SEC. XX. LABOR DEPARTMENT GRANT PROGRAM TO CREATE REGIONAL SKILLS ALLIANCES

(a) IN GENERAL. The Secretary of Labor, in consultation with the Secretary of Commerce and the Secretary of Education, shall provide "seed" grants to eligible entities described in subsection (b) to assist such entities in creating Regional Skills Alliances. The purpose of these Regional Skills Alliances will be to help industry organize the labor market to better meet their needs by:

(1) improving the job skills of American workers necessary for employment in specific industries and occupations; and/or

(2) assessing and developing strategies to address critical skills needs at the local, State, regional and national levels.

(b) ELIGIBLE ENTITIES.

(1) IN GENERAL. An eligible entity described in this subsection is a consortium that consists of, but is not limited to, two or more of the following:

(I) Employers.

(ii) Labor organizations.

(iii) State and local government.

(iv) Private Industry Councils or successor entities

(v) Post-secondary educational institutions.

(vi) Nonprofit organizations that represent businesses or industries.

(vii) Nonprofit training organizations.

(2) ADDITIONAL REQUIREMENT. To the maximum extent practicable, each business, organization, or government that forms an eligible entity under paragraph

(1) shall be located in the same geographic region of the United States.

© MAXIMUM AMOUNT AND TIMING OF GRANTS.

The amount of a grant provided to an eligible entity under subsection (a) may not exceed $2,000,000 for an 18-month grant period and may be provided to that eligible entity only for a maximum of two such grant periods.

(d) APPLICATION.

The Secretary may not provide a grant under subsection (a) to an eligible entity unless such entity submits to the Secretary an application containing such information as the Secretary may reasonably require.

(e) USE OF AMOUNTS.

In carrying out the program described in subsection (a), the eligible entity may, to the extent that such activities build on and supplement activities already underway as opposed to duplicating or substituting for current activities, provide for:

(1) an identification of local, state, regional and national skills needs;

(2) an assessment of the extent to which U.S. workers are being educated and trained in needed critical skills;

(3) the development of strategies to better focus existing training and education investments on rapidly expanding occupations;

(4) the provision of improved occupational information and projections;

(5) an assessment of training and job skill needs for specific industries;

(6) development of a sequence of skill standards that are benchmarked to advanced industry practices for specific industries;

(7) development of curriculum and training methods;

(8) identification and development of training providers;

(9) development of apprenticeship programs; and

(10) development of training programs for dislocated workers.

(f) ADDITIONAL CRITERIA FOR GRANTS.

In making grants under subsection 2, the Secretary shall:

(1) use a peer review process to award grants;

(2) give preference to the extent to which applications provide funds from non-federal sources to match federal funds; and

(3) give preference to applications that demonstrate significant collaboration with major stakeholders in the state and local workforce development system, particularly Private Industry Councils and labor organizations.

(g) NATIONAL ALLIANCE FOR HIGH-TECHNOLOGY SKILLS

The grants for Regional Skills Alliances will be complemented by the establishment of a National Alliance for High-Technology Skills which shall consist of national representatives from government, industry, labor organizations and education. The purpose of the National Alliance will be to develop and recommend strategies to the President for the education and training of American workers to meet the demand for high-technology skills.

(h) DEFINITION.

For purposes of this Act, the term "Secretary" means the Secretary of Labor.

(I) AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this Act $50,000,000 for fiscal year 1999 and such sums as may be needed in fiscal year 2000 and beyond.

$50 million

from Secy discretionary fund.

THUR.

Draft March 12, 1998

Major Initiatives to Educate and Train U.S. Workers for Job Openings In High-Tech Occupations

I. Short-Term Administration Initiatives

Expanding industry involvement in school-to-work -- The Department of Education and Department of Labor will provide up to $6 million in grants to industry groups that expand private sector involvement in school-to-work.

Continuing the national dialogue -- The Department of Commerce, in cooperation with the Department of Labor, will convene four town-hall meetings in 1998 for the purpose of discussing information technology workforce needs, identifying best practices, and showcasing successful models of training and educating workers for IT jobs.

Improving the Organization of the Labor Market -- The Department of Labor is providing $8 million to integrate the America's Job Bank (AJB) and America's Talent Bank (ATB), accessible on the internet, to enable employers and workers to list and access both employer-posted job openings and worker-posted resumes in one integrated system.

(*) "The great flaw of the American system"

Upgrading the skills of the existing workforce -- The Department of Labor is undertaking the following initiatives focused on educating and training workers for jobs requiring high-tech and information technology skills:

- *Technology Demonstration Project* -- A $6 million DOL grant program to establish innovative partnerships between the local workforce development system, employers, labor organizations, training and educational providers and others, as appropriate, to train dislocated workers for jobs requiring high-tech skills.

- *Information Technology Training in Washington D.C. Metropolitan Area* -- A DOL grant of up to $17.5 million to: (1) foster partnerships between the local workforce development systems in the Washington D.C. metropolitan area, information technology employers, labor organizations, educational and training providers and other appropriate institutions; and (2) to train up to 2,500 workers in the Washington D.C. area in information technology skills.

II. New Government/Industry Partnerships

Expanded Industry Participation in Workforce Development Initiatives -- Employers facing skills shortages, particularly information technology firms, would agree to expanded participation in relevant workforce development initiatives, such as School-to-Work and America's Job Bank.

- *School-to-Work* -- Major employers would make firm commitments to: (1) serve on the National Employer Leadership Council; (2) sponsor and help design local school-to-work programs, including Tech Prep programs, in conjunction with the relevant school-to-work partnerships; (3) provide mentors needed to make these local school-to-work programs effective, either through telementoring or through adopt-a-school; and (4) hire students who successfully graduate from such programs. In this regard, major employers would be challenged to replicate successful models undertaken by individual IT companies, including:

  -- the Hewlett Packard e-mail telementoring program to help students in school, with an emphasis on math and science;

  -- the Novell partnership with high schools that allows high school grads to get a Certified Network Engineer certificate in addition to a high school diploma; and

  -- the Cisco program to set up learning academies in high schools located in empowerment zones.

- *America's Job Bank* -- Major IT employers would commit, like IBM currently does, to post all of their job openings on America's Job Bank. In return, DOL could commit to putting a "hot button" on the AJB for major IT occupations.

New Industry Initiatives -- Major IT employers could be challenged to undertake new initiatives including:

- *Partnerships with HBCUs* -- IT companies could make one or more HBCUs a center of excellence in IT, by helping them develop a better IT infrastructure, upgrade the skills of their computer science faculty, and providing additional scholarships for those who pursue computer science careers.

- *IT Training on the WEB* -- IT companies could work together to make training in IT skills more readily available on the Internet.

III. Long-term Initiatives

120

Regional Skills Alliances -- A new program to address skill shortages could be established through legislation consisting of two distinct components.

- *Regional Private Industry Council (PIC) Partnerships* -- Building on the Washington D.C. IT training project and the Technology Demonstration project, currently being designed, this component would provide federal grants to consortia of State and local workforce development systems to: (1) identify local, State and regional skills shortages and assess the extent to which U.S. workers are being educated or trained in the needed skills; (2) establish innovative partnerships among the workforce development system, employers, labor organizations and education and training providers explicitly focused on skill shortage areas; and (3) develop and implement strategies to better focus existing training and education programs on these skill shortages, including the development of new training programs.

- *Regional Industry Training Consortia* -- Similar to a proposal by PPI that has been incorporated in a bill to be introduced by Congressman Moran (also called Regional Skills Alliances), this component would provide federal grants to consortia of firms and local and State government to encourage employers in a particular region to participate in industry-led training consortia addressing their industry's specific skills needs. Preference in making these grants would be given to industry consortia developed in conjunction with regional planning efforts conducted under the PIC Partnership grants.

Both components, requiring perhaps a total of $50 million per year, would be funded in part by a user fee charged to employers who employ temporary foreign workers through the H-1B program. Further, grants under both components would be provided on a competitiveness basis, with Regional PIC Partnership grants provided to those areas, States and regions encountering the most difficulty with respect to likely skill shortages and Regional Industry Training grants provided to those industry consortia developed as a result of regional planning efforts and most likely to result in more effective and increased industry training.

Loan Program for Incumbent Workers -- A new loan program for incumbent workers could be established to enable such workers to more easily finance life-long education and training and continually acquire the skills needed to adapt to rapidly changing technologies and find and retain well-paying jobs. A example of such a program is presently included in the draft bill being developed by Senator Kennedy's staff with regard to reform of the H-1B program. The draft bill would establish a loan program for training high technology workers aimed at primarily at incumbent workers who "have sufficient education or experience to enable them to qualify for employment in high technology industries with limited additional training." Loans could be made to such workers for up to $10,000 and would have to be repaid within four years after completion of the training.

Revised Draft 3/11/98

A PROPOSED NATIONAL INITIATIVE TO ADDRESS CRITICAL SKILL NEEDS

Background

- Continued strong employment growth and low unemployment rates have created tight labor markets in many parts of the U.S., with numerous reports of employers being unable to find workers with the needed skills.

- Tight labor markets can lead to rising wages, improved working conditions, and new opportunities for workers and new labor market entrants, as well as creating significant opportunities for groups typically excluded from the workforce, (e.g., older workers, disabled workers, disadvantaged adults, welfare recipients, and low-skilled dislocated workers).

- Many employers, however, respond to tight labor markets and difficulty in finding skilled workers by demanding greater access to temporary, foreign workers; but raising immigration ceilings or caps in response to critical skill needs would reduce opportunities for U.S. workers.

- In order to assure maximum benefits for U.S. workers from strong economic growth and tight labor markets, immigration ceilings should be raised to meet skill needs only <u>after</u> there has been a targeted, significant effort to give U.S. workers access to these jobs.

Existing DOL Programs

- DOL plays an important role in responding to skill needs with its existing programs by: (1) enhancing the supply of skilled labor through its training programs; and (2) improving job matching through the provision of information to employers and workers.

- DOL employment and training programs, over $2 billion focused on adults, are designed to be responsive to local skill needs. Most of these resources are allocated by business-led boards in each local community and directed toward what training and other labor market interventions are needed for skills in demand.

- The Department is engaged in several efforts to increase responsiveness of existing programs. One such initiative is a technology demonstration project to facilitate the development of partnerships between the local workforce development system, employers, training providers and others aimed at training eligible dislocated workers for jobs requiring high tech skills.

- In addition, the Department is supporting an initiative to study existing regional and sectoral partnerships in order to better understand the factors that are critical to their success. The second phase of this initiative will involve dissemination of lessons to support development of similar partnerships in other regions and industry sectors.

- Traditionally, DOL has provided job matching information to employers and workers through the Employment Service system and the related One-Stop Career Centers. Funding for these programs have been maintained at a steady-state over the last few years.

- As a part of the One-Stop initiative, the Department has taken steps to improve job matching by developing and making available on the world-wide web an integrated version of America's Job Bank and America's Talent Bank by March 1998, thereby enabling both employers and workers to list and easily access both employer-posted job openings and worker-posted resumes in one integrated system.

- These existing programs will be significantly improved when the new workforce development reform bill is passed, incorporating the President's GI Bill principles of expanded consumer choice through training vouchers, provision of program information on program performance, greater accountability, and providing a statutory basis for the One-Stop initiative. One of the primary objectives of this reform bill will be to allow easier access to relevant training for eligible persons.

- Even with the passage of the workforce development reform bill, however, the existing employment and training programs do a good job of meeting most critical skill needs at the local level on an on-going basis, but may not provide a significant, targeted response to critical skill needs that are unusually severe at the local level, cut across local jurisdictions within the same labor market area, involve jobs in new or emerging occupational fields, or occur at a State or regional level.

A New Initiative -- Regional Skills Alliances

- We need a new initiative, building on and complementing existing programs and consistent with the workforce development reform bill, to assure that U.S. workers have access to jobs represented by critical skill needs, prior to allowing increased immigration to fill these jobs.

- We also need this new initiative to expand the focus of the reformed workforce development system more toward employers with jobs in rapidly expanding occupations, in order to complement its existing focus on individuals in need of skills to obtain employment.

- This new initiative also would induce firms to establish industry training consortia, which would reduce employer fear of "poaching" and induce greater employer expenditures on training.

Skills
Workforce Partnerships

- The new initiative, to be called the *Regional ~~Skills Alliances~~*, would be a broader version of the regional skills alliance proposal put forth by the Progressive Policy Institute and incorporated in H.R. 3270 introduced by Congressman Moran.

Built on top of Workforce Development System (Program)

This broader version of the proposal would incorporate but go beyond the industry training consortia concept by establishing two distinct but related types of regional partnerships:

-- *Private Industry Council (PIC) Partnerships* -- Building on the Technology Demonstration Project and the Washington D.C. information technology training project currently being designed by DOL and its partners in the D.C. metropolitan area, this component would provide federal grants to consortia of State and local workforce development systems to address critical skills needs that are occurring on a regional basis; and

-- *Industry Training Consortia* -- Similar to the PPI proposal and H.R. 3270, this component would provide federal grants to consortia of firms and local and State government, and local training providers to encourage employers in a particular region to participate in industry-led training consortia addressing their industry's specific skills needs. Unlike PPI and H.R. 3270, however, these grants would be linked to planning occurring at the regional level and would build on and expand existing partnerships between industry and other stakeholders in the workforce development system.

This could be competitive grant
Planning grants

- Both types of partnerships would be established through temporary competitive grants provided by DOL through a national reserve fund, in coordination with the Departments of Education and Commerce, to ensure that the funds are used to meet the more serious skill needs as such needs change over time.

- In effect, this broader proposal for "Regional Skills Alliances" goes beyond the original PPI proposal and H.R. 3270, by linking the industry training consortia to regional PIC partnerships that identify critical skills needs in a region and assess the need for alternative ways of meeting these needs, including the formation of industry training consortia.

- DOL would be responsible for providing technical assistance to local areas, regions, States and other stakeholders that want to form Regional Alliances. Using information from its current and new demonstration programs, the Department will support the dissemination of alternative models and practices that demonstrate effective approaches to linking industry, training, and the publicly funded workforce system.

