DRAFT **July 23, 1997**

Comparison of Adult Education Act with the Administration's Adult Education Legislation, the House Adult Education Legislation and the Senate Adult Education Legislation

Topic	Adult Education Act as amended	Administration's Bill H.R. 1562/S. 994 105th Congress	House Bill H.R. 1385 as passed by the House 105th Congress	Senate Bill
Bill Structure	Separate bill for adult education	Separate bill for adult education	Separate section for adult education, but important operational provisions retained in new JTPA replacement	
Final Approval of State Plan	Secretary has final approval of state plan	Secretary has final approval of state plan	Appropriate Secretary must approve state plan and make grant if plan is in technical compliance with the law	
Performance	Within 2 years of enactment, State was required to develop indicators of program quality	States, in consultation with others, shall identify performance goals. Performance indicators will be set by the Secretary after consultation with States, LEAs, service providers, representatives of business and industry, institutions of higher education and others.	Secretaries of Labor and Education shall, in consultation with State and local entities, define certain core indicators of performance. States establish long-term goals and performance benchmarks. Secretary and state are to agree on expected levels of performance.	
Accountability	No provision for Secretary to withhold funds	After one year, Secretary can withhold funds if Secretary determines that State is not making sufficient progress	If State fails to meet levels of performance in two consecutive years, Secretary can withhold not more than 5% of grant for the following year.	

Topic	Adult Education Act as amended	Administration's Bill H.R. 1562/S. 994 105th Congress	House Bill H.R. 1385 as passed by the House 105th Congress	Senate Bill
State Allotment	$100,000 initial allotment to USVI, Guam, American Samoa, N. Mariana Islands, Marshall Islands, Micronesia and Palau. The latter three entities are held at this level. $250,000 initial allotment to all other SEAs Remainder allotted on the basis of number of adults who do not have a high school diploma or equivalent	Allotment to Puerto Rico, Guam, American Samoa, the Northern Mariana Islands, and the USVI will follow the AEA allotment of $100,000 to each $250,000 initial allotment to each state 95% allotted on the basis of population age 16 or older and not enrolled or required to enroll in secondary school and who do not possess a HS diploma 5% allotted on the basis of an amount that bears the same ratio to such amount as the number of LEP adults versus the number in all states Hold Harmless: 1998--no less than 90% of FY 1997 of AEA levels; 1999--no less than 90% of 1998 levels	$100,000 initial allotment to USVI, Guam, American Samoa, N. Mariana Islands, Marshall Islands, Micronesia and Palau. Using funds not to exceed amount appropriated under AEA for FY 97 for latter 3 territories, competitive grants shall be made to Guam, American Samoa, N. Marianas, Marshall Islands, Micronesia or Palau pursuant to recommendations by PREL. Latter 3 can only compete until the FY that begins after 30 September 2001 $250,000 initial allotment to all other states Remainder allotted on the basis of the ratio of qualifying adults in the State (16-61 years; beyond the age of compulsory school attendance under State law; does not have a certificate of graduation from a school providing secondary education and has not achieved an equivalent level of education; and is not currently enrolled in school) to all qualifying adults Hold Harmless: FY 1998--no less than 90% of FY 1997 of AEA levels; FY 99--no less than 90% of FY 98 levels	

Topic	Adult Education Act as amended	Administration's Bill H.R. 1562/S. 994 105th Congress	House Bill H.R. 1385 as passed by the House 105th Congress	Senate Bill
State Distribution of Funds	At most 5% or $50,000, whichever is greater for State administration, planning, personnel development and interagency coordination	Up to 18% for State leadership activities; of this, not more than 5% or $80,000, whichever is greater, for State administration expenses	Not more than 15% for professional development, technical assistance, technology assistance, support for SLRCs, monitoring/evaluation, and local incentives. Of this amount, not more than 5% or $50,000, whichever is greater for State administration	
	At least 95% for provision of adult education instructional activities, with not less than 10% for corrections education and education for other institutionalized individuals, and not more than 20% shall be used for programs of equivalency for a certificate of graduation from a secondary school; and 15% for special demonstrations and teacher training	Remaining funds would be subgranted	Not less than 85% for local awards	

