

JOB TRAINING PROGRAMS: REAUTHORIZATION AND FUNDING ISSUES

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## ISSUE DEFINITION

A new employment training program, to be operated by State and local governments in conjunction with the private sector, was approved by the 97th Congress and signed by President Reagan to replace the expiring Comprehensive Employment and Training Act (CETA). No funding level was specified in the legislation, but a continuing appropriations resolution for FY83 provides \$3.764 billion for job training programs, which will be in transition from the old CETA system to the new system throughout FY83. In related actions, the 97th Congress considered a variety of job-creating proposals, although the only one enacted is a gasoline tax increase estimated to create 320,000 highway construction jobs. Among the other proposals considered were both short-term and long-term public service and public works programs, and a proposal to create a new youth conservation corps, similar to two recently expired programs.

## BACKGROUND AND POLICY ANALYSIS

This paper is divided into the following sections: (1) History of Federal Employment and Training Programs; (2) Reauthorization Issues; (3) Administration Legislative and Budget Proposals; and (4) Congressional Action.

### (1) History of Federal Employment and Training Programs

The first non-military Federal job training initiative is generally considered the Area Redevelopment Act of 1961 (ARA). The chief purpose of the Area Redevelopment Act was to assist economically depressed localities by attracting new industry to these areas. As an adjunct, the ARA authorized a limited amount of training to ensure the availability of a skilled workforce for newly created jobs. Persistently high unemployment rates led to enactment in 1962 of the Manpower Development and Training Act (MDTA), which authorized a broader array of training services and allowances. The program initially focused on experienced workers displaced due to automation, although as unemployment rates began to decline among white males, the employment and training needs of minorities, youth and the economically disadvantaged moved closer to the forefront.

Two years after enactment of the MDTA came the Johnson Administration's declaration of a war on poverty and passage of the Economic Opportunity Act, which spawned a wide range of programs designed to eradicate poverty, including a variety of work experience and training programs targeted specifically on the poor, minorities and youth. By the late 1960s, there was a proliferation of job training programs, supplemented in 1971 by public service employment with passage of the Emergency Employment Act. The perceived need to streamline and coordinate these activities, combined with the Nixon Administration's preference for "special revenue sharing" or block grant-type programs, led to enactment in 1973 of the Comprehensive Employment and Training Act, which absorbed many of the existing work and training programs and created a new system designed primarily at the local level.

The original CETA established States and units of local government with populations of 100,000 or more as prime sponsors to receive and administer

employment and training funds. Prime sponsors were given authority for planning and designing local programs in response to local needs. As originally enacted, CETA authorized a full range of comprehensive employment and training services, to be tailored at the local level to match the needs of the community, and contained a separate title for transitional public service employment. Job Corps, which had originated under the Economic Opportunity Act, and a program of employment and training services for special target populations also were components of CETA. One of the first significant amendments to CETA was the addition of an emergency public service jobs program, enacted in 1974 in response to rising unemployment rates and expanded in 1976. This program, which became title VI of CETA, was designed for people unemployed because of cyclical downturns in the economy and was intended to supplement the regular public service employment authorized by title II. CETA again was amended in 1977, with passage of the Youth Employment and Demonstration Projects Act (YEDPA).

The most recent major rewrite of CETA took place in 1978, when the program was more specifically targeted on the low-income and disadvantaged and various management provisions were tightened in response to criticisms of the program. In addition, a new Private Sector Initiative Program (PSIP) was created as title VII of CETA, in keeping with the notion that private industry should be more involved in Federal employment and training activities. The Revenue Act of 1978 also authorized the Targeted Jobs Tax Credit (TJTC), which is available to employers who hire individuals from one or more of seven disadvantaged target groups. Funds for the Department of Labor's responsibilities in administering the credit are included in the appropriation for the title VII Private Sector Initiative Program.

A further program related to CETA is retraining for displaced workers eligible for special benefits under the Trade Adjustment Assistance (TAA) program. A limited amount of training for this group, displaced from their jobs because of competition from imports, had been provided under title III of CETA which authorizes Special Federal Responsibilities. However, the Omnibus Budget Reconciliation Act of 1981 amended the TAA to authorize appropriations for training.