Steer, w/ incentives, and build on legislation already in place (coplay)

Regional PIC Partnerships

- The new initiative would provide planning grants to State and local workforce development systems to address critical skills needs in their region by attaining greater involvement of employers with jobs in rapidly expanding fields, and other relevant stakeholders in the operation of existing employment and training programs.

- Planning grants to selected State Human Resource Investment Councils and local Private Industry Councils would be made to assist them in establishing innovative regional partnerships among the relevant stakeholders in the workforce development system, including State and local elected officials, employers, labor organizations and education and training providers.

- These regional partnerships would be explicitly focused on critical skills needs for the purpose of structuring and implementing immediate and long-term responses to critical skill needs aimed at placing U.S. workers in these jobs.

- These planning grants would be used to identify local, State and regional critical skill needs, assess the extent to which U.S. workers are being educated or trained in the needed skills, develop strategies to better focus existing training and education investments on rapidly expanding occupations, provide better occupational information and projections, determine the need for expanded training funds, either government or industry, and develop and implement strategies for recruiting qualified U.S. workers from within the local labor market, the State, the region, and, if needed, the nation.

- The planning grants typically would be focused on local areas, States, regions, and industries encountering the strongest employment growth, lowest unemployment and highest increases in wages, which are predictors of possible critical skill needs.

- These planning grants would be provided to meet a variety of different dimensions of critical skill needs, including: (1) consortia of local SDA's in local labor markets encountering overall critical skill needs; (2) States encountering State-wide critical skill needs; (3) consortia of States encountering regional critical skill needs; and (4) consortia of States, SDA's and industries that have concentrations of industries facing serious skill needs.

- These planning grants would be made for a total of up to $500,000 for a period of 18 months, with the possibility of being renewed for a second 18-month period depending on the regional indicators for critical skills needs. Given the variations in size of regional areas, the average grant may be $400,000.

Regional Industry Training Consortia

- Planning grants would be provided to consortia of private firms, State and local government, labor organizations, and education and training providers to provide seed money to establish regional industry training consortia focused on establishing the training infrastructure needed to meet the needs of a specific industry.

- These grants would made be on a competitive, matching basis each year with the following conditions:

  -- priority for funding would be given to consortia formed as a result of the planning undertaken through a regional PIC partnership grant, or in the absence of such a grant, to consortia that can demonstrate significant linkages to the local workforce development system, such as participation in school-to-work programs.

  -- the training consortia would have to include a significant number of the firms in an industry (including supplier firms) within a particular region; and

  -- the federal grants would have to be matched on a 2 to 1 basis with a minimum of 1 coming from the private sector. (1 fed/1 state/local/ 1 private)

- The Federal grants, up to a maximum of $500,000 per year, would be provided for up to 3 years as glue money to begin the industry consortia, with full funding continued by private firms and State government. Given variation in the size of industry consortia, the average grant might be $400,000.

- The objective of establishing such consortia would be to induce firms to focus on building a regional training pool, rather than "poaching" other firms in the industry to get workers. The likely result would be to induce employers to provide more training to both incumbent workers and new workers.

- Industries responding to incentives to form training consortia most likely would be those industries facing critical skills needs.

- As shown in the attached side-by-side, the industry training consortia component of this "Regional Skills Alliance" proposal differs from the PPI proposal and the concept embodied in H.R. 3270 in the following significant respects:

  -- DOL would administer the grant program, in consultation with Commerce and Education, as opposed to Commerce administering the program, because seed money for industry training consortia is another tool for leveraging employer participation in the local workforce development systems and needs to be closely linked to ongoing efforts to build innovative partnerships with employers.

-- Priority would be given to: (1) industry consortia developed with the context of regional planning undertaken as part of regional PIC partnership grants; and (2) industry consortia that expand and build on existing workforce development partnerships.

Funding the Initiative

Auctioning the new H1B visas?

- A funding level of $50 million per year would be sufficient to produce a nationwide impact, allowing (assuming a 50-50 split between the two types of grants) 60 PIC partnership grants per year and 60 industry consortia every three years.

- The mechanism for funding both Regional PIC Partnership grants and Industry Training Consortia grants would be the establishment of a Training Fund connected to the H-1B program, which would require employers to pay a significant fee (e.g. $2,000) into the Training Fund for each H-1B temporary foreign worker brought in under the program above the current cap of 65,000.

- For example, if the present cap of 65,000 for H-1B workers is raised to 90,000 for a temporary period, such a fee would produce revenues of $50 million per year for the proposed Training Fund during that temporary period.

- An H-1B Training Fund would clearly establish the nexus between a program designed to meet critical skill needs through the use of temporary, foreign workers and the source of funding needed to assure that U.S. workers are provided access to these jobs in both the short- and long-term.

Could start w/ existing money; but, to get the full benefit, need more $

Leg. on a pilot basis

Industry wants to invest $, but needs labor help w/ institutions, planning, organizing and accessing markets.

MARCH 11, 1998

COMPARISON OF INDUSTRY TRAINING CONSORTIA PROPOSALS

ELEMENT	PPI	H.R. 3270	NATIONAL INITIATIVE
Administering Agency	Dept. of Commerce, in consultation with DOL.	Same as PPI.	DOL, in consultation with Dept. of Commerce and Education
Allocation of Funds	Competitive grants	Competitive grants, with priority given to consortia of small firms	Competitive grants, with priority given to consortia developed within context of regional planning and to consortia expanding and building on existing partnerships.
Maximum Amount of Federal Grant	No maximum specified; Implies an average grant of $400,000 per year limited to 3 years	Up to $1 million per year, limited to 3 years by limits on authorized approps	Up to $500,000, limited to three years
Matching Requirements	For every $1 federal, $1 state/local govt and $1 industry	Same $2 to $1 match, except industry can donate entire $2.	Same as H.R. 3270

MARCH 11, 1998

COMPARISON OF INDUSTRY TRAINING CONSORTIA PROPOSALS

Composition of Eligible Consortia	Shall consist of at least 10 firms and/or employing at least 50% of the workers in industry in region. Industry-led board that may include state and local officials, educational leaders and union officials.	Shall consist of at least 10 firms. Same as PPI, except adds nonprofit businesses representing businesses	Same as H.R. 3270. Same as H.R. 3270. except adds training institutions.
Allowable Activities	-- S&E for alliance manager -- joint assessment of industry training and skills needs; -- development of skill standards; -- development of joint curriculum and training methods; -- purchases and donations of equipment; -- identification and development of training providers and establishment of training programs, including apprenticeship, STW and dislocated worker programs; -- initiatives to link technology and business modernization to skills upgrades.	Basically same as PPI, except drops initiatives to link technology and business modernization to skills upgrades and eliminates reference to school-to-work.	Same as H.R. 3270, except prohibits use of federal grant funds to purchase equipment and adds back in reference to school-to-work.

MEMORANDUM

TO: EMPLOYMENT AND TRAINING WORKING GROUP AND OTHERS CONCERNED WITH SKILLS SHORTAGES

FROM: ANNE LEWIS, TOM KALIL, JON ORSZAG, AND CECILIA ROUSE

RE: SKILLS SHORTAGES: Update

DATE: March 3, 1998

At today's meeting we plan to continue the discussion of skills shortages. We plan to discuss both potential long-term solutions as well as potential short-term strategies. In particular, the organization of the meeting will look something like:

- **Highlight current political and economic contexts**
    - Growth in demand for workers with IT skills
    - What's happening in health care? Other industries/occupations?
    - H-1B issue
- **Potential *very* short-term solutions**
  Are there any *very* short-term solutions that the President could announce on Friday with the employment numbers?
- **Potential short-term solutions that would involve business**
    - What are we currently doing in partnership with companies?
    - What can businesses potentially do?
        - Better employee outreach/improve partnerships with local colleges (both 2- and 4-year)
        - More outreach to under-represented groups (minorities, women, persons with disabilities)
    - What questions do we have for companies?
        - What is it they need? (What kinds of workers? How highly skilled? Do they need for them to complete 4-year, 2-year, 6-month programs?)
        - What sorts of programs might make sense?

- **Other short-term solutions**
    - Training programs/credits of incumbent workers
    - Geographic relocation grants
    - Public awareness campaign
    - Improved job matching

- **Potential long-term solutions**
  - What is the current state of play?
    - What are we currently doing to identify "growth" industries/occupations/regions of the country?
    - What are we currently doing to inform individuals about "growth" industries/occupations/regions of the country?
    - What are we currently doing to train individuals for "growth" industries/occupations/regions of the country?
  - Where should we go from here?
    - Better training?
    - Better information? (Including should we consider an additional index to the BLS employment projections? Should we attempt to improve the BLS employment projections?)

Thought on moving ahead on the IT worker issue -- Draft 2/27/98

1. **Identify a core group of companies that we would like to work with - e.g.**

- Microsoft
- Intel
- Sun
- Oracle
- IBM
- Texas Instruments
- Cisco
- SEMATECH

2. **Identify some potential models that we would like to see replicated or scaled -- or current proposals**

Regional/Industry

- AIM Institute in Omaha
- Massachusetts Software Council -- Software Council Fellowship Program
- SEMATECH Partnering Workforce Development Program
- Proposed legislation in Virginia
- Software Human Resources Council (Canada)
- PPI Regional Skills Alliance proposal

Company-specific efforts

- Cisco Networking Academies
- Microsoft Skills 2000

3. **Identify some regional areas to pursue partnerships with**

- Northern Virginia/Maryland
- Austin
- Silicon Valley
- Chicago
- New York (Silicon Alley)
- Research Triangle (North Carolina)
- Route 128

4. **Identify the programs/dollars that we have that could be targeted to IT training that are:**

- Discretionary
- Could be targeted to IT with state/local cooperation

5. **Identify steps the White House/Administration could take that in addition to upgrading the skills of the existing workforce**

- Support for a PSA/media campaign
- Initiatives targeted to under-represented groups: women, minorities, persons with disabilities, older workers

PPi
PROGRESSIVE POLICY INSTITUTE

Backgrounder
February 1998

Building New Skills for the New Economy

Regional Skills Alliances

Robert D. Atkinson

The Problem

There is an increasing realization across the nation that firms in a wide range of industries face serious difficulties in hiring workers with needed skills, and that we need to do a better job of training and educating new entrants to the workforce and workers dislocated by economic change.

Many industries point to the lack of skilled workers as a critical factor limiting their competitiveness and growth. For example, the Information Technology Association of America recently concluded that there are approximately 190,000 unfilled information technology jobs in the United States today due to a shortage of qualified workers.[1] But it is not just high-tech firms. When asked "what are the main barriers firms face to expanding and becoming more competitive," companies across the country in different industries point to the difficulty in getting skilled workers. These shortages not only slow regional and national economic growth, they mean that hundreds of thousands of workers are not increasing their skills and standards of living.

While the current low unemployment rate contributes to this problem, its roots are more fundamental. In the New Economy, skill requirements are going up in many industries, even so-called low-tech industries. More than half of the new jobs created between 1984 and 2005 will require some education beyond high school.[2] The percentage of workers who use computers at work has risen from 25 percent to 46 percent between 1984 and 1993.[3] These changes are being felt around the nation. States such as Colorado, Maryland, Rhode Island, and Washington have all recently released reports highlighting the pressing need of employers for skilled workers. Today, to be competitive, firms are not only using more technology but are also reorganizing production processes in new ways, such as cellular production, use of teams, and other high performance work organization methods that require higher levels and new kinds of skills. For example, a recent survey of U.S. manufacturers found that in 81 percent of plants, production workers participate in empowered or self-directed teams. Marty Cohen, President of the Work in America Institute, states: "Thanks to e-mail, statistical process control, Just-In-Time, [...] and so forth, the need for production workers to master new technology is almost universal, whether they work on loading docks or in silicon clean rooms." And much of the needed knowledge is not firm-specific, but rather generic (related to math, communication, writing, and computing) and industry-specific (such as manufacturing methods).

There is increasing interest in addressing skills shortages. Several high-tech trade associations, in conjunction with the U.S. Department of Labor (DOL) and Department of Commerce (DOC), hosted a skills "summit" earlier this month in Berkeley, CA. President Clinton recently announced several proposals, including creation of a nationwide job bank and modest increases in funding for training programs.[4] The awareness of the problem and the interest in finding effective solutions is growing.

The Administration's proposal, while a useful start, is not enough. The problem cannot be solved at the federal level: solutions need to be regional, diverse, and industry-led. However, the federal government can and should play a catalytic role in bringing together the firms and other institutions that are critical to crafting effective solutions.

The Progressive Policy Institute (PPI) proposes that the federal government invest $40 to $60 million annually to support industry-led, regional skills alliances (RSAs). RSAs—independent, staffed collaborations among firms in an industry, and including educational institutions such as community colleges, formed to identify common areas of skills shortages and develop and implement effective training solutions—would be supported in part for the first three years by federal funds. Funds would be allocated through a competitive grant process administered by the DOC's Manufacturing Extension Partnership (MEP), with consortia of firms as applicants.

Why Existing Institutions Cannot Solve the Problem

According to the American Society for Training and Development, company spending on training has not kept up with the need. In 1995, American businesses spent $55 billion per year upgrading the skills of their employees, 20 percent more than a dozen years ago.[5] But the number of workers has risen 24 percent, meaning that private-sector spending hasn't kept pace. Considering that skills upgrading is far more important now than in the early 1980s, this shortfall is troubling.

Most firms, but particularly small and medium-sized enterprises (SMEs), have limited capacity (financial, institutional, and informational) to engage in significant and sustained workforce development efforts. There are several reasons why. Managers and owners of most firms are simply too busy running their business to develop training systems, especially for new or dislocated workers. SMEs often lack information on what kind of training their firms need and where to get it. And finding this information is very time consuming. As a result, when confronted with a shortage of skilled workers, most firms try to hire workers from other companies.

Moreover, because workers are so mobile, it is difficult for individual employers to bear all the burden of training employees, whether new or incumbent workers, especially since the employee is likely to leave at some time and go to work for a competitor. In this case, not only does the firm "not realize an adequate return on the investment," it is actually at a disadvantage since it has spent money other firms have not, and has made its competitors stronger in the meantime. This serves as a disincentive for individual firms to provide training without a concerted effort on the part of the entire industry regionally. This factor, coupled with increasingly competitive markets, is one reason why many larger companies that supported in-house, dedicated training programs in the 1960s and 1970s have eliminated these efforts.