Topic	Adult Education Act as amended	Administration's Bill H.R. 1562/S. 994 105th Congress	House Bill H.R. 1385 as passed by the House 105th Congress	Senate Bill
Subgrant Priorities	Gives weight to: •effectiveness of providers; •commitment of the provider to serve individuals in the community who are most in need of literacy services •degree to which the provider will coordinate services with other literacy and social services available in the community	Gives preference to: •those that serve local areas with high concentrations of individuals in poverty or with low levels of literacy, English language proficiency or both; •consider the results, if any, of evaluations; •degree to which the applicant will coordinate with and utilize other literacy and social services Also considers program priorities: •coordinate with other available resources in the community; •built on a strong foundation of research and effective educational practice; •effectively employ advances in technology, as appropriate; •provide learining in real life contexts; •are staffed by well-trained instructors, counselors and administrators; •are of sufficient intensity and duration for participants to achieve substantial learining gains; •establish measurable goals for client ouctomes; •offer flexible schedules and support services that are necessary to enable individuals to attend and complete programs; •maintain high-quality information management system that has capacity to report client outcomes and to monitor program performance against State goals and indicators	Considers: •effectiveness of providers; •commitment of provider to serve individuals in the community who are most in need of literacy services; •degree to which provider will coordinate services with other literacy and social services available in the community; •whether provider has been successful in recruiting, retaining, and improving individuals' literacy skills; •after year 1 of enactment, provider has been successful with retention and improvement, according to the core indicators of performance in this bill •degree to which program is staffed by well-trained instructors, administrators; •whether or not program is of sufficient intensity and duration for participants to achieve substantial learning gains; •degree to which provider will establish measurable goals for client outcomes; •degree to which provider will offer flexible schedules and necessary support services to enable participation;	

Topic	Adult Education Act as amended	Administration's Bill H.R. 1562/S. 994 105th Congress	House Bill H.R. 1385 as passed by the House 105th Congress	Senate Bill
Role of SEA	SEA develops, submits and implements State plan; consults with other appropriate groups regarding the development, implementation and coordination of programs; develop indicators of program quality	SEA develops, submits and implements State plan; consults with other appropriate groups regarding the development, implementation and coordination of programs; identify performance goals	Eligible agency, through a collaborative process, develops state plan	
National Leadership Activities	If the amount appropriated to carry out the purposes of this title exceeds $108,000,000, not more than $3,000,000 of such amount shall be reserved to carry out national programs	Not more than 5% of appropriation for technical assistance and national leadership activities. Of this amount, not more than 3% of the amount appropriated for any FY after 1999 may be used for awards for national excellence.	1.5% but not more than $6,500,000 for national leadership activities	

DRAFT **August 8, 1997**

Comparison of the Carl D. Perkins Vocational Education Act with the Administration's Career Preparation Legislation, the House Vocational Education Legislation, and the Senate Vocational Education Legislation

Topic	Perkins	Administration's Bill - HR 1803/S. 993	House Bill - HR 1853 (as passed by House)	Senate Bill -
Bill Structure	Separate bill for vocational education.	Separate bill for career preparation education.	Separate bill for vocational education.	
Final Approval of State Plan	Secretary has final approval of state plan.	Secretary establishes a peer review process to make recommendations regarding approval of state plan. Secretary has final approval.	State submits application to Secretary. Secretary must approve state application unless the Secretary makes a written determination within 90 days after receiving the plan that the plan is in violation of the provisions of the Act.	
Performance	State board develops and implements a statewide system of core standards and measures of performance for secondary and postsecondary voc. ed.	States develop performance goals and use Secretary's performance indicators to evaluate its programs. Local recipients evaluate their programs and report to the State on an annual basis (biennial for priorities in Section 101(b), including information about special populations).	States develop benchmarks to measure students' progress in three areas: attainment of State academic proficiencies, attainment of diplomas or GEDs, and participation in/ completion of postsecondary ed, advanced training, employment, military service, and/or apprenticeship.	