All portions of CETA expired on Sept. 30, 1982, although the new job training bill allows CETA provisions to continue during FY83 for transition purposes. As requested by the Reagan Administration, the Reconciliation Act authorized no funding for public service employment under either title II or title VI of CETA during FY82. (However, the House recently passed a short-term public service employment program which would provide about \$1 billion to be available until Dec. 31, 1982. See Section 4 of this issue brief for details.) Likewise, no funding is authorized for the Young Adult Conservation Corps under title VIII, which had been one of the YEDPA programs enacted in 1977. (Legislation is currently pending to authorize a new program similar to YACC in the Interior Department. See section 4 of this issue brief for details.) The following table compares FY81 appropriations for employment and training with the appropriations levels for FY82 and continuing appropriations resolution levels in effect through Dec. 17, 1982.

TABLE 1. Employment and Training Funding  
(in billions)

	FY81 Approp.	a /	FY82 Cont. Recon.	b /	FY83 Cont. Resol.	g=/
<u>TITLE II</u>						
--Parts B, C-- Comprehensive Employment and Training Services	\$2.102		\$1.152		\$1.759	
--Part D-- Transitional Public Service Employment	1.930		0		0	
<u>TITLE III</u>						
--Special Federal Responsibilities	0.536		0.178		0.228	
<u>TITLE IV</u>						
--Part A--Youth Employment Demonstration Programs	0.825		0.192		0.192	
--Part B--Job Corps	0.561		0.590	f /	0.586	
--Part C--Summer Youth Employment	0.839		0.685	e /	0.725	
<u>TITLE VI</u>						
--Countercyclical Public Service Employment	0.495		0		0	
<u>TITLE VII</u>						
--Private Sector Initiative	0.150	c /	0.250	d /	0.250	d /
<u>TITLE VIII</u>						
--Young Adult Conservation Corps	0.200		0		0	
<u>TRADE ADJUSTMENT ASSISTANCE</u>						
	0		0.025		0.025	
<u>TOTAL</u>	<u>\$7.638</u>		<u>\$3.072</u>	e / f=/	<u>\$3.765</u>	

a / Continuing Appropriations, FY81 (P.L. 96-536);  
Supplemental Appropriations, FY81 (P.L. 97-12).

b / Overall total provided by Continuing Appropriations,  
FY82 (P.L. 97-161), effective until Sept. 30, 1982. Individual  
program levels determined by the Department of Labor, Employment  
and Training Administration. An additional \$700 million (not  
shown) was available for spending in FY82 from previous year  
carry-over funds.

c / Includes \$14 million for administration of the Targeted  
Jobs Tax Credit.

d / Includes \$20 million for administration of the  
Targeted Jobs Tax Credit.

e / Includes \$45 million provided in supplemental  
appropriation, P.L. 97-216.

f / Includes \$4 million provided in supplemental appropriation,  
P.L. 97-257.

g / Department of Labor allocations based on Continuing Appropriations, FY83 (P.L. 97-276 and P.L. 97-377).

## (2) Reauthorization Issues

As can be seen from table 1 above, the CETA budget was dramatically reduced from FY81 to FY82, in large part due to the elimination of all funding for public service employment. Termination of public service jobs, which had become a major element in the employment and training system, coupled with the scheduled expiration of CETA and current climate of budget constraint, prompted a major re-evaluation of employment and training issues that has resulted in a new job training program to replace CETA.

Before discussing the specific legislation approved this year, it might be useful to summarize briefly the broad issues which generally arise in the employment and training area. These issues can be grouped in the following categories: issues related to the employment and training system, including the roles of each level of government and the private sector; issues related to program content, including the types of services to be provided and the criteria for evaluating success; issues related to program beneficiaries, including eligibility criteria and targeting on specific population groups, such as youth, displaced workers or welfare recipients; fiscal issues including overall funding levels and allocation formula concerns; and issues related to coordination with other programs such as the Employment Service, vocational education, the Work Incentive (WIN) program, economic development activities and others.

### The Employment and Training System

The design of any new employment and training system raises a series of intergovernmental issues. What role will Federal, State and local governments each play in the new system? How will private industry and the nonprofit, community-based sector fit in? The CETA program was administered through a primarily Federal-local system. The Federal Government made grants, assured compliance with the law and provided technical assistance, while local governments serving as prime sponsors were responsible for planning, administering and delivering services. States acted as prime sponsors in rural areas not covered by local prime sponsors and administered a small percentage of funds set aside for coordination and special services, but were not generally considered major actors in the overall CETA system. Nonprofit community-based groups were frequently subcontractors with CETA prime sponsors, but the private industry sector was only recently given a formal role through creation of the Private Sector Initiative Program.