The skills shortage is also a problem for workers. Millions of American workers would like to upgrade their skills, but it is often difficult for government-run training programs to provide the kinds of skills that employees need. Dislocated workers (even a low unemployment economy has dislocated workers—approximately 1.4 million per year between 1993 and 1995[6]), young people coming out of high school, and workers making the transition from welfare to work may especially need the types of skills demanded by growing industries.

The educational system has not proven up to the task of providing technical training for workers. Many community colleges, and even four-year colleges and universities, lack the resources to purchase up-to-date equipment (machines, computers, software) on which to train workers in relevant knowledge and skills. In addition, while some post-secondary training institutions (especially private ones) have reached out to industry and become more customer-focused, many more have not adequately responded to the changing skills needs of employers. The lack of partnerships with industry means that many educational institutions continue to train students for old economy jobs with old economy methods and equipment.

In some cases this may reflect a lack of entrepreneurial and innovative spirit in bureaucratic institutions. But there is a more fundamental issue: While colleges and universities, especially community colleges, may be able to establish partnerships with larger firms that have human resource departments, building partnerships and a two-way dialogue with small- and medium-sized firms has proven more difficult.

Finally, it has been difficult to use federally funded training programs for these kinds of industry-driven, innovative programs. Most federal training funds go to displaced and disadvantaged workers, not to incumbent workers. Yet, because of rigid and bureaucratic rules, it is difficult to use these federal funds to support effective industry-driven efforts, including some of the most successful and creative industry-community alliances training disadvantaged youth.[7] Moreover, even if the much-needed reforms of federal employment and training efforts are implemented, these efforts are largely focused on making it easier for workers to access training and reemployment services. To really address the skills issues in the New Economy, we need both—a more user-friendly employment and training system and an industry-driven skills effort based on firm alliances. Each complements the other.

The Solution: RSAs

It is becoming clear to many firms and training experts working in the trenches of the New American Economy that if we are going to begin to meaningfully address the skills problem, we have to motivate and assist companies in the same or similar industries to work collaboratively at the regional level to lead this process. As training expert Bill Nothdurft argues, "creating the workforce of the future requires partnerships and private industry leadership."[8]

Employers are most qualified to do this for several reasons. First, employers are the best positioned—often in partnership with others, such as community colleges—to identify the skills and knowledge needed for emerging jobs. Second, by letting employers lead, it is much easier to tie training directly to employment. And third, employers and industries facing skills shortages will be the ones to participate.

While employers need to take the lead, crafting effective solutions requires collaboration among firms. Because a skilled workforce benefits all firms in a region, a small handful of skills alliances have already been established, often with large firms and their employee unions. It has been more difficult for small- and medium-sized firms to band together to tackle educational and training needs. As a result, a critical task is helping firms build ongoing capacities to collaboratively address their own industries' workforce development issues.

Collaborative solutions are more effective than going it alone. First, by working together, firms in the same or similar industries can pool resources (information, on-the-job training opportunities, equipment, curricula) that lower costs of training. Moreover, by supporting sector-based alliances (e.g., metal working, tourism, information technology), firms focus on building a regional training pool, rather than on "poaching" other firms in the industry to get workers.

Second, collaboration allows firms to develop joint solutions and communicate these to educational institutions. Without this ongoing collaboration, it is often very difficult for educational institutions to communicate effectively with industry and develop needed curricula. Moreover, alliances could serve as the intermediary between firms in an industry and the complex array of training programs and initiatives in any particular region.

Finally, solutions need to be regional. Too often Washington forgets that the economy runs through firms, institutions, and workers operating in locales and regions which are very diverse in their industrial structure, growth patterns, and institutional resources. At any one time, some regions may be booming and have the need for new workers, while others may not be growing and are struggling to address the needs of displaced workers. Some regions may be characterized by large firms that can address "infrastructure" needs related to skills, while many others may be populated by smaller firms. In addition, regions differ profoundly in terms of industrial mix. Many industries cluster regionally. In fact, regional industrial clusters are becoming more, not less, a feature of the New Economy—e.g., high-tech electronics and software in places like Silicon Valley, Boston, and Northern Virginia; plastics in Western Massachusetts; rubber in Akron; metal working in Pennsylvania; aerospace in Wichita; and financial services in Wilmington. All of these places have different needs and different problems.

The few collaborative training programs in place today act as powerful and innovative models of industry working together to address common skills shortages. Collaborative training is one reason why German firms invest more in training than U.S. firms do. There, a dense network of industry associations makes it much easier for firms, most of which are small, to jointly address training, with the German federal government contributing half the cost.[9] In the last several years, a small number of regional and industry-based training alliances in the United States have emerged, usually in partnership with state and local governments and technical colleges.

- As part of the Wisconsin Regional Training Partnership, a number of metal-working firms, in conjunction with the AFL-CIO, used an abandoned mill building to set up a teaching factory to train workers with needed skills. The workers learn directly on state-of-the-art manufacturing equipment.

- In Rhode Island, with help from the state's Human Resource Investment Council, plastics firms developed a skills alliance. Funds supported a part-time alliance coordinator who worked with firms to assess skills needs and develop curricula. In addition, a share of the funds went to establish a state-of-the-art polymer training laboratory at the local community college which trains workers in an apprenticeship program that guarantees jobs for graduates.

- In Wichita, a small federal grant, coupled with state and industry funds, helped 33 small aerospace supplier firms develop joint training curricula for new workers in partnership with the local community college.

- In Washington, D.C., regional telecommunications firms donated computers and helped set up a program to train public high school students to be computer network administrators. The companies hire students who pass a standard certification exam for $25,000 to $30,000 a year.[10]

While successful, these kinds of alliances are by far the exception rather than the rule.

Why a Federal Role?

There are several reasons why a limited but strategic federal role would be highly effective:

- The federal government already spends millions on training, but not as effectively as it could.

- Federal, state, and local governments have created a wide array of complicated and disjointed bureaucratic training programs. New initiatives are needed that empower customers and serve as models for service delivery integration.

- While a small handful of these kinds of partnerships have emerged around the nation, there are documented difficulties in fostering this kind of collective action without some federal "glue" money. Widespread and timely deployment of these kinds of partnerships is simply not likely to happen without the incentives established by a federal initiative. This can help create successful models and templates that others can replicate across the nation.

- Because workers are mobile across regions and state borders, the federal government has an incentive to help new workers get an adequate education and skills to be employed in well-paid and rewarding jobs.

- Without some kind of support to create alliances, small firms just don't have the time or resources to collaborate with anybody on training, and over 99 percent of all businesses in the United States are small. In fact, almost all existing RSAs report that they would not have been able to get off the ground without an independent, staffed entity to operate the alliance.

How Regional Skills Alliances Would Work

PPI proposes that the federal government invest $40 to $60 million annually to support industry-led RSAs. Funds would be allocated through a competitive grant process, with consortia of firms as applicants. Federal support would be limited to three years, after which the efforts would be required to be self-supporting.

Successful applicants would be:

- *Consortia:* Alliances would have to have meaningful participation with a large number of firms, ideally at least 10 firms and/or employing at least 50 percent of the workers in that industry in the region.

- *Industry-led* (e.g., board of directors predominantly made up of industry, with state and local officials, educational leaders, and union officials also eligible as participants): Regional chapters of industry trade associations would be eligible to apply.

- *Sector-based:* The efforts would have to be organized around one or more industry sectors.

- *Alliances providing a 2-to-1 match for federal funds:* For every $1 in federal funds, state and/or local government would need to provide at least $1, and industry $1. Industry equipment donations to shared, off-site facilities (e.g., community colleges) would count as matching, while "in-kind" donations would not, but would be considered in ranking proposals.

How Many Alliances and What Level of Support?

Funds could be used to support alliance coordinator staff to work with firms to develop joint standards, curricula, apprenticeships, and other joint efforts. In addition, funds could be used to market the program, to purchase equipment on which to train workers, and to develop curricula. Alliances could also focus on other areas of joint concern, such as technology transfer or industrial modernization. Estimated costs for each alliance would be between $350,000 and $1 million per year, depending on the size of the area, the need, and the extent of effort by firms. Assuming that the federal government provides, at a maximum, one-third of the funds, $50 million would allow approximately 200 alliances to be established.

What Activities Would Qualify for Support?

Virtually all activities directly related to improving the skills of a region's workforce would qualify for support, including:

- Salaries and expenses to support a skills alliance manager;
- Joint assessment of industry training and skills needs;
- Development of skills standards benchmarked to advanced industry practices;
- Development of joint curriculum and training methods;
- Purchases or donations of equipment on which to train workers;
- Identification and development of training providers, and establishment of training programs;
- Development of apprenticeship and school-to-work programs;
- Development of training programs for dislocated workers;
- Initiatives to link technology and business modernization to skills upgrades; and
- Development of performance outcome measures.

Funding would not be allowed to subsidize workers wages (even training wages), could not be used for lobbying or political action, and could not be devoted to senior management development except possibly for skills development focused on team building or employee involvement.[11] Alliances would also be required to report evaluation and outcome measures.

Administration

Because this is a skills and training effort it could be argued that DOL should administer the program nationally. However, because it is also an industry competitiveness effort, it may be more appropriate for DOC to administer it in partnership with DOL. The program could be run out of the Manufacturing Extension Partnership (MEP), an initiative at the National Institute of Standards and Technology (NIST), since NIST is already actively engaged in regional business modernization efforts around the nation. However, because the initiatives could support alliances in non-manufacturing sectors, and because these should be industry-led efforts, NIST should operate this program separate from, but linked to, the MEP.

Advantages of Regional Skills Alliances

Catalyzing the formation of RSAs has several advantages. These include:

- Engaging firms, particularly small- and medium-sized firms, more deeply in the issue of skills training and constructive interaction with educational institutions;

- Engaging public-sector educational providers (e.g., community colleges) more actively in on-going working relationships with groups of employers (i.e., encouraging them to be more responsive by creating the kinds of curricula needed by New Economy employers);

- Significantly increasing the scale of state and local training efforts, by moving away from a one-on-one approach toward engaging whole industries. (Workforce training in states is almost always one-on-one, customized training with individual firms); and

- Providing flexibility in the system to focus on a wide variety of training issues, including new workers, dislocated workers (e.g., Massachusetts Software Alliance), and welfare-to-work (e.g., Wisconsin Regional Training Partnership).

Conclusion

The transition underway to a more technological and skills-intensive economy has led to skills shortages in many industries and regions of the country. Yet, existing government-run training programs are not up to the task at hand. Effective solutions require collaboration between government and industry, and between firms in similar industries in the same region. Federal matching grants to industry to form skill alliances can be a catalyst to the formation of new, innovative, and flexible solutions.

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For further information about PPI publications, please call the publications department at 202-544-6172, write: Progressive Policy Institute, 518 C Street, NE, Washington, DC 20002, or visit PPI's site on the World Wide Web at: http://www.dlcppi.org/.

Endnotes

1. "Help Wanted: The IT Workforce Gap at the Dawn of a New Century," (Arlington, VA: Information Technology Association of America, 1997). See also "America's New Deficit: The Shortage of Information Technology Workers," (Washington, DC: U.S. Department of Commerce, Office of Technology Policy, 1997).

2. Arnold E. Packer, et al., *Workforce 2000: Work and Workers for the 21st Century* (Indianapolis, Ind.: Hudson Institute, 1987).

3. "Computer Use and Ownership: Level of Access and Use of Computers, 1984, 1989, 1993, Table A," (Washington, DC: U.S. Census Bureau, October 1993).

4. Rajiv Chandrasekaran, "U.S. to Train Workers for Tech Jobs," *Washington Post*, (January 12, 1998), p. A1.

5. Dr. Laurie J. Bassi, "Expenditures on Employer-Provided Training" (Alexandria, VA: American Society for Training and Development, July 1996).

6. DOL defines dislocated workers as workers who lose their jobs due to their plant closing down or moving, insufficient work for them to do, or their position being abolished. Source: U.S. Department of Labor, Employment and Training Administration.

7. Peter Behr, "Job Training Success Story at Risk," *Washington Post*, (January 16, 1998), G1.

8. William E. Nothdurft, "How to Produce Work-Ready Workers," *Across the Board*, (September 1990), pp. 47-52.

9. Margaret Hilton, "Shared Training: Lessons from Germany," *Monthly Labor Review*, (March 1991).

10. *Washington Post*, op. cit.

11. PPI has proposed a similar non-discrimination rule that would treat firm expenses on training as taxable compensation unless the firm extends training to all its workers, just as health care coverage and retirement benefits are not taxable if all workers in a firm are eligible for them.

Employment Projections

Table 4b. The 10 occupations with the fastest employment growth, 1996-2006

Table 4b. The 10 occupations with the fastest employment growth, 1996-2006
Numbers in thousands of jobs

Occupation	Employment		Change, 1996-2006	
	1996	2006	Number	Percent
Database administrators, computer support specialists, and all other computer scientists	212	461	249	118
Computer engineers	216	451	235	109
Systems analysts	506	1,025	520	103
Personal and home care aides	202	374	171	85
Physical and corrective therapy assistants and aides	84	151	66	79
Home health aides	495	873	378	76
Medical assistants	225	391	166	74
Desktop publishing specialists	30	53	22	74
Physical therapists	115	196	81	71
Occupational therapy assistants and aides	16	26	11	69

Employment Projections Home Page

BLS Home Page

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Last modified: December 29, 1997
URL: http://stats.bls.gov/ecopro.table6.htm

Employment Projections

Table 4c. The 10 occupations with the largest job growth, 1996-2006

Table 4c. The 10 occupations with the largest job growth, 1996-2006
Numbers in thousands of jobs

Occupation	Employment		Change, 1996-2006	
	1996	2006	Number	Percent
Cashiers	3,146	3,677	530	17
Systems analysts	506	1,025	520	103
General managers and top executives	3,210	3,677	467	15
Registered nurses	1,971	2,382	411	21
Salespersons, retail	4,072	4,481	408	10
Truck drivers light and heavy	2,719	3,123	404	15
Home health aides	495	873	378	76
Teacher aides and educational assistants	981	1,352	370	38
Nursing aides, orderlies, and attendants	1,312	1,645	333	25
Receptionists and information clerks	1,074	1,392	318	30

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Employment Projections BLS

Table 4a. The 10 industries with the fastest employment growth, 1996-2006

Table 4a. The 10 industries with the fastest employment growth, 1996-2006

Numbers in thousands of jobs

Industry description	Employment		Change, 1996-2006	
	1996	2006	Number	Percent
Computer and data processing services	1,208	2,509	1,301	108
Health services, nec.	1,172	1,968	796	68
Management and public relations	873	1,400	527	60
Miscellaneous transportation services	204	327	123	60
Residential care	672	1,070	398	59
Personnel supply services	2,646	4,039	1,393	53
Water and sanitation	231	349	118	51
Individual and miscellaneous social services	846	1,266	420	50
Offices of health practitioners	2,751	4,046	1,295	47
Amusement and recreation services, nec.	1,109	1,565	457	41

Employment Projections Home Page

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Nxt mtg.
Thursday @ 1pm

March 3rd

What does Labor currently do?)