Topic	Perkins	Administration's Bill - HR 1803/S. 993	House Bill - HR 1853 (as passed by House)	Senate Bill -
Accountability	No provision for Secretary to withhold funds if States do not meet performance goals.	Secretary can withhold all or part of a State's funds if he/she determines that the State is not making sufficient progress based on performance goals and indicators and the expected level of performance in the state plan.	Secretary can withhold all or part of a State's funds if he/she determines that the State is not making sufficient progress on benchmarks. States that fail to meet their benchmarks develop a program improvement plan for the succeeding program year to avoid the sanction. States annually submit a report showing how they are progressing on benchmarks to Secretary, who makes the information public. States are required to make the information public at the state level.	

Topic	Perkins	Administration's Bill - HR 1803/S. 993	House Bill - HR 1853 (as passed by House)	Senate Bill -
Authorization	$1.6 billion, of which 1.5% goes to Indians and Native Hawaiians (1.25% to Indians and 0.25% to Hawaiians) and 0.2% goes to territories.	$1,064,047,000 for basic grant and $105,000,000 for Tech-Prep for FY 1998, of which 1.75% goes to Indians and Native Hawaiians (1.5% to Indians and 0.25% to Hawaiians). Such sums for basic grant and Tech-Prep for FY 1999 through 2002, of which 1.75% goes to Indians and Native Hawaiians (1.5% to Indians and 0.25% to Hawaiians). (Territories would receive funds through the basic state grant.)	$1.3 billion for FY 1998 and such sums for FY 1999 through 2002, of which not more than 10% of the total appropriation is first reserved for Tech-Prep. Of the amounts remaining, 1.5% goes to Indians and Native Hawaiians (1.25% to Indians and 0.25% to Hawaiians) and 0.2% goes to territories. Additional appropriation of up to $4 million for tribally controlled postsecondary vocational technical ed. programs.	

Topic	Perkins	Administration's Bill - HR 1803/S. 993	House Bill - HR 1853 (as passed by House)	Senate Bill -
State Allotment	50%--population aged 15 to 19 20%--population aged 20 to 24 15%--population aged 25 to 65 15 %--population aged 15 to 65 Small state minimum (½ percent)	50%--population aged 15 to 19 50%--population aged 20 to 24 Small state minimum dropped because of increased allocation	50%--population aged 15 to 19 50%--population aged 20 to 24 Small state minimum and cap	
State Allotment Ratio (based on per capita income)	0.4 - 0.6	0.4 - 0.6	0.4 - 0.55	

Topic	Perkins	Administration's Bill - HR 1803/S. 993	House Bill - HR 1853 (as passed by House)	Senate Bill -
Maintenance of Effort	Requires State to maintain 100% of effort. Penalizes States that do not meet requirement by withholding their entire allotment. Secretary may waive requirement for up to 5% of expenditures for one year.	Requires State to maintain 90% of either fiscal effort per student or aggregate expenditures (whichever is most favorable to the State). Penalizes States that do not meet requirement by reducing their allotment by the same percentage by which they decreased their effort below 90% of either fiscal effort per student or aggregate expenditures (whichever is most favorable to the State). Secretary may waive requirement for one year.	Requires State to maintain 100% of effort. Penalizes States that do not meet requirement by reducing their allotment by the same percentage by which they decreased their effort. Secretary may waive requirement for up to 5% of expenditures for one year.	
Supplement Not Supplant	Law contains a supplement not supplant provision.	Bill contains a supplement not supplant provision.	Bill contains a supplement not supplant provision.	