During this year's debate, there was some support for maintaining the existing system of local prime sponsors. These agencies have had 8 years of experience in operating employment and training programs, since enactment of CETA in 1973, and it has been argued that establishment of any new system would be excessively time-consuming and disruptive.

However, the concept of State-administered programs also was promoted. Last year, at the prompting of the Reagan Administration, Congress established a number of State-run block grants in the areas of health, education, social services and community services. Additional State block grants were proposed this year, including one for training programs. Advocates of State administration of social programs argue that State officials are sufficiently close to the local level to be sensitive to local needs but are not as susceptible to political pressures as local officials. Further, the number of grant recipients would be greatly reduced under a

State-run employment and training system, thereby reducing the Federal administrative burden. At the same time, local labor market conditions can vary dramatically within a State and some argue that local governments are better equipped than States to design employment and training programs appropriate to local needs. This issue was a major point of disagreement between the House and Senate, with the House favoring local control over training and the Senate favoring increased State control.

The Federal role in employment and training programs was a further issue debated this year. The Reagan Administration tends to favor a very limited Federal role in social programs, preferring to transfer decisionmaking authority to the private sector and State level through trimming and consolidation of programs into broad functional block grants.

The current Administration's interest in private sector alternatives to large Federal subsidy programs also influenced the debate over design of a new job training system, raising issues such as representation of private industry on State or local decisionmaking bodies and provision of incentives to the private sector to create new jobs and training opportunities. The role of nonprofit, community-based organizations, which have been particularly active in delivering employment services to minority groups, also was raised as an issue during hearings on a new program.

#### Employment and Training Program Content

Very soon after CETA was enacted, it was augmented by the addition of emergency public service jobs, which grew in size to dwarf the program's other components by FY77. However, along with rapid expansion of the program came criticism and controversy. Congress amended CETA in 1978 in an effort to correct abuses and management deficiencies in the public service employment (PSE) program, but the activity fell into disfavor nonetheless. All public service employment under both titles II and VI of CETA was phased out during FY81 at the request of the Reagan Administration and with the consent of Congress. In explaining its proposal to terminate public service employment, the Administration said the program was not effective as either a counterstructural or countercyclical device. In other words, according to the Administration, PSE did not provide skills training and long-term benefits to people who were disadvantaged in the labor market regardless of the health of the economy, nor did it have an impact on high unemployment rates during times of recession.

Despite the current disenchantment with public service employment as it functioned under CETA, many continue to believe job creation is an essential component of an effective training program, particularly during times of acute unemployment. Various job-creating proposals were offered in Congress during 1982, although they were not seriously considered until after the November elections when unemployment rates rose sharply. The lame-duck session enacted a gasoline tax hike, which will create about 320,000 construction jobs. (See section 4 for details on job-creation proposals.)

The debate over job creation versus training, and the relative amounts of Federal resources that should be invested in either activity, is one aspect of the more fundamental debate concerning the overall goals of employment and training policy. Employment and training programs generally are perceived as an effort to improve people's employment situation and increase their earnings. However, the types of specific services to be provided are determined in large part by whether these goals are considered short-term or long-term. For example, public service employment may increase participants'

current earnings and, if done on a large enough scale, can make an impact on the unemployment rate, but may have no long-term effect on an individual's employment situation. At the same time, certain types of training programs may upgrade a person's long-term ability to find and keep a higher paying job, but may have no immediate impact on his income. Training allowances and on-job-training programs can have both short-term and long-term effects.

Public service employment under CETA was criticized partly because the jobs had no training component and the program primarily tended to serve an income maintenance function. The 1978 amendments attempted to remedy this by requiring individual employability plans for PSE participants and reserving a portion of PSE funds for training. Many people continue to believe employment and training programs should not become a form of income security. Support was expressed this year for elimination of training allowances or stipends in an effort to weed out trainees who are motivated primarily by the payments and may not be seriously interested in upgrading their skills and employability. However, this philosophy was strongly opposed by those who believe low-income people would be unable to participate in training programs without some form of income supplement. Integrally related to the issue of program content is the question of which population groups will be served (discussed more fully in the next section). The cyclically unemployed, who have marketable job skills but fall victim to economic downturns, require a different type of assistance than the low-skilled, long-term unemployed, who, in turn, have different needs than older workers in declining regions displaced from high-skilled jobs.