1. School to work program
2. Disadvantaged youth program
3. Disadvantaged adults program
4. Dislocated worker program
5. Labor exchange services

(etc.)

JTPA
(Job Training Partnership Act)

Education

Corp. partnerships w/Comm Colleges

- Local control → local priorities.
- Lots of training is not industry specific.
  (rather than occupation specific)

Seth: We may want to create a pot of $ that can be leveraged w/ existing ~~&~~ many Competitive grant programs (?)
Formula ?)

Link industries to what we are already doing.
(school to work, etc.)

PICs (?)

Labor is meeting w/Industry on the 16th

Encourage H.S. and Comm Colleges to access existing & to create incentives for students to study computer science.

Resurrect tax credit as part of §127 for small businesses to ~~do~~ provide training

Makes educ. assistance provided to employee tax free. ⊕ 10% tax credit for small employer

Labor

School to work

1. – competition to develop a better school-to-work program
2. – (Technology Demonstration Project) $3M ($6M) competition
3. – Regional effort VA/MD/DC Technology councils
   - Industry-led regional alliances (Rob Atkinson @ PPI proposed)

   2500 workers $10 million

$ out of dislocated workers program Must be training as well as planning.

4. America's Job Bank information-based

Pushing states to do more training.

~~[illegible]~~

~~(hypertext link)~~

Way to set up a hot button
from America's Job Bank
to Pell grant

High Tech mtg,
Week of the 16th

DOE

DOL

NSF has industry-educ. partnership programs
- competitive grants.

MEMORANDUM

TO: EMPLOYMENT AND TRAINING WORKING GROUP
AND OTHERS CONCERNED WITH SKILLS SHORTAGES

FROM: ANNE LEWIS, TOM KALIL, JON ORSZAG, AND CECILIA ROUSE

RE: SKILLS SHORTAGES

DATE: February 27, 1998

At Tuesday's (3/3) meeting we plan to continue the discussion of skills shortages. We plan to discuss both potential long-term solutions as well as potential short-term strategies. In particular, the organization of the meeting will look something like:

- **Highlight current political and economic contexts**
    - Growth in demand for workers with IT skills
    - What's happening in health care? Other industries/occupations?
    - H1-B issue

- **Potential short-term solutions that would involve business**
    - What are we currently doing in partnership with companies? (DOL, Education, Commerce)
    - What can businesses potentially do?
        - Better employee outreach/improve partnerships with local colleges (both 2- and 4-year)
        - More outreach to under-represented groups (minorities, women, persons with disabilities)
    - What questions do we have for companies?
        - What is it they need? (What kinds of workers? How highly skilled? Do they need for them to complete 4-year, 2-year, 6-month programs?)
        - What sorts of programs might make sense?

- **Potential long-term solutions**
    - What is the current state of play?

- What are we currently doing to identify "growth" industries/occupations/regions of the country? (BLS)

- What are we currently doing to inform individuals about "growth" industries/occupations/regions of the country?

- What are we currently doing to train individuals for "growth" industries/occupations/regions of the country? (DOL, Education, Commerce)

- Where should we go from here?

  - Better training?

  - Better information? (Including should we consider an additional index to the BLS employment projections? Should we attempt to improve the BLS employment projections?)

U.S. Department of Labor

U.S. DEPARTMENT OF LABOR

NEC IT SKILLS SHORTAGES MEETING

BACKGROUND INFORMATION PACKET

1. Background Paper on Immigration - includes Chart Pack

   A. Computer and Health H1-B Certifications by DOL Region

2. Brief Summaries of "Model" IT Worker Training Programs

3. Abraham/Drier Legislative Proposal

   A. Background on US Department of Education - State Student Incentive Grant Program

4. Moran Legislative Proposals

5. "GI Bill" Fact Sheet

6. DOL IT Initiatives

   A. Skills Shortages Proposal

U.S. Department of Labor

Office of the Assistant
Secretary for Policy
Washington, D.C. 20210

January 30, 1998

BACKGROUND PAPER ON IMMIGRATION

This paper uses data from the INS' 1996 Statistical Yearbook to illustrate the scope of all legal migration to the U.S. Then, each of the employment-based categories for which the Department of Labor has programmatic responsibilities will be described and quantified.

Legal migration can be broken into two main categories -- immigrants and nonimmigrants. Immigrants are those people who are allowed to stay in this country indefinitely. Immigrants are granted lawful permanent residence, and are eligible for eventual citizenship. Nearly two-thirds (64.9%) of the 915,900 people granted lawful permanent residence in FY 96 were admitted under family reunification classes (relatives of U.S. citizens or legal permanent residents). Other major categories of immigrants in FY 96 were refugees and asylees (14.0%) and employment-based (12.8%). (See Table 1.)

The second category of migrants are referred to as nonimmigrants. These are aliens admitted into the country for a specific purpose and temporary period. Of the 24.8 million nonimmigrants who came to the U.S. in FY 96, over three-fourths (76.9%) entered as visitors for pleasure (tourists). The next largest category of nonimmigrants, visitors for business, accounted for 15.2% of the FY 96 total. Temporary worker and trainee categories made up less than 1% (227,440) of nonimmigrant admissions. (See Table 2.) (Note: INS data on nonimmigrants counts entries, not visas. Many classes of nonimmigrants include persons, such as students, who enter the U.S. numerous times during the year.)

Employment-based Immigration

The employment-based immigration system in the U.S. is employer-driven. An employer seeking to sponsor an alien for lawful permanent residence must petition to fill a specific job. Employment-based immigration classes accounted for 12.8% of FY 96 immigration. Of these 117,098[1] persons, less than half (51,224) were principals, and the remainder their spouses and children. There is an annual limit of 140,000 employment-based immigration visas set by law. Employment-based immigration is broken into five preference categories:

1st: Priority Workers: aliens with extraordinary ability, outstanding professors or researchers, multinational executives or managers. NOT subjected to labor market testing, i.e. these are workers considered so valuable that there is no requirement that U.S. workers be unavailable for the positions.
FY 96 admissions: 11,047 principals

2nd: Members of the professions holding advanced degrees or persons of exceptional ability. Category subject to labor market test, whereby DOL must find that there

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[1] Excludes 401 persons admitted under the Chinese Student Protection Act.

is no U.S. worker qualified and available for the job for which the alien is sought.

FY 96 admissions: 8,870 principals

3rd: Skilled workers and baccalaureate holders, as well as a limited number of unskilled workers. Category subject to labor market test.

FY 96 admissions: <u>skilled</u> 21,508 principals
<u>unskilled</u> 6,010 principals

The 4th and 5th preference categories are not subject to a labor market test. These categories comprise special immigrants (primarily religious ministers and religious workers) and investors for employment creation. FY 96 admissions for both categories totalled 8,780, including dependents. Table 3 presents a breakdown of employment-based immigration for FY 92 - 96.

<u>Nonimmigrant Worker Categories</u>

Applications for nonimmigrant worker visas, like applications for employment-based immigration, must be made by the employer wishing to hire a foreign worker. The underlying principals of temporary worker programs are that foreign workers should not undercut the wages and working conditions of U.S. workers, and that foreign workers should be protected from exploitative employment. Temporary workers and trainees accounted for 227,440 nonimmigrant admissions in FY 96[2]. Five DOL-administered temporary worker programs accounted for 170,484 of those admissions. (Again, the INS nonimmigrants data reflects admissions or border crossings, not individual workers.)

H-1A: Registered Nurses. A 5-year pilot program, which sunset in 1995, designed to alleviate the shortage of RN's in the late 1980's. Nurses were admitted for stays of up to five years based on an employer attestation. FY 96 admissions of 2,046 represent nurses re-entering the U.S. on currently outstanding or renewed visas.

H-1B: Workers with "specialty occupations" with a baccalaureate degree (or equivalent experience) entering for jobs requiring a baccalaureate degree. (Fashion models of distinguished merit are also part of H-1B.) Visas are issued for a 3-year period, and can be renewed for one additional 3-year period. A "labor condition application" must be filed with DOL, where they are checked for completeness and obvious inaccuracies before a visa can be issued. In this simple, one-page application, an employer must attest to four conditions: (1) the wage offer is the higher of (a) the wage paid to similarly employed, similarly qualified individuals, or (b) the locally prevailing wage for the occupation; (2) working conditions of the H-1B worker will not adversely affect those of similarly-employed U.S. workers; (3) the place of employment is not affected by a strike or lockout; and (4) the employer has given its employees notice of the filing of the attestation, either by posting it at the worksite or giving notice to the union representative, if there is one. There is no stipulation in the H-1B program that the employer engage in domestic recruitment.

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[2] Excludes workers (and their dependents) admitted under NAFTA.

The H-1 category is often used by employers to screen workers who they might later sponsor for permanent labor certification. In FY 96, about half (48%) of the skilled workers granted permanent labor certification through the 2nd and 3rd preference categories were already working in the country with H-1 visas. (See Chart 1.)

The H-1B program, in effect since FY 92, is capped at 65,000 new visas annually (principals only). The cap was reached for the first time in FY 97. Employers often file multiple labor condition applications and offer several positions on each application, just in case they develop a need for workers. Therefore, the DOL processes many more applications (180,739 in FY 97, representing over 400,000 positions), than the INS issues visas. Moreover, because many H-1B workers enter the U.S. multiple times throughout the year, INS admissions data are not useful in counting either new H-1B's or the stock of H-1B's in the country at any given time. (The visa allows for stays of up to six years.) The INS reports 144,458 H-1B admissions in FY 96.

H-2A: Agricultural "guestworkers" are admitted on H-2A visas for temporary jobs. In order to be allowed H-2A workers, an employer must prove to the DOL that (a) there are not sufficient U.S. workers able, willing, qualified and available to perform the services; and (b) there will be no adverse effect on the wages and working conditions of similarly-employed U.S. workers. Employers are further required to provide free housing to workers outside the commuting area; reimburse workers inbound transportation if they complete half of the contract, outbound also if they complete the contract; guarantee 3/4 of the hours of the contract; and hire any qualified U.S. worker who applies during the first half of the work contract.

Largely because of the housing requirement, the H-2A program is used primarily in the East Coast. Western growers rely more heavily on illegal foreign workers. There is no cap on the number of H-2A visas granted -- in FY 96, H-2A admissions totaled 9,635. There were 1,930 new applications made to DOL in FY 96 -- each application petitions for multiple workers.

H-2B: Temporary nonagricultural workers, such as crab pickers and fishery workers. Limited by law to 66,000 new visas annually, the H-2B visa category accounted for 14,345 entries in FY 96. Like the H-2A program, each application covers multiple workers. In FY 96, the DOL processed 2,100 new applications.

D-1: Crewmembers to perform longshore work at U.S. ports. Generally such work is prohibited, however, one exception requires an employer to file an attestation with the DOL stating that it is the prevailing practice for the activity at that port, that there is no strike or lockout at the place of employment, and that notice has been given to U.S. workers or their representatives. In FY 96, the Department received 59 applications, all filed by Japanese and Korean shipbuilders.

TABLE 1. IMMIGRATION, BY ENTRY CLASS: FISCAL YEARS 1991-1996
(Numbers in thousands)

	1991	1992	1993	1994	1995	1996	1996, in percents
1) Immediate relatives of U.S. citizens	237.1	235.5	255.1	249.8	220.360	300.430	32.8
2) Family preferences	216.1	213.1	226.8	212.0	238.122	294.174	32.1
3) Employment preferences	59.5	116.2	147.0	123.3	85.336	117.499	12.8
4) IRCA legalization	1123.2	163.3	24.3	6.0	4.267	4.635	0.5
Residents since 1982	(214.0)	(47.0)	(18.7)	(4.4)	(3.124)	(3.286)	(0.4)
Agricultural workers	(909.2)	(116.4)	(5.6)	(1.6)	(1.143)	(1.349)	(0.1)
5) Nonpreference	12.3	1.6	0.0	-	-	-	-
6) Refugees & Asylees	139.1	117.0	127.3	121.4	114.664	128.565	14.0
7) Diversity	-	33.9	33.5	41.1	47.245	58.790	6.4
8) Legalization dependents	-	52.3	55.3	34.1	.277	.184	0.0
9) Others	39.9	41.1	35.0	16.8	10.190	11.623	1.3
TOTAL	1,827	974.0	904.3	804.4	720.461	915,900	100.0
TOTAL, NON-LEGALIZATION	704.0	810.6	880.0	798.4	716.194	911,265	NA

Notes: Figures may not add to totals due to rounding.

With the exception of immediate relatives of U.S. citizens, immigrants in a class of admission include principal beneficiaries, i.e., those aliens who directly qualify for the class of admission under U.S. immigration laws, and derivative beneficiaries, i.e., the spouses and unmarried children of principal immigrants.

Brief descriptions of the entry classes:

1) Numerically unrestricted immigrants comprising spouses, unmarried minor children, and orphans adopted by U.S. citizens as well as parents of adult U.S. citizens.