Topic	Perkins	Administration's Bill - HR 1803/S. 993	House Bill - HR 1853 (as passed by House)	Senate Bill -
Within-State Allotment	75%--goes to LEAs 10.5%--programs for single parents, displaced homemakers, and single pregnant women 8.5%--state leadership 5%--state administration 1%--programs for criminal offenders No rural reserve	80%--goes to LEAs in FY 1998 and 1999 85%--goes to LEAs in FY 2000 to 2002 States keep 20% in FY 1998 and 1999 and 15% in FY 2000 to 2002, with a ceiling of 5% for state administration and the remainder for state leadership. No rural reserve	90%--goes to LEAs 8%--state leadership 2%--state administration States may reserve up to 5% of the allotment for grants to rural areas and 5% for grants to urban areas.	

Topic	Perkins	Administration's Bill - HR 1803/S. 993	House Bill - HR 1853 (as passed by House)	Senate Bill -
Within-State Formula - Secondary Funds	Secondary funds are distributed by the State based on Title I (70%), IDEA (20%), and the number of students in LEA and adults in training programs (10%). Minimum award of $15,000.	Secondary funds are distributed by the State based on Title I. Alternate formula allowed. Minimum award of $15,000.	Secondary funds are distributed to LEAs in FY 1998 based on current law. Funds are distributed in FY 1999 and 2000 based on 70% poverty (based on the population aged 15 to 19) and 30% population aged 15 to 19, with a hold harmless at the 1997 funding level. Any additional funds above the 1997 level would be based on a 60% poverty and 40% population formula. FY 2001 funds would be based on a 65% poverty and 35% population formula, and 2002 funds would be distributed based on a 60% poverty and 40% population formula. Alternate formula allowed if results in a greater distribution of funds to children in poverty. Minimum award of $10,000.	

Topic	Perkins	Administration's Bill - HR 1803/S. 993	House Bill - HR 1853 (as passed by House)	Senate Bill -
Within-State Formula - Postsecondary Funds	Postsecondary funds are distributed by the State based on the number of Pell Grant and Bureau of Indian Affairs (BIA)-assistance recipients. Alternate formula allowed by waiver. Minimum award of $50,000.	Postsecondary funds are distributed based on the number of Pell Grant recipients and recipients of BIA-assistance. Alternate formula allowed. Minimum award of $50,000.	Postsecondary funds are distributed based on number of Pell Grant recipients and recipients of BIA-assistance. Alternate formula allowed if it results in a greater distribution of funds to low-income individuals. Minimum award of $35,000.	
Within-State Formula - Special Rule for Minimal Allocation	------------------------	------------------------	To make a more equitable distribution of funds for programs serving areas of greatest economic need, States may distribute 15% of the total amount of the State allocation on a competitive basis or through any alternate method determined by the State.	
Role of SEA	State board establishes, collects, and disseminates performance information; awards grants to LEAs; distributes funds; and writes state plan.	State agency or agencies establishes, collects, and disseminates performance information; awards grants to LEAs; distributes funds; and writes state plan.	State board establishes, collects, and disseminates performance information; awards grants to LEAs; distributes funds; and writes state plan in consultation with the Governor.	

Topic	Perkins	Administration's Bill - HR 1803/S. 993	House Bill - HR 1853 (as passed by House)	Senate Bill -
Tech-Prep	Tech-Prep is a separate authorization.	Tech-Prep is a separate authorization. Bill would require in-state competitive grants.	Not more than 10% of the total appropriation is first reserved for Tech-Prep. States receive minimum grants of $250,000. Grants are awarded on a competitive basis or by a formula determined by the State board.	
School-to-Work	Compatible with STWOA	Compatible with STWOA	Compatible with STWOA	
Repealers	-----------------------	-----------------------	Repeals Smith-Hughes; parts C, D, E, F, G, and H of Title III of Perkins; and parts B, D, E, and F of Title IV of Perkins.	
Private School Personnel	-----------------------	-----------------------	Provision that allows nonprofit private schools that have secondary vocational education programs to participate in vocational education professional development activities.	