Further issues discussed this year included how to tailor training programs to meet actual skill needs in the labor market and the looming possibility of shortages in certain skill areas, and whether and how to measure and reward performance.

### Program Beneficiaries

Federal employment and training programs have been targeted on various segments of the workforce at different times. Under the early Manpower Development and Training Act, programs were focused on adult male heads of households who could move into employment relatively easily. As the Nation turned its attention to the problems of minorities and the poor, particularly in urban areas, programs in the late 1960s began to shift toward the economically disadvantaged and least skilled segments of the population. The rapid growth of public service employment in the middle to late 1970s caused program sponsors again to focus their efforts on the easiest to employ, until CETA was amended in 1978 to retarget the program toward the low-income and low-skilled population.

This year's debate over new employment and training legislation was conducted against the backdrop of record high unemployment rates and severe constraints on the Federal budget. Pressures caused by recession to serve the cyclically unemployed were countered by budgetary factors forcing tight focusing of limited resources. The vastly reduced budget available for employment and training activities led some observers to conclude that Federal programs should serve only the neediest and most disadvantaged. At the same time, continued high unemployment among youth and skilled workers, particularly those displaced from jobs in declining regions or industries, resulted in pressure to create or maintain separate programs for these groups.

### Fiscal Issues



Funding under the Comprehensive Employment and Training Act peaked in FY77 at \$12.7 billion and since declined to \$3.0 billion in FY82, the lowest level since enactment. The following table shows the funding history of CETA since its inception.

TABLE 2. CETA Funding History a/

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FY75	\$ 3.817
FY76	5.662
FY77	12.737
FY78	3.378
FY79	10.320
FY80	8.128
FY81	7.638
FY82	3.072 b/

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a / This table indicates new budget authority. Additional funding has been available in each year, particularly FY78, due to carry-over funds.

b / Appropriation in effect through Sept. 30, 1982, under continuing resolution (P.L. 97-161) and supplemental appropriations (P.L. 97-216 and P.L. 97-257). About \$700 million in FY81 carry-over money also was available in FY82.

The change in Presidential administrations brought a dramatic change in Federal policy toward employment and training. Before leaving office in January 1981, President Carter submitted an FY82 budget request for CETA of \$9.640 billion. President Reagan's initial FY82 CETA request, submitted in March 1981, was for \$3.567 billion; this was revised in September 1981 to \$3.238 billion. In the Omnibus Budget Reconciliation Act of 1981, Congress established an authorization ceiling of \$3.895 billion for CETA programs in FY82. However, Congress actually appropriated only \$3.023 billion for CETA in the continuing resolution which funded the program in FY82 (see Table 1 for program breakdown). An additional \$45 million was provided for summer youth employment through a supplemental appropriation (P.L. 97-216) and another \$4 million was added for Job Corps (P.L. 97-257). President Reagan's request for employment and training programs in FY83 was \$2.4 billion, for a 69% reduction from CETA's funding level in FY81 and a 21% reduction from FY82 appropriations. (See section 3 for details.) Meanwhile, the House Budget Committee assumed CETA's successor would be funded at \$3.0 billion in FY83; the Senate Budget Committee assumed \$3.7 billion. Final decisions on spending are up to the Appropriations Committees. A continuing appropriations resolution is now funding Labor Department programs in FY83 and provides \$3.76 billion for job training activities (see section 4).

The reduced budget available for employment and training make allocation issues a primary concern. With the overall size of the employment and training pie shrinking, States and localities are vitally interested in the process used to determine their share. The allocation formula used in CETA varied by program, relying on different combinations of such factors as relative numbers of low-income adults, unemployed persons, unemployed persons in excess of 4.5%, unemployed persons living in areas of substantial unemployment and unemployed persons who are low-income.

A related issue is what portion of the overall employment and training budget should be allocated at the State and sub-State level, and what portion will be retained in Washington for discretionary use by the Department of Labor. Title III of CETA authorized special Federal responsibilities, administered directly by the Secretary of Labor. Further, a percentage of appropriations under each title of CETA was reserved for the Secretary of Labor's discretionary use.

