants to leading-edge states and communities
- Immediately Consolidate 10-15 additional programs (look at recommendations in REA, Review results of survey to DOL/DOE/HHS for further consolidation opportunities
- Provisions to Encourage Consolidation/Integration at the Street Level for <u>all</u> programs in S1943 (e.g. one stops, no wrong door models)
- Combine functions of Kassebaum Commission and NCEP to study, make recommendations re additional consolidation proposals based in part on experiences of leading-edge states
- Study possibility of building stronger linkages between various "second-chance" programs for youth and the School-to-Work Opportunities Act

TITLE II: ***FEDERAL RESPONSIBILITIES***

Subtitle A: Building Blocks for Reforming Federal Workforce Development Programs

- Placement Accountability System (How many participants find jobs? What do they pay?)
- Common Measures of Effectiveness for types of program services
- Labor Market Information Systems
- Common Definitions and Funding Cycles

Subtitle B: Federal Workforce Development Policy Blueprint

- Biennial Report to President and Congress (includes recs for further streamlining/reform; limited rules of Congressional Debate similiar to S1943??)
- Compares U.S. workforce preparedness to other Countries
- Highlights Promising New Public and Private Developments in Workforce Policy
- Describes Progress Being Made Toward Achieving Kennedy'Kassebaum Vision

Subtitle C: Mechanisms for Continuous Improvement of System Performance

- Developmental Grants for all States to begin to establish infrastructure for a more integrated system
- Implementation Grants for Leading-Edge States
- Simpliify, streamline and centralize process for Approving Waiver Requests
- Annual "Integrated Budgets" to States
- Annual Performance Reports on all programs to states
- Dissemination of Best Practices
- "Workforce Development System Impact Reports" (for proposed new programs)

TITLE III: *STATE RESPONSIBILITIES*

Subtitle A: Building Blocks for State Workforce Development Systems

- Incentives for Establishing State Human Resource Investment Councils (with independent staff); encourage elimination/consolidation of other state councils
- Establishment of Unified Service Delivery Areas
- Establish overall framework for one-stop/no wrong door systems (allow for local flexibility)
- Development of Quality Assurance systems encompassing state and federal workforce development programs
- Uniform Management Information System linked to federal Placement Accountability System and state quality assurance systems

Subtitle B: State Workforce Development Policy Blueprints

- Biennial Report to Feds (Commission??);
- Benchmarks State Workforce Preparedness Against other States
- Uses Integrated Budgets and Performance Reporta (see Title IIC) as Tools to Help Develop Strategic Plan for Integrating Federal Workforce Development Programs with State Education and Economic Development Policies
- Includes Recommendations to Federal Policy Makers for Additional Consolidation and/or Reforms of Federal Workforce Development Programs consistent with Kennedy/Kassebaum vision
- Includes Analysis of Effectiveness of Programs Operating in State

Subtitle C: Mechanisms for Continuous Improvement of System Performance

- Annual Integrated Budgets for Regional Employment Boards
- Annual "Consumer Report" on System-Wide Performance and Best Practices
- Criteria for Effective REBs and Performance Goals for local one-stop programs
- Capacity Building for Staff in One Stops

TITLE IV. LOCAL RESPONSIBILITIES

Subtitle A: Building Blocks for Local Workforce Development Systems

- Incentives for Establishing Regional Employment Boards (with independent staff)
- Establish Framework and General Guidelines (allowing for maximum local flexibility) on local one stop/no wrong door programs
- Allow REBs to directly operate one-stop/no wrong door programs if they choose to, but Establish, as a medium term goal, that REBs can't operate occupational training programs

Subtitle B: Local Workforce Development Policy Blueprints

- Biennial Report to State outlining workforce development needs of key industries in their regions; Encourage (non REB) leaders from local business, economic development, labor and community groups to participate in Blueprint process and reach consensus on training needs of key local industries
- Outlines current capacity of local training providers to meet industry training needs identified in Blueprint
- Serves as strategic plan for redirecting federal and state training resources in region to be more responsive to training needs of key local industry clusters
- Establishes local structure and roles and responsibilities for one-stop/no wrong door programs
- Carrots and Sticks (Sanctions) Needed to Ensure local communities take Blueprints seriously

Subtitle C: Mechanisms for Continuous Improvement of System Performance

- REBs Make Annual Report on progress made in meeting state established REB Effectiveness Criteria
- REBs Submit Annual Plan to states for Building Capacity of staff involved in administering local one stop/no wrong door programs
- REBs prepare annual "Customer Profiles" which compares who is recieving services locally to overall characteristics of local workforce

TITLE V PRIVATE SECTOR INVOLVEMENT & RESPONSIBILITIES

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THE WHITE HOUSE

WASHINGTON

July 29, 1994

MEMORANDUM FOR BILL GALSTON
GENE SPERLING

FROM: PAUL DIMOND

SUBJECT: KENNEDY/KASSEBAUM--REA/CONSOLIDATION

Attached is the outline of the proposed outline for the Kennedy/Kassebaum consolidation bill. It basically provides a framework and process within which we can consider and propose how to transform post-secondary education, training and job networking over the next two years and review impacts, outcomes, and needed reform every two years thereafter. Nick Littlefield, Sarah Fox and Steve Spinner represented that Senator Kennedy and Senator Kassebaum are in agreement on almost all points in the outline, will draft legislation over the next ten days, and are prepared to introduce the bill before the recess. They have asked for our input, suggestions, comments and reservations.