Welfare Reform/
Voc Ed

United States Department of Education

Office of Vocational and Adult Education
Office of Policy Analysis

Fax Cover Sheet

To: Bill K

Number of pages including cover: _____

From:

✓ Jon Weintraub	202-205-5602	jon_weintraub@ed.gov
____Cynthia Brown	202-205-8224	cynthia_brown@ed.gov
____Laurette Crum	202-205-9149	laurette_crum@ed.gov
____Carla DeWitt	202-205-9517	carla_dewitt@ed.gov

Our Fax Number 202-260-9183

Notes: There is a joint letter going from NGA, NCSL, APWA + NACo opposing the position taken in #3

330 C Street, SW
Room 4076 Mary E. Switzer Building
Washington, DC 20202-7100

We recognize that the draft before us does not represent closure on the division of funds between formula and competitive grants. However this matter is resolved, it is essential that in the process, the mayors retain control over a substantial portion of the funds. We stand ready to continue to provide assistance on refining targeting factors.

(2) Transfer of Funds Between Block Grants -
The Administration opposes the amendment in the draft that would make it easier for States to transfer TANF funds to the Title XX Social Services Block Grant by removing the current requirement that such transfers can only be made in proportion to other transfers to the child care block grant. This would reduce support for child care, allow States to use funds for individuals who may be much better off than welfare recipients, and make potential undermining of the TANF maintenance of effort requirements easier. This provision was not assumed in the bipartisan balanced budget agreement.

(3) Limitation on Education Activities Counting as Work -
The Administration does not object to the provision in the draft bill that clarifies that individuals participating in vocational education activities can account for no more than 20% of those required to work under the TANF work requirements. (Education may object to this position.)

(4) Giving States the Flexibility They Need by Counting Federal Cash and Non-Cash Benefits in Meeting Minimum Wage and Welfare Work Requirements -
The Administration strongly opposes the provisions in the Chairman's Mark which would exempt certain individuals who must work to earn a welfare benefit from the protection of all federal employment laws and create a *de facto* sub-minimum wage for these workers. This provision was not a part of the Budget Agreement.

The proposal denies welfare recipients who work the fundamental protection of laws created by Congress to protect workers, including, among other laws, the Fair Labor Standards Act. Under this proposal, working welfare recipients will be deprived of the protection of laws addressing discrimination, unsafe workplaces, child labor, overtime, and family and medical leave. With regard to the minimum wage, current law permits counting cash assistance and food stamps toward the minimum wage. This proposal goes beyond current law, and would allow States to count non-cash benefits such as Medicaid, child care, and housing assistance toward the calculation of allowable work hours, which would result in welfare workers actually earning substantially less than the minimum wage.

Paying welfare recipients the minimum wage promotes the goals of welfare reform, by giving people greater ability to support their families and break the cycle of dependency. Making work pay assures that working welfare recipients have the same rights and responsibilities as any other worker.

(5) Penalty Against States for Not Reducing Assistance *Pro Rata* for Failure to Work -
The Administration does not object to the provision in the draft bill that adds a new penalty to

URGENT

Total Pages: 6

LRM ID: CJB27

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

Wednesday, April 23, 1997

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: Janet R. Forsgren (for) Assistant Director for Legislative Reference
OMB CONTACT: Constance J. Bowers
PHONE: (202)395-3803 FAX: (202)395-6148

SUBJECT: **REVISED TRANSMITTAL LETTER TO ACCOMPANY EDUCATION Draft Bill on Adult Basic Education and Literacy for the Twenty-First Century Act**

DEADLINE: **3:00 p.m. Wednesday, April 23, 1997**

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. **Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.**

COMMENTS: This transmittal letter has been revised to be consistent with changes to the bill that have been made. Since we expect to clear the draft bill for transmittal today, please provide only major "must make" changes. If you do you respond by the deadline, we will assume you have no objection.