Fiscal issues also include fiscal controls. What procedures will be used to make sure Federal employment and training funds are spent properly? Controlling fraud and abuse was a major intent of the 1978 amendments to CETA, following widespread criticism of the program, particularly in the operation of public service employment. Numerous provisions were added in 1978 both to prevent fraud and abuse from occurring in the first place and to enable the Department of Labor and prime sponsors to respond effectively when abuses did occur. However, a by-product of these amendments was to hamper the flexibility of prime sponsors, despite the law's original intent to decentralize employment and training programs. This year's effort to authorize a new job training program included discussion of how to provide maximum flexibility at the State or local level while, at the same time, maintain the fiscal integrity of the program.

### Coordination

A recurring concern in employment and training policy is how to coordinate related programs. Although CETA has been the primary work and training program run by the Federal Government since 1973, numerous activities in the

public and private sector have related goals and provide similar services. Federal programs most often cited as related to job training include the U.S. Employment Service, the Work Incentive (WIN) program, vocational education and economic development. Despite language in CETA and other programs encouraging coordination, most coordination that does exist results from local conditions and circumstances rather than Federal directives.

A major barrier to coordination among related employment and training programs is different delivery systems and service delivery areas. While CETA was a decentralized locally planned program, the Employment Service and vocational education are State-administered, WIN is administered through the public welfare system and economic development activities are conducted by local public and private development agencies and in some parts of the country, through regional commissions. Further, while these programs may have overlapping goals and objectives, they are not identical. Client groups and methods of service delivery may differ and turf battles are inevitable in any attempt to bring long-established programs together. Nonetheless, coordination is considered desirable by most people because of its potential cost savings and because it eliminates the currently confusing array of services available to clients. The current focus on the budget and efforts to reduce domestic spending has resulted in renewed discussion this year of ways to coordinate Federal employment and training activities.

### (3) Administration Legislative and Budget Proposals

The Administration formally submitted a job training bill to Congress on Mar. 9, which was introduced the same day as S. 2184 by Senators Quayle and Hatch. A general outline of the proposal was revealed on Feb. 8, when the Administration's FY83 budget was released. However, the Administration subsequently endorsed the version of S. 2036 passed by the Senate and agreed to support the compromise measure approved by the House-Senate conference committee.

The total funding level for employment and training activities in FY83 would be \$2.4 billion under the Administration's original plan, which called for a \$1.8 billion block grant to States for job training, \$387 million for Job Corps, and a consolidation of nationally administered programs for special target population groups to be funded at \$200 million. Employment and training activities also are on the list of more than 40 currently Federal programs which the Administration proposes to "turn back" to the States as part of President Reagan's New Federalism initiative. During a transition period from FY84-FY88, a trust fund financed by an earmarked portion of existing Federal taxes would be available to States, which could use their portion of the trust fund to continue any of the turn-back programs under Federal rules and conditions, or as "super revenue-sharing" money for other purposes. By FY88, the Federal Government would have no further role in any of these activities, and, by FY91, the trust fund also would be phased out. At that point, States could terminate these programs or continue them by raising their own revenues. Specific details, such as whether all existing employment and training activities would be included in the turn-back scheme, are not yet available from the Administration.

Specifically for FY83, the Administration proposed to allow CETA to expire and replace all current training for disadvantaged youths and adults provided under titles II-B and C, IV-A and VII of CETA with a single block grant to States funded at \$1.8 billion in FY83. The program would be authorized through FY87, with "such sums as necessary" authorized for fiscal years 1984

through 1987. A major emphasis of the Administration's proposal was the elimination of any semblance of income maintenance or income support from employment and training programs. Therefore, the Administration proposed to prohibit entirely the payment of training allowances and stipends, which, according to Administration estimates, consumed 44% of CETA training funds. The Administration also would limit the provision of supportive services, such as transportation and child care, to 10% of each State's training allotment. No subsidized employment would be allowed. Eligibility for services would be strictly limited to welfare recipients at least 16 years old, and economically disadvantaged out-of-school youth aged 16-25. Up to 10% of each State's allotment could be used for groups not meeting these criteria, if they have additional barriers to employment. States with severe displaced worker problems could use up to an additional 5% of their allotment to serve this population group, if the State furnished an equal amount of nonfederal matching funds. The Administration estimated one million individuals could be trained annually under this proposal.