As you will see the framework does include the REA principles of One-Stop Shops, Metropolitan Region Labor Market Boards, performance measures and accountability. It also adopts most the short-term proposals (e.g., eliminating unfunded authorizations) developed by the ETR sub-group. Nick represented that REA standing alone would have very tough sledding in the Senate this year, but that the Kennedy-Kassebaum bi-partisan approach adopting a more comprehensive framework and an on-going process for filling in the substance of comprehensive reform over the next two years stood a much better chance of passage this year if fully embraced by both Senators. With respect to the streamlined version of REA that House Ed&Labor is drafting, Nick said it might provide a fallback option if the Kennedy-Kassebaum consolidation effort falls through but that it would be difficult for the Senate to pass anything this year if there was any substantial opposition in the Committee or on the floor. Not discussed yet is how Chairman Ford and House Ed & Labor may react to the Kennedy-Kassebaum approach: Steve Spinner will be sharing his draft with Omer Waddles of Ed&Labor, and we will have feedback early next week.

I believe that the Kennedy-Kassebaum framework and process if enacted would provide an excellent platform for the major initiatives that we will be developing for adult education, training and job networking. Given that there are no certain winners on the track right now, we ought to be willing to ride this pony, too, over the next few weeks in the hope that some nag makes it across the goal line (or at least provides some momentum for building for next year).

PROPOSED OUTLINE FOR KENNEDY/KASSEBAUM
Job Training Consolidation and Reform Act of 1994
(as of July 28th)

FINDINGS/PURPOSE

leading edge state strategy w/ one-stops
(~~use~~ school-to-work model of implementation)
information-based, 2-year local, state, federal reviews
- (UI wage records)
- common measures of performance --
— employment, earnings
— standards - intermediate outcome measures

TITLE I CONSOLIDATION

TITLE II FEDERAL RESPONSIBILITIES

A. Building Blocks for Reforming Federal Workforce Development Programs
B. Federal Workforce Development Policy Blueprint
C. Mechanisms for Continuous Improvement of System Performance

TITLE III STATE RESPONSIBILITIES

A. Building Blocks for State Workforce Development Systems
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TITLE IV LOCAL RESPONSIBILITIES

A. Building Blocks for Local Workforce Development Systems
B. Local Workforce Development Policy Blueprints
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TITLE V PRIVATE SECTOR INVOLVEMENT & RESPONSIBILITIES

ANNOTATED OUTLINE FOR KENNEDY/KASSEBAUM
Job Training Consolidation and Reform Act of 1994
(as of July 28th)

FINDINGS

- Combine America's Choice points about problems of fragmented system with GAO-related findings in S 1943 and REA findings

PURPOSE

- Create a reformed and consolidated system consistent with Kennedy/Kassebaum statement

TITLE I: *CONSOLIDATION*

- Eliminate 10-20 programs immediately (look at list of programs eliminated in H.R. 4407, DOE proposed phase-outs in Clinton budget, unfunded programs at DOL,etc)
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- Immediately Consolidate 10-15 additional programs (look at recommendations in REA, Review results of survey to DOL/DOE/HHS for further consolidation opportunities
- Provisions to Encourage Consolidation/Integration at the Street Level for <u>all</u> programs in S1943 (e.g. one stops, no wrong door models)
- Combine functions of Kassebaum Commission and NCEP to study, make recommendations re additional consolidation proposals based in part on experiences of leading-edge states
- Study possibility of building stronger linkages between various "second-chance" programs for youth and the School-to-Work Opportunities Act

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Subtitle A: Building Blocks for Reforming Federal Workforce Development Programs

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- Annual "Integrated Budgets" to States
- Annual Performance Reports on all programs to states
- Dissemination of Best Practices
- "Workforce Development System Impact Reports" (for proposed new programs)

/Consequences of failure......
Incentives of Success

TITLE III: *STATE RESPONSIBILITIES*

Subtitle A: Building Blocks for State Workforce Development Systems

- Incentives for Establishing State Human Resource Investment Councils (with independent staff); encourage elimination/consolidation of other state councils
- Establishment of Unified Service Delivery Areas
- Establish overall framework for one-stop/no wrong door systems (allow for local flexibility)
- Development of Quality Assurance systems encompassing state and federal workforce development programs
- Uniform Management Information System linked to federal Placement Accountability System and state quality assurance systems

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- Biennial Report to Feds (Commission??);
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- Includes Recommendations to Federal Policy Makers for Additional Consolidation and/or Reforms of Federal Workforce Development Programs consistent with Kennedy/Kassebaum vision
- Includes Analysis of Effectiveness of Programs Operating in State

Subtitle C: Mechanisms for Continuous Improvement of System Performance

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- Biennial Report to State outlining workforce development needs of key industries in their regions; Encourage (non REB) leaders from local business, economic development, labor and community groups to participate in Blueprint process and reach consensus on training needs of key local industries
- Outlines current capacity of local training providers to meet industry training needs identified in Blueprint
- Serves as strategic plan for redirecting federal and state training resources in region to be more responsive to training needs of key local industry clusters
- Establishes local structure and roles and responsibilities for one-stop/no wrong door programs
- Carrots and Sticks (Sanctions) Needed to Ensure local communities take Blueprints seriously

Subtitle C: Mechanisms for Continuous Improvement of System Performance

- REBs Make Annual Report on progress made in meeting state established REB Effectiveness Criteria
- REBs Submit Annual Plan to states for Building Capacity of staff involved in administering local one stop/no wrong door programs
- REBs prepare annual "Customer Profiles" which compares who is recieving services locally to overall characteristics of local workforce

TITLE V PRIVATE SECTOR INVOLVEMENT & RESPONSIBILITIES

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