DISTRIBUTION LIST

AGENCIES:
62-LABOR - Robert A. Shapiro - (202) 219-82011

EOP:
Anne H. Lewis
Robert M. Shireman
Kenneth S. Apfel
Barry White
Michael Cohen
William R. Kincaid
Kathryn B. Stack
S. A. Noe
Larry R. Matlack
[redacted] WALSH, Maureen
Joseph M. Wire
Lisa B. Fairhall
Janet R. Forsgren
James C. Murr

LRM ID: CJB27 **SUBJECT:** REVISED TRANSMITTAL LETTER TO ACCOMPANY EDUCATION Draft Bill on Adult Basic Education and Literacy for the Twenty-First Century Act

---

RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or

(2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Constance J. Bowers Phone: 395-3803 Fax: 395-6148
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: ______________________ (Date)

______________________ (Name)

______________________ (Agency)

__________ __________ (Telephone)

The following is the reponse of our agency to your request for views on the above-captioned subject:

_____ Concur

_____ No Objection

_____ No Comment

_____ See proposed edits on pages _______

_____ Other: ______________________

_____ FAX RETURN of ____ pages, attached to this reponse sheet

Honorable Albert Gore, Jr.
President of the Senate
Washington, DC 20510

Dear Mr. President:

Enclosed for consideration of the Congress is the "Adult Basic Education and Literacy for the Twenty-First Century Act," the Administration's plan to create a comprehensive strategy for meeting our Nation's adult education and literacy needs. Also enclosed is a section-by-section analysis summarizing the contents of the bill. I am sending an identical letter to the President of the Senate.

As part of the G.I. Bill for America's Workers, President Clinton has proposed the consolidation and restructuring of multiple adult education, vocational education, and job training programs into a streamlined system to empower youth and adults to acquire the education and skills they need for new and better jobs. The Adult Basic Education and Literacy Act advances that goal by establishing adult education as an integral component of a reformed workforce development system. Adult education helps recipients of public assistance to acquire the basic skills they need to obtain and retain jobs and advance in the working world. It helps immigrants to this country fulfill their dreams of becoming citizens. And, by helping parents and grandparents to improve their reading skills, adult education ensures a brighter future for this country's children.

Data from the 1990 Census indicate that more than 44 million adults, or nearly 27 percent of the adult population of the United States, have not earned a high school diploma or its equivalent. Adults with low literacy skills will likely find it difficult to succeed in a society that increasingly places a premium on education and skills. According to the 1993 National Adult Literacy Survey, individuals with high levels of literacy are more likely to be employed, work more weeks in a year, and earn higher wages than individuals demonstrating lower proficiencies. Furthermore, research shows that improving parents' literacy levels will result in higher academic achievement for their children. The more highly educated the parents, the greater the likelihood that their children will complete high school, go to college, succeed in the labor market, and achieve higher levels of literacy as adults.

Despite the obvious need for literacy services among our Nation's adults, the 1994 National Evaluation of Adult Education Programs found that the current Adult Education program serves only a small percentage of adults in need of services and that, while many adults benefit from participation in the program, many leave before they achieve any literacy gains. Adult education and literacy programs must be reconfigured to target human and financial resources on what should be the focus of Federal literacy efforts: the provision of high-quality, results-oriented services.

The Administration recognizes that adults who need to improve their educational skills will be hindered in the workplace, in promoting their children's progress in school, and in their efforts to become productive citizens, if they do not have access to high-quality adult education and literacy programs that produce results and meet their needs. In response, the enclosed bill creates a performance partnership with States and localities designed around five broad principles -- streamlining, program quality, flexibility, accountability, and targeting -- described in detail below.

First, our proposal would consolidate and streamline multiple adult education and literacy programs into a single State grant that has a clear purpose and is aimed at high standards. With fewer administrative and planning requirements, States and other recipients of Federal funds could focus more attention on improving the quality of their programs.

Ensuring that Federal Adult Education funds support high-quality programs is our second principle. To this end, the bill would require States and localities to give priority to adult education and literacy programs that: are built on a strong research foundation; effectively employ advances in technology; provide learning in real life contexts; are staffed by well-trained instructors; are of sufficient intensity and duration for participants to achieve substantial learning gains; establish measurable goals for client outcomes; coordinate with other available resources in the community; offer flexible schedules and support services, such as child care and transportation; and maintain a high-quality information management system.

