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Fast Track Miscellaneous: [Elements of a New Social Compact]

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EW 1. In add to TAA & comm devel't $, more broadly – A lot of transit; partly very (+)'ly – how get people to [illegible] their need rules. High tech growth!

AL 2. Need 6-12; urban setting = [illegible]. 3 part approach →

Elements of a New Social Compact

1) Apprenticeships: As part of a larger strategy to equip people with the tools and skills to compete in the new economy, PPI supports an expanded school-to-work program, in which sixteen- and seventeen-year-olds would combine class work with on-the-job apprenticeships. This comprehensive school-to-work system should be part of a larger strategy to build a seamless Career Opportunity System for the 21st Century. To this end, PPI supports budgetary expansion of the STWOA, with a greater emphasis on youth apprenticeships and other forms of on-the-job training that promote the acquisition of generally-transferable skills to the segment of the labor force that has the greatest potential for a high, long-term rate of return on taxpayer dollars (Heckman; 1996, 1997). Specifically, the federal government should increase support for state and local apprenticeship programs in FY 1999 by $400 million and continue to expand this commitment to reach $3.0 billion in five years.

2) A New Compact between Firms and Employees: Reform the tax code so that, like health insurance and pension benefits, any firm that provides tax-free training to its executives and professionals must also offer it to its other employees—and employees who accept these opportunities should be obliged to not leave for a new job for a reasonable period.

3) Equity Sharing: To provide average Americans with more opportunities and incentives to increase productivity and innovation on the job and gain a greater stake in the workplace, firms should be encouraged to establish reward systems that are internally equitable, competitive, and linked to the long-term performance of the firm. Extending the non-discrimination rule that is currently used for health care coverage and pension contributions to this area should be examined. Specifically, when a firm provides tax-favored, performance-based bonuses to executives, all employees should be eligible to earn such compensation.

4) Tax Reform to Promote Human Capital: PPI proposes experimenting with tax-preferred savings accounts—Career Opportunity Accounts—to help people set aside money to enhance their career skills. On an experimental or demonstration-project basis, these accounts would permit working people to save for their own continuing training on a tax-preferred basis. This experiment would cost approximately $350 million in FY 1999 and $2.25 billion over five years. We also would reform the tax code so that—like health insurance and pension benefits—any firm providing tax-free training to its managers and professionals could not discriminate against other employees by denying them comparable opportunities. Any firm that provides this preferential tax-free training should offer it to all its employees—and employees who accept these opportunities should be obliged to remain on a new job for a reasonable period.

* **5) G.I. Bill for American Workers:** The President should re-articulate support for his *GI Bill for America's Workers* and challenge Congress to strengthen current legislation to reform how employment services and job training services are delivered. Although the House of Representatives approved a workforce development reform bill in May and a vocational education reform bill in July,

the Senate Labor Committee approved a bill combining the two reforms in September and has taken no action since then.

In 1997, bills were introduced by Rep. McKeown (R-CA) and Sen. DeWine (R-OH), each with bipartisan support. They would consolidate 60 training and adult education programs into three block grants (four in the Senate), require states to establish one-stop career centers, issue vouchers to both dislocated and disadvantaged workers, and that providers of employment services meet certain standards. In FY1998, $5 billion was appropriated for JTPA programs; CBO estimates that in 1999, the House reform bill will cost $5.2 billion. CBO has not estimated the Senate bill's cost.

The bills also restructure how local governments administer and deliver training and other employment services. The House bill passed by an overwhelming margin and Senate Labor Committee approved a bill with bipartisan support. But, the initial bipartisan support in the Senate is waning. Education interest groups are concerned that by combining both vocational education and job training, vocational education programs will be shortchanged (the House bill separately passed vocational education reform). Also, in the Senate bill, members and interest groups are concerned about Title V, which allegedly allow governors to get around federal mandates. Thus, the path is far from clear for Congress to achieve the policy breakthroughs envisioned in the President's *GI Bill for America's Workers*. The legislation is a decent start but falls short in key respects. Specifically, the President should ask that the final legislation:

1. Consolidate existing training programs for dislocated and disadvantaged workers. The legislation should consolidate Dept. of Labor programs related to trade, environment, defense conversion and the JTPA dislocated worker assistance program. For other unemployed adult workers, all related programs should be consolidated, which would change the job training systems' focus from inputs to outcomes.

2. Expand consumer choice by issuing "skill grants" to workers worth up to $3,000 over two years ($500 for skill assessment and preliminary employment services and up to $2500 for education and training programs)

3. By 1998, all states shall have received implementation grants for "one-stop centers"–public or private outfits that consolidate high-quality information about available employment and training opportunities. Legislation should continue funding for infrastructure to build a strong, nationally linked system of "one-stop centers."

4. Establish a system of performance benchmarks to hold training providers accountable to workers, employers and taxpayers.

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6) Universal Re-employment System: The new social compact includes a universal re-employment system for all unemployed and working people who want a job, or training to enhance their skills and job opportunities. The universal re-employment system will serve dislocated workers, those receiving unemployment insurance, welfare recipients, workers displaced by trade policies, and incumbent workers who want to upgrade their skills.

The universal re-employment system should be easily accessible with a "no wrong door" policy - all the information and referrals should be available at locations throughout the region. Particularly in urban areas, the information should be organized around the regional/metropolitan economies - rather than by smaller political jurisdictions. One stop centers should incorporate all services and funding for workforce development; there is no point in creating parallel employment systems for welfare recipients and other unemployed workers.

These job readiness, placement, post-employment and training services should incorporate goals of standards, accountability and choice for consumers. Ultimately, consumers of workforce development services should be able to choose among providers using a voucher. In order to make informed choices, consumers will need access to outcomes information from the providers - percentage of successful placements and average annual salary, for example. Providers receiving public funds ~~should be~~ required to maintain and report this information which can then be organized as ~~a~~ Consumer Report Card. With experience, standards for outcomes can be established and providers who fail to meet the standards would not be eligible to accept vouchers.

essential

Specifically, PPI would create a new block grant—*Work Force Development Grants*—to help states develop the information systems for one-stop career centers and other facilities, to enable workers to learn about how to qualify for training vouchers or other assistance, training opportunities for those with vouchers or their own resources, and performance records of training enterprises. This block grant would be budgeted at approximately $150 million in FY 1999 and $975 million over five years.