2) Numerically restricted family-sponsored immigrants comprise the following four preference classes:
1. Unmarried adult sons and daughters of U.S. citizens
2. Spouses and unmarried sons and daughters of U.S. permanent resident aliens
3. Married sons and daughters of U.S. citizens
4. Brothers and sisters of adult U.S. citizens

3) Includes immigrants issued employment-based preference visas since FY 1992, as well as immigrants issued third preference (members of the professions or persons of exceptional ability in the sciences and arts), sixth preference (skilled and unskilled workers in short supply), and special immigrant visas prior to fiscal year 1992.

4) Under the 1986 Immigration Reform and Control Act, certain persons who had been in the United States illegally could apply for legal permanent residence.

5) Under the 1986 Immigration Reform and Control Act, immigrants from certain countries determined to have been adversely affected by the 1965 immigration reform were admitted under a special "nonpreference" category.

6) The distinction between refugees and asylees is the location of the alien at the time of application: asylees are already in the United States or at a port of entry.

7) Under the Immigration Act of 1990, a 3-year program (1992-94) authorized 40,000 visas annually for natives of the 34 countries determined to have been adversely affected by the 1965 immigration reform. Another diversity program

of 55,000 visas annually began in fiscal year 1995 aimed at increasing flows from specific countries and regions of the world based on prior low levels of immigrant admissions.

8) Under the Immigration Act of 1990, a 3-year program (1992-94) provided for a maximum of 55,000 visas annually for the spouses and children of legalized aliens.

9) Includes groups such as persons receiving suspension of deportation, Soviet and Indochinese parolees, and registered nurses.

Source: U.S. Department of Justice, *1996 Statistical Yearbook of the Immigration and Naturalization Service*, Table 4.

TABLE 2. NONIMMIGRANTS ADMITTED, BY CLASS OF ADMISSION: FISCAL YEARS 1994-96

Nonimmigrant class	Admissions 1994	1995	1996
Foreign gov't officials, spouses, & children (A)	105,299	103,606	118,157
Temporary visitors for business (B-1)	3,164,099	3,275,334	3,770,326
Temporary visitor for pleasure (B-2)	17,154,834	17,611,533	19,109,944
Transit aliens (C)	330,936	320,333	325,538
Students (F-1)	386,157	356,585	418,117
Vocational students (M-1)	7,844	7,635	8,786
Spouses and children of students (F-2 and M-2)	33,720	31,260	32,485
Int'l representatives, spouses and children (G)	74,722	71,982	79,528
Temporary workers			
• Registered nurses (H-1A)	6,106	6,512	2,046
• Specialty occupations: professionals (H-1B)	105,899	117,574	144,458
• Temporary agricultural workers (H-2A)	13,185	11,394	9,635
• Temporary nonagricultural workers (H-2B)	15,687	14,193	14,345
• Industrial trainees (H-3)	3,075	2,787	2,986
• Professional workers: U.S.-Canada FTA (TC)	5,031	X	X
Professional workers: NAFTA (TN)	19,806	23,904	26,987
• Workers with extraordinary ability (O-1)	5,029	5,974	7,177
• Workers accompanying O-1 nonimmigrants (O-2)	1,455	1,813	2,112
• Athletes and entertainers (P-1, P-2, P-3)	28,055	28,372	33,633
• International cultural exchange (Q-1)	1,546	1,399	2,056
• Nonprofit religious organization workers (R-1)	5,951	6,742	8,992
• Intracompany transferees (L-1)	98,189	112,124	140,457
• Treaty traders and investors & families (E)	141,030	131,777	138,568
Families of temp. workers (H-4,O-3,P-4,R-2)	43,207	46,380	53,572
Families of CFTA & NAFTA professionals (TB & TD)	6,033	7,202	7,694
Spouses & children of intracompany transferees (L-2)	56,048	61,621	73,305
Foreign media representatives and dependents (I)	27,691	24,220	33,596
Exchange visitors (J-1)	216,610	201,095	215,475
Spouses and children of exchange visitors (J-2)	42,561	39,269	41,250
Fiances(ees) of U.S. citizens (K-1)	8,124	7,793	9,011
Children of fiances(ees) (K-2)	764	768	1,012
NATO officials, spouses and children (N-1 - N-7)	9,135	8,579	10,945
Unknown	878	779	310
TOTAL	22,118,706	22,640,539	24,842,503

Note: These numbers include multiple entries by the same person over time. Consequently, they should not be interpreted as the number of individual nonimmigrants entering in a particular fiscal year.

x Not applicable

Source: United States Department of Justice, *1996 Statistical Yearbook of the Immigration and Naturalization Service*, Table 39.

TABLE 3. EMPLOYMENT-BASED IMMIGRATION, BY PREFERENCE: FISCAL YEARS 1992-96

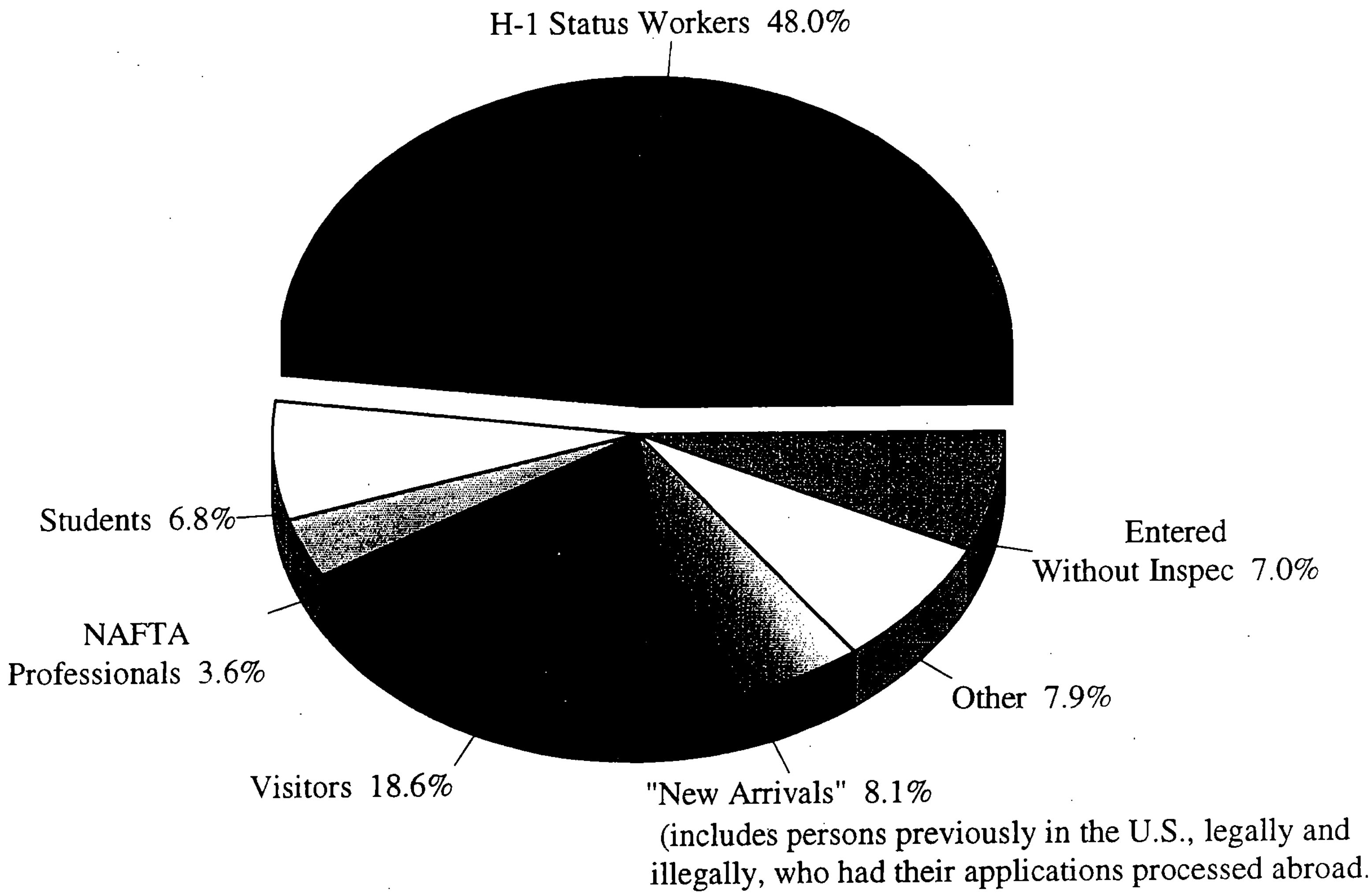
Employment-Based Preference	Fiscal Year 1992	1993	1994	1995	1996
Total, Employment 1st preference	5,456	21,114	21,053	17,339	27,501
Aliens with extraordinary ability	261	1,259	1,313	1,194	2,060
Outstanding professors or researchers	319	1,676	1,809	1,617	2,633
Multinational executives or managers	1,446	5,088	4,975	3,922	6,354
Spouses and children of 1st pref.	3,430	13,091	12,956	10,606	16,454
Total, Employment 2nd preference	58,401	29,468	14,432	10,475	18,462
Members of the professions holding advanced degrees or persons of exceptional ability	27,503	13,801	6,807	4,952	8,870
Spouses and children of 2nd pref.	30,898	15,667	7,625	5,523	9,592
Total, Employment 3rd preference	47,568	87,689	76,956	50,245	62,756
Skilled workers	12,257	12,813	10,139	9,094	16,001
Baccalaureate holders	4,192	9,560	7,732	5,792	5,507
Spouse and child of the above	22,187	28,434	28,398	23,262	28,998
Chinese Student Protection Act	---	26,915	21,297	4,213	401
Principals	---	26,852	21,008	4,134	373
Spouses and children	---	63	289	79	28
Other workers (unskilled workers)	4,017	4,405	4,136	3,636	6,010
Spouse & child of unskilled worker	4,915	5,562	5,254	4,248	5,839
Total, Employment 4th preference	4,063	8,158	10,406	6,737	7,844
Special immigrants	1,768	3,576	4,647	2,929	3,494
Spouse and child of 4th preference	2,295	4,582	5,759	3,808	4,350
Total, Employment 5th preference	59	583	444	540	936
Employment creation, not targeted area	21	159	106	95	143
Spouses and children	32	311	190	190	301
Employment creation, targeted area	3	37	51	79	152
Spouses and children	3	76	97	176	340
Total, Pre-1992 3rd and 6th preference	651	---	---	---	---
Principals	227	---	---	---	---
Spouses and children	424	---	---	---	---
Excluding Chinese Student Protection Act:					
Total, employment pref., principals	52,014	52,374	41,715	33,310	51,224
Percent of all immigration	5.3	5.8	5.2	4.6	5.6
Total, employment pref., dependents	64,184	67,723	60,279	47,813	65,874
Percent of all immigration	6.6	7.5	7.5	6.6	7.2
TOTAL, employment preferences	116,198	120,097	101,994	81,123	117,098
Percent of all immigration	11.9	13.3	12.7	11.3	12.8
Including Chinese Student Protection Act:					
GRAND TOTAL, employment preferences	116,198	147,012	123,291	85,336	117,499

Notes: Percentages may not add to totals due to rounding.

The number of admissions in a given year may exceed the numerical ceiling on visa issuances as immigrant visas may be used up to 4 months after issuance.

Source: U.S. Department of Justice, *1996 Statistical Yearbook of the Immigration an[d] Naturalization Service*, Table 5.

About Half of Employment-Based Immigrants* Admitted Through H-1 Programs

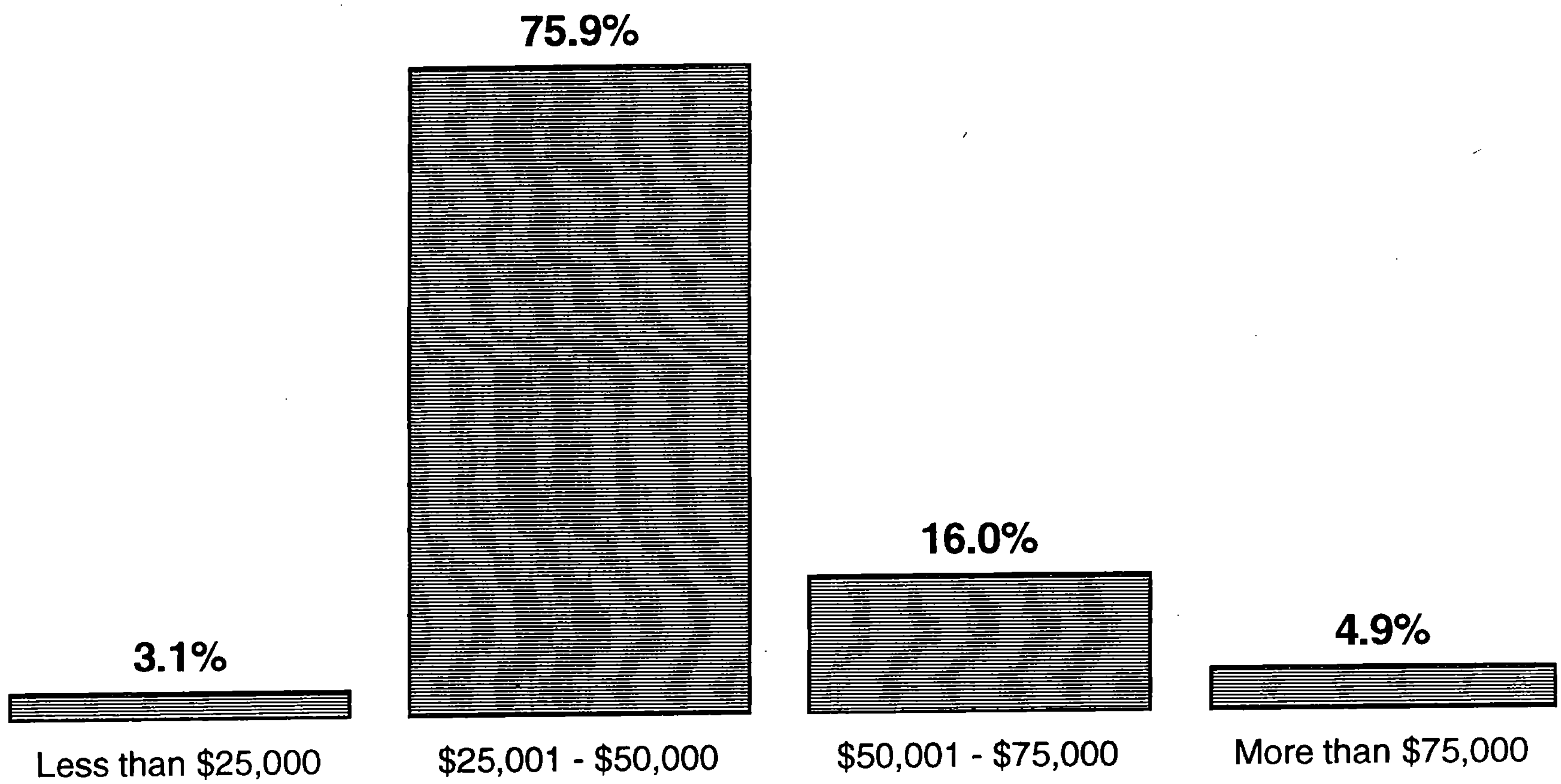


* Admissions for FY 1996, includes 2nd and 3rd Preference Principals only. Excludes Chinese Student Protection Act and Unskilled Workers.