The bill also includes incentives for exceptional State and local performance. The new Act would authorize the Secretary to use not more than three percent of the appropriation to make Awards for National Excellence to States with exemplary adult education programs. States could also reward exemplary local programs by using up to five percent of their allotments for financial incentive awards.

Our third principle is to increase State flexibility by eliminating several restrictions on the use of funds and providing for waivers. The current mandatory set-aside for services to institutionalized individuals, the requirement that States make "Gateway Grants" to public housing authorities, and the cap on State expenditures for adult secondary education are not part of our bill. Instead, States would use Federal funds to provide the types of services most needed in their local communities. These services could include parenting education, basic skills education, high school equivalency instruction, and English classes for adults whose first language is not English.

In addition, a new waiver authority would provide States and local recipients of Federal Adult Education funds with additional flexibility. States could request, for themselves or for local service providers, waivers of relevant statutory or regulatory provisions of the Adult Basic Education and Literacy Act and of related Federal programs, such as Part A of Title I of the Elementary and Secondary Education Act of 1965, the School-to-Work Opportunities Act of 1994, and the successor to the Carl D. Perkins Vocational and Applied Technology Education Act, in order to facilitate more effective implementation of adult education and literacy programs.

Fourth, the Administration believes that strong accountability provisions must go hand in hand with increased flexibility and that, combined, these elements improve the quality of education programs. The accountability provisions in our bill would build on and strengthen related provisions in the current Adult Education Act. The Secretary, after consultation with States and other interested parties, would promulgate a core set of performance indicators. States would develop or modify their own performance goals pursuant to such indicators, describe them in their State plans along with the progress the State expects to make toward its goals, and use these goals and indicators to evaluate the effectiveness and outcomes of local programs. The Department would assist States in developing their performance goals and indicators by providing technical assistance. If, after a reasonable period of time, and the opportunity for a hearing, the Secretary determines that a State is not making sufficient progress toward its performance goals, the bill would authorize the Secretary to withhold Federal funds.

To assist the Department in determining the progress of adult education across the country, States would report annually to the Secretary on the quality and effectiveness of their adult education and literacy programs, basing such information on their performance goals and indicators and State needs assessments. In order to meet the requirements of the Government Performance and Results Act, the Department would ask States to report a core of data to the Secretary on a uniform basis, so that the Department could develop and report to Congress an accurate national picture of adult education.

The bill includes additional quality-enhancing provisions. A single reservation of up to 18 percent of State funds for program administration, incentive awards for exemplary local programs, and leadership activities, including professional development and training, development and dissemination of adult education curricula, and establishment of challenging State performance standards for literacy proficiency, would encourage program improvement. Research and development, evaluation, and demonstration of model and innovative programs would take place at the Federal level through the National Leadership authority. Such activities would expand our understanding of the condition of literacy in the United States and what works in adult education programs, thereby helping States to improve the effectiveness of their programs. The bill would also authorize the National Institute for Literacy to continue in its current role as a national resource on literacy issues.

Fifth, our bill would target funds to States and local areas with the greatest need for adult education and literacy services. A new funding formula would distribute 95 percent of the funds based on the adult education population (excluding in-school students) and 5 percent based on limited English proficient adults.

We have also taken other steps to ensure that adult education programs emphasize needy populations and promising practices. The bill would require States to assess the adult education and literacy needs of hard-to-serve and most-in-need individuals, such as recipients of public assistance, individuals with limited English proficiency, the homeless and the incarcerated, and describe their programs' capacity to meet those needs. Also, the targeting provisions of the bill would ensure that local areas with high concentrations of individuals in poverty or low levels of literacy, or both, receive priority for Federal funds.

The Office of Management and Budget advises that there is no objection to the submission of this proposal to Congress and that its adoption would be in accord with the program of the President. I encourage Congress to act swiftly on our bill.

Yours sincerely,

Richard W. Riley

Enclosures