Source: U.S. Immigration and Naturalization Service

The "Best and Brightest?"

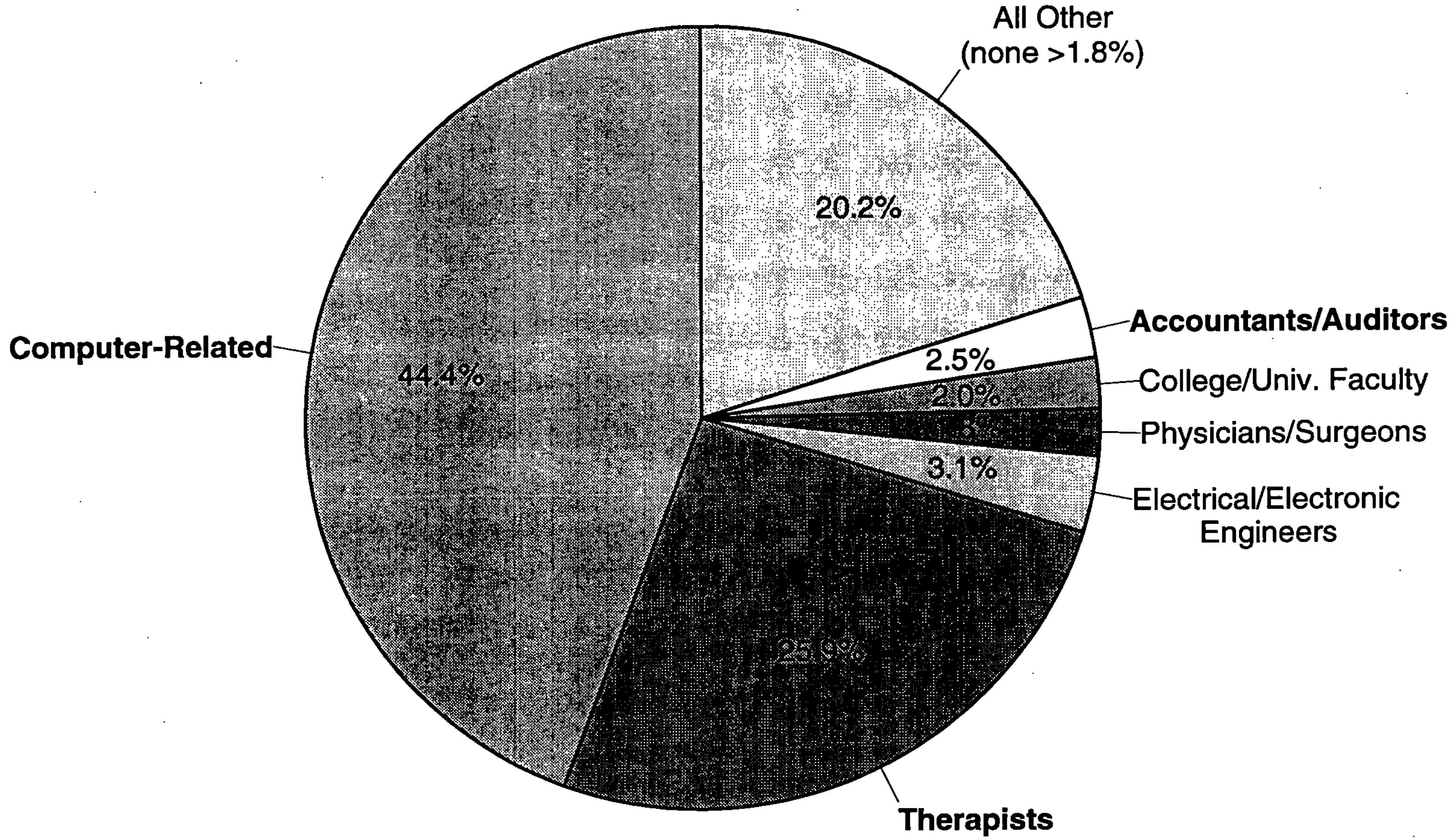
Most Jobs for which Employers Seek H-1B Workers Pay Less Than $50,000 a Year



Source: USDOL\ETA FY 1997 data on H-1B jobs certified.

The "Best and Brightest?"

Most Foreign Temporary Workers (H-1B) are Sought for Therapist and Computer-Related Positions



Source: USDOL\ETA FY 1997 data on H-1B jobs certified.

Concentrations of Computer and Health Occupation H-1B Certifications within DOL Regions, FY 1997

Region		# Computer-Related[1]	% of Region	# Health Occupations[2]	% of Region
I	CT, ME, MA, NH, RI, VT	11,933	50.3	5,460	23.0
II	NJ, NY	31,339	54.9	5,775	10.1
III	DE, DC, MD, PA, VA, WV	16,757	58.5	4,174	14.6
IV	AL, FL, GA, KY, MS, NC, SC, TN	22,534	45.2	14,645	29.4
V	IL, IN, MI, MN, OH, WI	30,928	55.7	11,079	20.0
VI	AR, LA, NM, OK, TX	13,312	15.8	60,754	72.3
VII	IO, KS, MO, NE	5,175	40.8	5,747	45.4
VIII	CO, MT, ND, SD, UT, WY	4,624	64.1	1,078	15.0
IX	AZ, CA, HI, NV	35,538	44.6	5,229	6.6
X	AK, ID, OR, WA	4,550	51.4	363	4.1

1 Occupations in: Systems Analysis/Programming; Computer Systems Technical Support; Data Communications and Networks; Computer System User Support; and Other Computer-Related.

2 Includes: Therapists; Physicians and Surgeons; RN's; and Other Occupations in Medicine and Health.

"Models" for IT Worker Training Programs

1. **AIM Institute in Omaha** is a membership organization supporting and promoting business growth related to information technology. Focus on four key areas: curriculum, continuing education, applied research and labor availability. Work on labor availability initially attempted to "create a market" for college internships. That program has grown to include high school as well as college students and faculty. Created CareerLink web site for job applicants, hosted Virtual Career Fair on the internet. **AIM also created rapid response teams which visit firms across the country that have announced corporate layoffs and downsizings.**

2. **Massachusetts Software Council -- Software Council Fellowship Program** is a public-private initiative by the Software Council, several state agencies, and a federal dislocated worker program. The initiative helps people who have been downsized to get off government services and into productive jobs. Rather than formally teaching programming language, the 5 ½ month program focuses on changing perception, work behavior, cognitive skills and values. Technical skills are acquired on-the-job. Participants average between 40 and 60 years of age, have a minimum of 10 years work experience, and come from a wide range of industries including defense, law, academia, media, retail, recreation and banking. Of the program's more than 300 graduates, 88% have found jobs in the industry with an average starting salary of approximately $50K. Jobs are in the areas of quality assurance, development, customer/technical support, marketing/sales, project management and technical writing.

3. **SEMATECH Partnering Workforce Development Program** addresses the projected shortage of skilled workers, specifically skilled operators and manufacturing and equipment technicians. The main goals are to increase the capacity to train skilled workers, focusing on the community and technical colleges as primary suppliers, and to increase the enrollment and graduation rates for students in semiconductor manufacturing and electronics-related programs. These goals are met with four project thrusts: increasing the number and capacity of schools offering semiconductor manufacturing and electronics-related programs and the post secondary level; increasing the number of students enrolled by increasing awareness of industry as career choice; sharing best practices to leverage the Military Discharge population, develop sources in addition to the traditional technician recruits (other math/science related disciplines) and identify "early exit-ers" from four year schools.

4. **Proposed Legislation in Northern Virginia** would provide community colleges with millions of dollars to tailor courses, mostly non-degree classes, to technology companies in Northern Virginia. Would allow a community college to provide the skills needed for a low-level technology job in just a few weeks or months. The subsidized classes would cost students significantly less than similar courses now provided by private trainers. Companies would also be able to donate equipment to classes designed to help their own businesses. Examples of targeted jobs are technical support and network maintenance.

5. **Software Human Resources Council** is a Canadian group working to bring business, industry, educators, employees and government together to: maximize the quantity and quality of new entrants into the software workforce; improve the skill levels of those already in the industry; track changes in the supply and demand for software workers and skills; integrate the education and training continuum; and promote occupational skills profiles to assist the software industry to effectively compete in the international marketplace. The council is involved in projects which address reskilling the existing software workforce, provide future software workers wit the skill sets required for the new economy and communicate the opportunities in the industry to Canadian youth. The council also plans to target classroom teachers within the K-12 Canadian educational system, partner them with industry mentors and ensure that the teachers have the confidence level to apply technological skills in a practical way to curriculum and pedagogical issues.

6. **Progressive Policy Institute's (PPI) Regional Skills Alliance Proposal** suggests the federal government invest $40-$60 million annually to support industry-led regional skills alliances (RSAs) where firms in the same industry and region would work together to develop training programs. The RSAs would be independent, staffed collaborations among firms in an industry, and educational institutions such as community colleges that are formed to identify common areas of skills shortages and develop and implement effective training solutions. The RSAs would be supported in part for the first three years with federal funds. The proposal calls for RSAs funds to be allocated though a competitive grant process administered by the U.S. Department of Commerce's Manufacturing Extension Partnership, with consortia of firms as applicants.

7. **Cisco Networking Academies** is a multi-million dollar program that Cisco Systems, Inc. of San Jose, California launched in 1997 to teach and certify high school and college students to design, build, and maintain computer networks capable of supporting national and global organizations. At all levels, students simultaneously proceed through a two-year rigorous academic and "hands-on" training program which makes them eligible to appear for an industry-certified qualifying examination. At the conclusion of this program, students take an exam and those who succeed in the exam are awarded a certificate from the Cisco Networking Academy. This certification enables the graduates to compete for entry level positions in networking technologies.

8. **Microsoft Skills 2000** was announced by Microsoft in June 1997 to address the information technology skills issues in a three tiered strategy. Tier 1 involves recruiting; Tier 2 involves offering reduced-price one-day training workshops to update skills of current workers in the use of Microsoft networking software; and Tier 3 would double the funding of roughly 300 high schools, colleges and universities that are members of Microsoft's Authorized Academic Training Program. This additional funding would help students earn Microsoft certifications and better prepare students for work in information technology industries.

U.S. DEPARTMENT OF EDUCATION

STATE STUDENT INCENTIVE GRANT PROGRAM

STUDENT FINANCIAL ASSISTANCE

State student incentive grants
(Higher Education Act, Title IV, Part A, Subpart 4)

1999 Authorization ($ in 000s): Indefinite [1]

Budget Authority ($ in 000s):

1998	1999	Change
$25,000	0	-$25,000

[1] The GEPA extension applies through September 30, 1998. No new authorizing legislation is proposed.

PURPOSE AND METHOD OF OPERATION

The State Student Incentive Grant (SSIG) program provides dollar-for-dollar Federal matching funds to States as an incentive for providing need-based grant and work-study assistance to eligible postsecondary students. Federally supported grants and job earnings are limited to $5,000 per award year for full time students.

The SSIG program is a discretionary program; program funds are available for obligation from October 1 of the fiscal year of appropriation through September 30 of the subsequent fiscal year. Funds appropriated for fiscal year 1998 supported awards in award year 1998-99.

State participation: By law, each State's allotment is based on its relative share of the total national population of "students eligible to participate in the SSIG program," except that no State is to receive less than it received in 1979 (when the appropriation was $76.75 million). If SSIG appropriations are below this level, each State is allocated an amount proportional to the amount of funds it received in 1979. If a State does not use all of its allocation, the excess funds are distributed to other States in the same proportion as the original distribution. "Eligible students" are defined for the purposes of the State allocation formula as those who attend institutions eligible to participate in a State's program. If a State's allocation is based in part on the financial need demonstrated by students who are independent students or attending the institution less than full time, a "reasonable proportion" of the State's allocation must be made available to such students.

States must, at a minimum, match SSIG grants dollar-for-dollar with State funds provided through direct State appropriations for this purpose. They must administer the program under a single State agency agreement and meet maintenance-of-effort criteria. States may use up to 20 percent of their SSIG allotment in support of campus-based work-learning jobs that provide community services.

Institutional participation: All public or private nonprofit institutions of higher education in a State are eligible to participate in the SSIG program unless specifically excluded by the State's constitution or by a State law enacted before October 1, 1978.

STUDENT FINANCIAL ASSISTANCE

State student incentive grants

Student participation: Students must demonstrate need under a need analysis system established by the State and approved by the Secretary in order to qualify for an SSIG grant or work-learning job. States have broad discretion in establishing other student eligibility requirements. All States make awards to full-time students, and 23 States make awards to part-time students as well. Twenty-one States serve graduate as well as undergraduate students.

Funding levels for the past 5 fiscal years were as follows:

	($ in 000s)
1994	$72,429
1995	63,375
1996	31,375
1997	50,000
1998	25,000

1999 BUDGET REQUEST

The Department is proposing no funding for the State Student Incentive Grant (SSIG) program, consistent with the multi-year phase-out of the program proposed in 1996.

The Vice-President's National Performance Review (NPR) concluded that the SSIG program has achieved its purpose of providing incentive grants to States. Prior to the program's inception, 28 States funded and operated need-based grant programs. Today, all 50 States and the District of Columbia have need-based State grant programs. Not only have the number of States funding need-based grant programs increased, but the level of commitment that individual States have made to these grant programs has increased enormously. Almost all States overmatch their Federal SSIG allotments, a large majority award other need-based aid in addition to SSIG, and more than half award non-need based aid in addition to SSIG In 1997, States overmatched their Federal SSIG allocations by approximately 20 to 1.

STUDENT FINANCIAL ASSISTANCE

State student incentive grants

PROGRAM OUTPUT MEASURES

	1997	1998	1999
Recipients [1]	167,000	83,000	0
Aid available to students [1] ($ in 000s)	$100,000	$50,000	0
Maximum grant [2] (whole $)	$5,000	$5,000	0
Average grant [1] (whole $)	$600	$600	0

[1] Reflects the program's statutory dollar-for-dollar State matching requirement. Discretionary State contributions above the required match, which are not reflected, significantly increase the number of grant recipients, the amount of available aid, and the average award.

[2] The maximum award is comprised of a $2,500 maximum Federal contribution and $2,500 State matching contribution.

STUDENT FINANCIAL ASSISTANCE

State Student Incentive Grants

State or Outlying Area	1997 Approp. for 1997-98	1998 Estimate for 1998-99	1999 Request for 1999-2000
Alabama	$758,850	$378,331	0
Alaska	81,013	40,390	0
Arizona	868,227	432,861	0
Arkansas	322,663	160,866	0
California	7,835,538	3,906,469	0
Colorado	696,397	347,194	0
Connecticut	664,134	331,109	0
Delaware	136,059	67,833	0
Florida	1,596,142	795,769	0
Georgia [1]	0	0	0
Hawaii	209,556	107,478	0
Idaho	170,784	85,146	0
Illinois	2,756,442	1,374,240	0
Indiana	1,019,801	508,480	0
Iowa	548,300	273,359	0
Kansas	565,118	281,744	0
Kentucky	622,861	310,532	0
Louisiana	726,129	362,017	0
Maine	182,791	91,132	0
Maryland	930,165	463,741	0
Massachusetts	1,639,786	817,528	0
Michigan	2,108,036	1,050,970	0
Minnesota	986,261	491,708	0
Mississippi	431,678	215,216	0
Missouri	1,007,880	502,487	0
Montana	140,599	70,097	0
Nebraska	365,644	182,295	0
Nevada	138,100	69,349	0
New Hampshire	177,777	88,632	0
New Jersey	1,337,509	666,826	0
New Mexico	258,890	129,072	0
New York	4,310,805	2,149,186	0
North Carolina	1,107,532	552,169	0
North Dakota	136,621	68,113	0
Ohio	2,021,925	1,008,047	0
Oklahoma	686,751	342,385	0
Oregon	665,080	328,596	0
Pennsylvania	2,241,306	1,117,421	0
Rhode Island	269,142	134,183	0
South Carolina	551,712	275,060	0
South Dakota [1]	0	72,176	0
Tennessee	825,773	411,695	0
Texas	2,781,030	1,386,953	0
Utah	378,906	188,907	0
Vermont	128,085	63,858	0
Virginia	1,086,174	541,521	0
Washington	1,157,175	576,919	0
West Virginia	370,393	184,662	0
Wisconsin	1,063,579	530,256	0
Wyoming	85,540	42,647	0
District of Columbia	371,469	185,199	0
Puerto Rico	455,911	227,298	0
American Samoa	3,645	1,818	0
Northern Marianas	623	311	0
Guam	16,164	8,059	0
Virgin Islands	9,245	4,610	0
Palau	283	71	0
TOTAL	50,000,000	25,000,000	0

[1] Did not apply for funds. At press time it was not known whether South Dakota would apply for 1998 funds.

MORAN LEGISLATIVE PROPOSALS

managed care plans because "it is new, it is unusual, and there are a lot of complaints," Stark added.

The government needs to follow the quality of managed Medicare because unlike fee-for-service plans, which only require the government to pay for services rendered, managed Medicare plans receive a fixed, per person, per month fee from the government regardless of a person's health status, Stark argued.

Also, Stark called on Congress to pass the patients' bill of rights proposed by President Clinton.

Clinton Initiatives Questioned. But Thomas expressed concern that Clinton's quality initiatives, including the president's Feb. 20 executive order intended to require federal health care programs to comply with recommendations issued by the Advisory Commission on Consumer Protection and Quality in the Health Care Industry, do not include cost estimates. Referencing a letter he sent to Health and Human Services Secretary Donna Shalala, Thomas said, "the administration has failed to provide the subcommittee with any estimates of the cost impact of the executive order on our seniors and those enrolled in other public programs. . . .In fact, the secretary's letter indicates these estimates simply do not exist."

"Instead of entering into a substantive discussion about how best to ensure quality of care based on sound clinical data in the private sector, however, it appears the administration is more interested in playing partisan politics without fully analyzing the issue," Thomas charged.

Health Care

Antitrust Enforcement Officials Oppose Independent Doctor-Plan Bargaining

Federal antitrust enforcement officials Feb. 19 opposed any changes in the antitrust laws that would allow independently employed physicians to bargain collectively with managed care plans.

Officials with the Department of Justice and the Federal Trade Commission agreed the antitrust laws clearly state only physicians employed by an institution may engage in collective bargaining. Changes to the laws are unnecessary, they said.

"The [antitrust] laws should not be changed," Robert Leibenluft, assistant director for health care of the FTC's Bureau of Competition, told a National Health Lawyers Association/American Academy of Healthcare Attorneys antitrust conference. According to Leibenluft, competition among physicians is crucial in a changing health care market and there is no reason to suggest that physicians would be better off without it.

A similar sentiment was voiced by Gail Kursh, chief of DOJ's Health Care Section. She told BNA there is no need for a change in antitrust laws because existing laws are "pretty clear" in this area. The DOJ official said the core issue is whether unions are collectively negotiating for independent competitors. Such actions, she said, are not allowed.

Leibenluft said competition for physician services could be jeopardized by legislation expected soon to be introduced by Rep. Tom Campbell (R-Calif) that would allow health care professionals to form collective bargaining units to negotiate with HMOs and other insurers.

On the other hand, Edward Hirshfeld, associate general counsel of the AMA, said self-employed physicians are pressuring the association to encourage Congress to exempt them from the antitrust laws. Hirshfeld said independently employed physicians are seeking exemption because they feel vulnerable to the leverage health plans have in the health care market to negotiate contracts.

Some federal enforcement and medical association officials agreed independent physicians will make a strong push for legislative changes to the antitrust laws during 1998. While anticipating debate on this issue, Hirshfeld said the "odds are against" any legislative changes.

Job Training New

Moran Offers Series of Bills to Address Shortage of Skilled, High-Tech Workers

Rep. James P. Moran (D-Va) introduced a series of bills Feb. 25 aimed at inducing high technology firms to invest more heavily in worker training.

"The growing inability to hire and keep the workers in skilled high-technology positions results in billions of dollars in lost revenue a year," Moran said in a statement. The problem, he said, is "particularly acute" in northern Virginia, "where information technology firms drive the expanding regional economy."

Moran cited recent research by George Mason University of northern Virginia showing that more than 25,000 jobs in the region's high-technology industry are currently unfilled due to a lack of qualified candidates. "This shortage dampens our economic growth, and providing incentives and opportunities for training is the best way to remove these barriers so that our economy can perform at its highest possible level," he said.

One of the bills (HR 3274) would provide a tax credit of up to $2,500 a year to cover 50 percent of the training costs firms incur when preparing their employees for information technology jobs. "Companies now have a competitive and cost disincentive to invest in training for their employees who often are recruited by the company's competitors soon after they receive the training," Moran said.

Immigration Preferences, Skills Alliances. Another bill (HR 3273) would classify the high-technology industry as an occupation facing a workforce shortage for purposes of the immigration process, giving foreign nationals with high-tech skills priority for entry into the United States. Top employers in the information technology industry have complained that their industry i[illegible] facing an unprecedented shortage of qualified candi[illegible] dates to fill empty jobs. They say that the current immi[illegible] gration process hinders their ability to hire foreign na[illegible] tionals to fill vacancies caused by an unprecedente[illegible] shortage of qualified candidates to address the problen[illegible] (38 DLR AA-1, 2/26/98).

Another of the bills (HR 3270) would authorize th[illegible] creation of regional skills alliances to allow companie[illegible] to pool their training resources within industry sector[illegible] Modeled after the Commerce Department's manufa[illegible] turing extension program, the program prop[illegible] in th[illegible]

105TH CONGRESS
2D SESSION

H. R. ____

IN THE HOUSE OF REPRESENTATIVES

Mr. MORAN of Virginia introduced the following bill; which was referred to the Committee on ______

A BILL

To amend the Job Training Partnership Act to allow certain funds under that Act to be used for payment of incentive bonuses to certain job training providers that place large percentages of individuals in occupations for which a high demand exists.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. INCENTIVE BONUSES UNDER THE JOB TRAINING PARTNERSHIP ACT FOR CERTAIN SERVICE PROVIDERS THAT PLACE LARGE PERCENTAGES OF INDIVIDUALS IN HIGH DEMAND OCCUPATIONS.

(a) IN GENERAL.—Section 108 of the Job Training Partnership Act (29 U.S.C. 1518) is amended by adding at the end the following:

"(f)(1) Notwithstanding any other provision of this Act, funds made available for direct training services under parts A and C of title II and under title III may be made available for payment by private industry councils for incentive bonuses to providers of direct training services described in paragraph (3) that place large percentages of individuals in occupations for which a high demand exists in accordance with section 141(d)(1) of this Act.

"(2) The total amount of incentive bonuses paid to service providers under paragraph (1) for a program year may not exceed 5 percent of the total amount of funds allocated to a service delivery area.

"(3) Direct training services described in this paragraph are services provided under any of the following:

"(A) Subparagraphs (B), (C), (K) and (L) of section 204(b)(1).

"(B) Subparagraphs (H) and (I) of section 264(c)(1).

"(C) Subparagraphs (A), (B), (C), and (I) of section 314(d)(1).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to program years beginning on or after the date of the enactment of this Act.

105th CONGRESS
2ND SESSION

H. R. ______

To treat certain information technology occupations as if the Secretary of Labor had made a determination under section (a)(5)(A) of the Immigration and Nationality Act, to limit such determinations, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

February 25, 1998

Mr. MORAN of Virginia introduced the following bill; which was referred to the Committee on ____________________.

A BILL

To treat certain information technology occupations as if the Secretary of Labor had made a determination under section (a)(5)(A) of the Immigration and Nationality Act, to limit such determinations, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TO TREAT CERTAIN INFORMATION TECHNOLOGY OCCUPATIONS AS IF THE SECRETARY OF LABOR HAD MADE A DETERMINATION UNDER SECTION (a)(5)(A) OF THE IMMIGRATION AND NATIONALITY ACT.

(a) IN GENERAL.— For a period of three years, beginning six months after enactment of this Act, the occupation "information technology professional" shall be treated as if the Secretary of Labor had made a determination under section (a)(5)(A) of the Immigration and Nationality Act that there are not sufficient workers who are able, willing, qualified and available, and that the employment of aliens in such occupations will not adversely affect the wages and working conditions of United States workers similarly employed.

(b) INFORMATION TECHNOLOGY PROFESSIONAL DEFINED.— For purposes of this section, the term "information technology professional" means an individual skilled in the study, design, development, implementation, support or management of computer based information systems, such as a computer scientist, computer engineer, system analyst, or computer programmer.

SEC. 2. LIMITING DETERMINATIONS BY THE SECRETARY OF LABOR.

(a) IN GENERAL.— Section (a)(5)(A) of the immigration and Nationality Act is amended by adding the following new clause:

> "(iv) Limitation — No determination issued by the Secretary pursuant to this subparagraph shall be valid for more than three years from the date issued. Nothing in this clause shall be construed to limit the Secretary's ability to re-issue a determination under this subparagraph.".

(b) EFFECTIVE DATE.— The amendment made by subsection (a) shall take effect upon passage.

A New G.I. Bill for America's Workers

Fact Sheet

From Feeding Bureaucracies to Empowering Individuals

- ❑ **Collapse some 70 Federal programs** for education and job training

- ❑ **Put the power to learn in workers' hands** -- offering unemployed and low-income workers Skill Grants for education and training up to $2,620 per year, and Individual Education Accounts to get low-cost loans and repay them on a flexible schedule.

Leaner Government

The current maze of job training programs wastes money and doesn't get the job done. The President will replace some 70 separate programs with on integrated system.

State Flexibility

Washington doesn't have all the answers. The President's proposal encourages states to work with communities, schools, and the private sector to tailor information systems, job search assistance, and on-the-job training to meet local priorities. Most federal rules dictating administrative precedures will be wiped out.

Good Information to Guide Good Choices

The proposal encourages States and the private sector to develop a system of One-Stop Career Centers or other information networks. Workers get access to real job search help and reliable information on jobs, careers, and the records of training institutions.

Accountability

Too often, training programs aren't held accountable. They should pass the same test as the private sector; meet your customers' needs or lose business. Choice, competition, and good information will empower individuals to pick providers who deliver. And performance standards for training providers will cut off the frauds and the incompetents.

Private Sector Partnership

The President's proposal isn't about government. It's about jobs, so the private sector has a central role. Business and labor will be full partners in designing new systems so that workers and education providers know what skills employers will pay for. New awards will recognize excellence in creating workplaces that reward worker skills.

Paths from School to Work for Young People

This initiative will fold federal employment and training programs for young people into the school-to-work movement already underway at the state and local level. Young people can look forward to clearer paths to new skills and better jobs.

Draft - February 18, 1998

S. 1186 -- the Workforce Investment Partnership Act...

How do Governors benefit?

S. 1186 -- the Workforce Investment Partnership Act -- significantly enhances the authority of the Governor with respect to the design and administration of the Federally-funded workforce development system in each State. By institutionalizing on-going reform efforts and providing increased flexibility, the bill provides an important opportunity to establish an effective, customer-friendly workforce development system tailored to meet the particular needs of each State.

Governors want to consolidate current education and training programs into grants for States to use in the development of a comprehensive state workforce development system.

By incorporating over 50 categorical programs and integrating others into a coordinated system, the bill takes important and aggressive strides towards reform of the workforce development system. Through the elimination of mandatory set-asides for education coordination grants and older worker programs, and combining the year-round and summer youth programs into a single funding stream, Governors are bound by far fewer funding constraints. Additionally, workforce development, vocational education, and adult education activities are coordinated through the creation of a State partnership that is appointed by the Governor and is comprised of the State officials responsible for administering these programs. The bill also contains an optional unified plan provision that would allow Governors to submit a single State plan covering numerous Federal education and training programs.

Governors want the flexibility to design workforce development systems that meet the workforce needs of their state.

The bill contains provisions to allow States to continue their existing reform efforts and seek waivers of many of the new requirements under the bill if necessary to implement additional reforms. The bill assures that States retain any existing waivers that they have received from the Department of Labor. Furthermore, the bill includes "grandfathering" provisions that allow States that have enacted workforce development legislation prior to July 1, 1997 to retain certain elements of such legislation, including use of alternative State and local entities, service areas, and performance accountability mechanisms. The bill also contains an early implementation provision, allowing Governors to use funds appropriated for Federal programs repealed by the bill to implement the new legislation at any time prior to the effective date of July 1, 1999. In addition, the bill enhances the Governor's flexibility in designating local service areas. Under current law, the Governor must designate any local governmental unit, or consortium of units, with a population of 200,000 or more as a service delivery area. The bill significantly increases the population threshold to 500,000.

Governors want a bill that grants them the authority to finance pilot programs to experiment with delivering services through alternative mechanisms, and to fund incumbent worker projects.

The bill significantly increases the Governor's flexibility in using State reserve funds to finance activities that are priorities for their State. Under current law, the amounts reserved by the State are required to be expended in narrow categories, and no summer youth funds are reserved by the States. Under the bill, the State reserves 15 percent from each funding stream (adults, dislocated workers, and youth -- which combines summer and year-round youth) and may merge these funds and use them for an array of workforce development activities, including incumbent worker projects. (Note: The State is provided a separate reserve for rapid response activities for dislocated workers.) Therefore, by eliminating many of the current set-asides and allowing pooling of State funds, the Governor's ability to carry out significant State projects is enhanced. In addition, the bill authorizes the Youth Opportunities Areas initiative which is designed to provide resources to high poverty urban and rural areas in States to address the complex, persistent challenge of raising the employment rate of out-of-school youth.

Governors want a bill that includes a clear accountability system that is based on state-developed performance measures.

The bill provides the Governor with a significant new role in the development of performance measures. Under the bill, the State negotiates the expected levels of performance for the State as a whole with the Secretary, and carries out a similar negotiation with the local areas to establish their measures. The Governor also has the authority to add to the core performance measures provided in the Act. The Governors therefore have a new significant opportunity to affect the measures that will be used to evaluate the effectiveness of the workforce development system. Moreover, States that exceed the expected levels of performance will be eligible to receive the incentive funds which provide significant new opportunities for States to carry out innovative workforce development projects.

Governors want a bill that ensures that services are available to the entire workforce as a part of a continuum of lifelong learning.

By removing income eligibility requirements, the bill enables all adults to benefit from core services provided through the one-stop system. These services include such activities as: job search and placement assistance; skill assessment; and case management.

Governors are concerned about potential reductions to current employment and training programs, and believe that reform should be an opportunity to provide States with flexibility and not a primary means to reduce the Federal deficit.

Unlike job training consolidation bills in the previous Congress, this legislation is not based on the faulty notion that consolidation will result in large savings. The mutual agreement of the President and the Congress to protect employment and training investments in the Bipartisan Budget Agreement was a tremendous accomplishment, and this legislation reflects that commitment to maintain -- and even increase -- the investment in these vital programs.

Governors want a bill that ensures that no State will receive less than one-half of one percent of the total funds appropriated under the Act.

Unlike current law, which provides that no State will receive less than one-quarter of one percent of the total funds appropriated under the Act, the Senate bill increases the small State minimum to one-half of one percent.

U.S. DEPARTMENT OF LABOR

INFORMATION TECHNOLOGY SKILLS SHORTAGES INITIATIVES

ETA TECHNOLOGY DEMONSTRATION PROGRAM

Summary. Each year, programs funded under Title III of the Job Training Partnership Act provide adjustment and training assistance to over 600,000 individuals who have lost their jobs through no fault of their own. The Secretary of Labor is authorized to use a portion of these funds to support demonstration projects to test new and innovative means of assisting dislocated workers. Under the technology demonstration program, the Department will use a portion of the funds for demonstration projects that respond to the reported shortage of workers in advanced technology jobs.

A competitive solicitation will invite proposals to train unemployed workers in skills necessary to obtain work in occupations and industries with long-term growth potential. Under this demonstration program, grant activities could include:

1) development, testing and initial application of curricula designed to meet employer-specific skill needs, focused on intensive, short-term training to get participants back into productive employment as quickly as possible;

2) working with employers to develop training programs that will take advantage of opportunities created by employers' needs for workers with new skills; or

3) development of employer-based training that will take advantage of statutory waivers granted to some states to continue to provide training and other services after the participant has been placed in a job.

The demonstration projects will require strong linkages with specific employer demand for workers with technology-related skills.

Process. A Solicitation for Grant Applications (SGA) will be published in the Federal Register, requesting proposals designed to achieve one or more of the goals outlined above. Specific competitive selection criteria will be included in the SGA announcement.

Eligible applicants. Not yet determined. Typically, local job training entities, employer associations, training institutions and other organizations are eligible to apply for dislocated worker demonstration grants.

Amount. ETA has earmarked $3 million for these projects, with an anticipated maximum of $750,000 as the initial award for any grant.

Period of Performance. Grants will be funded by June 1998, and will operate for two years following award.

Electronic Labor Exchange
The $8 million Investment

Background

The Department of Labor, through a grant to the New York Department of Labor, currently operates America's Job Bank (www.ajb.dni.us). America's Job Bank is the largest single job collection on the Internet and receives over 2 million hits on a normal business day (about 40,000 individual sessions generating an average of 50 hits per session). America's Job Bank also facilitates (hosts or links to) Internet job banks for all States and the District of Columbia. These State job banks receive collectively more hits than AJB. Usage more than doubled during calander 1997 and can be expected to grow at a similar pass in 1998.

Jobs enter the America's Job Bank and various state banks in two ways: 1) about 85% of the jobs come through the network of 1,800 local employment service offices, 2) the remaining 15% come directly from the Internet through some 20,000 companies and recuiters who have been granted a password and ID for the system.

America's Talent Bank (www.atb.org) has been developed seperately by a consortium of States led by Michigan and Missouri. It is now operating in 9 States. The talent bank permits registered employers to search a database of resumes and select candidates directly.

On March 2nd, a new version of America's Job Bank will become operational that combines the features of both the Job and Talent banks into a single system. The combined system is designed to operate as a national site and as 54 State sites (50 States plus the District of Columbia, Guam, Virgin Islands and Puerto Rico). As a result, talent bank services will be available nationwide on March 2nd.

The combined site will also include America's Career InfoNet (which was launched by Vice President Gore in November. The America's Learning Exchange web site, currently under development, is expected to join the family of Internet service in the fall of 1998.

The Investment

The $8 million Internet investment referenced in the January 12th Washington Post article represents the cost of combining and rolling out the new system and its operational costs through September 30, 1998.

JOB VACANCY INITIATIVE - FY 1999 BUDGET

Presently, there is no economic indicator of the demand for labor with which to estimate labor shortages in the U.S. labor market. Information on labor shortages can only be inferred indirectly using labor supply information, such as the unemployment rate. The Bureau of Labor Statistics (BLS) requested $3.3 million for a national job vacancy survey in their FY 1999 request to Congress. This funding will be used to develop monthly estimates on the number of separations, new hires and current job-openings for an all-industry total and for major industry divisions. Developing a demand-side indicator of labor shortages, at the national level, would greatly enhance policy makers' understanding of imbalances between the demand and supply of labor.

Revised Draft 3/3/98

A PROPOSED NATIONAL INITIATIVE TO ADDRESS SKILL SHORTAGES

Background

- Continued strong employment growth and low unemployment rates have created tight labor markets in many parts of the U.S., with numerous reports of employers being unable to find workers with the needed skills.

- Tight labor markets can lead to rising wages, improved working conditions, and new opportunities for workers and new labor market entrants, as well as creating significant opportunities for groups typically excluded from the workforce, (e.g., older workers, disabled workers, disadvantaged adults, welfare recipients, and low-skilled dislocated workers).

- Many employers, however, respond to tight labor markets and difficulty in finding skilled workers by demanding greater access to temporary, foreign workers; but raising immigration ceilings or caps in response to skill shortages would reduce opportunities for U.S. workers.

- In order to assure maximum benefits for U.S. workers from strong economic growth and tight labor markets, immigration ceilings should be raised to meet skill shortages only after there has been a targeted, significant effort to give U.S. workers access to these jobs.

Existing DOL Programs

- DOL plays an important role in responding to skill shortages with its existing programs by: (1) enhancing the supply of skilled labor through its training programs; and (2) improving job matching through the provision of information to employers and workers.

- DOL employment and training programs, over $2 billion focused on adults, are designed to be responsive to local skill shortages, with most of its resources allocated by business-led boards in each local community and directed toward what training is needed for skills in demand..

- To increase responsiveness of existing programs, DOL is planning a new technology demonstration project to facilitate the development of partnerships between the local workforce development system, employers, training providers and others aimed at training eligible dislocated workers for jobs requiring high tech skills.

- Traditionally, DOL has provided job matching information to employers and workers through the Employment Service system and the related One-Stop Career Centers. Funding for these programs have been maintained at a steady-state over the last few years.

- As a part of the One-Stop initiative, the Department has taken steps to improve job matching by developing and making available on the world-wide web an integrated version of America's Job Bank and America's Talent Bank by March 1998, thereby enabling both employers and workers to list and easily access both employer-posted job openings and worker-posted resumes in one integrated system.

- These existing programs do a good job of meeting most skill shortages at the local level on an on-going basis, but may provide a significant, targeted response to skill shortages that are unusually severe at the local level, cut across local jurisdictions within the same labor market area, involve jobs in new or emerging occupational fields, or occur at a State or regional level.

A New Initiative

- A new initiative, building on and complementing existing programs, is needed to assure that U.S. workers have access to jobs represented by skill shortages, prior to allowing increased immigration to fill these jobs.

- This new initiative is needed to expand the focus of the existing workforce development system to employers with jobs in rapidly expanding occupations, in order to complement its existing focus on individuals in need of skills to obtain employment.

- The new initiative, when established on a permanent basis, would be structured to provide both planning and training grants to State and local area workforce development systems facing skill shortages, as well as planning grants to States and industry consortia. These grants would be provided by DOL on a competitive basis, through a national reserve fund, to ensure that the funds are used to meet the more serious skill shortages.

- During a transition period, DOL would provide combined planning and training grants using Title III Discretionary funds.

(a). **Planning Grants to the Workforce Development System**

- The new initiative would provide planning grants to State and local workforce development systems to better target employers and address critical skills needs.

- Planning grants to selected State Human Resource Investment Councils and local Private Industry Councils would be made to assist them, in conjunction with education and industry representatives, to structure and implement immediate responses to specific skill shortages aimed at placing U.S. workers in these jobs.

- These planning grants would be used for identifying local, State and regional skill shortages, assessing the extent to which U.S. workers are being educated or trained in the needed skills, developing strategies for to better focus existing training and education programs, and developing and implementing strategies for recruiting qualified U.S. workers from within the local labor market, the State, the region, and, if needed, the nation.

- The planning grants typically would be focused on local areas, States, regions, industries and occupations encountering the strongest employment growth, lowest unemployment and highest increases in wages, which are predictors of possible skill shortages.

- These planning grants would be provided to meet a variety of different dimensions of skill shortages, including to: (1) consortia of local SDA's in local labor markets encountering overall skill shortages; (2) States encountering State-wide skill shortages; (3) consortia of States encountering regional skill shortages; and (4) consortia of States, SDA's and industries that have concentrations of industries facing serious skill shortages.

(b). **Planning Grants to States and Industry Consortia**

- Planning grants would be provided to States and consortia of private firms to provide seed money to establish regional industry training consortia, with the States and private firms providing matching funds.

- These State/industry grants would made on a competitive, matching basis to specific States and groups of firms within those States to establish regional industry training consortia. These consortia would have to consist of a significant number of the firms in an industry within a particular region. The goal would be to induce firms to focus on building a regional training pool, rather than "poaching" other firms in the industry to get workers.

(c). **Training Grants**

- Training grants would be provided to selected parts of the local and State workforce development system on a competitive basis, based on the results of planning grants, to be used to meet specific skill shortages that cannot be met through the refocusing of existing resources.

- The emphasis would be on funding training that is implemented through innovative partnerships between industry, education and the local workforce development systems.

(c). **Long-term Funding**

- The long-term funding mechanism for both planning and training grants would be the legislative establishment of a Training Fund connected to the H-1B program, which would require employers to pay a significant fee (e.g. $5,000) into the Training Fund for each H-1B temporary foreign worker brought in under the program above the current cap of 65,000.

- For example, if the present cap of 65,000 for H-1B workers is raised to 100,000 for a temporary period, such a fee would produce revenues of $165 million per year for the proposed Training Fund during that temporary period.

- An H-1B Training Fund would clearly establish the nexus between a program designed to meet skill shortages through the use of temporary, foreign workers and the source of funding needed to assure that U.S. workers are provided access to these jobs in both the short- and long-term.

Transition to the New Initiative

- During a transition period, pending the establishment of the Training Fund, limited funding could be provided through the JTPA Title III National Reserve with an equal contribution from State Title III reserve accounts.

- Given the limitations on the use of Title III funds, requiring that all funds be directly connected to the training of dislocated workers, the transition funding would not provide funding for planning grants but would be limited to grants to the workforce development system that combine planning and training.

- The normal Title III application process, complemented by the required State match, would be used.

- The primary purpose of these combined grants would be to train dislocated workers in skills shortage occupations, but would include a limited amount of planning money in order to identify the most relevant occupations and to establish the needed partnerships between the workforce development system, industry and education.