Funding under the Administration proposal would flow from the Federal Government to States, which in turn would designate substate delivery areas and determine substate allocations. Any local government with a population of at least 500,000 would automatically be designated as a service delivery area. At the local level, a Private Industry Council (PIC) would be established in each service delivery area, with members appointed by the Governor after consultation with local officials. A majority of the local PIC members would be from the private sector. These local councils, with the approval of the State council and the Governor, would develop a program plan for the service delivery area, deciding the types of training to be provided, skill and occupational areas in which training would be provided, and population groups to be served, within the maximum Federal income eligibility criteria. In testimony before a joint House-Senate subcommittee hearing on Mar. 15, Albert Angrisani, head of the Employment and Training Administration at the Department of Labor, said the Administration expects half the training funds to be used at the local level for on-job-training.

The Administration's legislation would continue the Job Corps as a federally administered program at an annual level of \$387 million, compared with current appropriations of \$586 million. The Department Finally, the Administration proposed a \$200 million program of nationally administered services for special target population groups, particularly Native Americans, migrant and seasonal farmworkers, older workers and veterans. This program would continue some of the services provided under title III of CETA and the Trade Adjustment Assistance Act, although no minimum funding levels would be mandated for any of the special population groups. The Reagan Administration's budget released in February requested no funding for the Community Service Employment Program authorized by title V of the Older Americans Act, and Labor Department documents indicated this program would be terminated and its activities continued through the new special target population groups program. (For details on the Community Service Employment Program for Older Americans and its current budget status, see IB82016.)

The Summer Youth Employment Program, authorized by title IV-C of CETA and serving about 695,000 participants in FY82 at a funding level of \$640 million, would be completely eliminated in FY83 under the Reagan Administration budget. Likewise, a related program -- the Work Incentive (WIN) program under title IV of the Social Security Act -- would be terminated by the Administration in FY83. Similar services to WIN, which registers welfare recipients for work and provides employment and training services, could be provided under the Social Services Block Grant

administered by the Department of Health and Human Services, according to the Administration.

The following table compares FY82 budget authority and outlays for employment and training programs in FY82 with Administration requests for FY83.

TABLE 3. Employment and Training Funding, 1982-83  
(in millions)

		FY82	FY83 Request
<u>Training grants</u>			
Block grants a/	(BA)	--	\$1,800
	(O)	--	900
CETA, title II-B, C	(BA)	1,132	--
	(O)	1,695	396
CETA, title IV-A	(BA)	192	--
	(O)	336	38
CETA, title VII	(BA)	250	--
	(O)	266	63
(Total)	(BA)	(1,574)	(1,800)
	(O)	(2,297)	(1,397)
<u>Job Corps</u>			
	(BA)	586 <u>f</u> /	387
	(O)	595	410
<u>National programs</u>			
Special targeted prog. <u>a</u> /	(BA)	--	200
	(O)	--	180
Native Americans	(BA)	69	--
	(O)	82	16
Migrants and seasonal farmworkers	(BA)	70	--
	(O)	87	16
CETA, Other title III <u>b</u> /	(BA)	1	--
	(O)	235	22
Trade Adjustment Assist.	(BA)	25	--
	(O)	20	4
Older workers <u>c</u> /	(BA)	67	--
	(O)	268	6
(Total)	(BA)	(232)	(200)
	(O)	(692)	(244)
<u>Other CETA Programs</u>			
Public Service			
Employment <u>d</u> /	(BA)	--	--
	(O)	139	--
Summer Youth Employment	(BA)	640 <u>e</u> /	--
	(O)	695	100
Young Adult Conservation Corps	(BA)	--	--
	(O)	70	10
<u>Work Incentive Program</u>	(BA)	246 <u>g</u> /	--
	(O)	269	11

Source: Department of Labor FY83 budget documents. FY82 budget authority may not coincide with actual appropriations because of proposed reprogrammings and transfers.

a / Proposed new program to begin in FY83.

b / Includes national activities not necessarily related to direct training of individuals, such as research and demonstration and training and technical assistance.

c / Indicates funding under title V of the Older Americans Act,

## Community Service Employment for Older Americans.

- d / Includes funding under both titles II-D and VI of CETA.
- e / Does not include \$45 million provided through supplemental appropriation, P.L. 97-216.
- f / Does not include \$4 million provided in supplemental appropriations, P.L. 97-257.
- g / Does not include \$35 million provided in supplemental appropriation, P.L. 97-216.



(4) Congressional Action

Congress had three major employment and training bills to consider this year, sponsored by Representative Hawkins, Senator Quayle, and Representative Jeffords, in addition to the proposals of the Administration. The House Employment Opportunities Subcommittee, chaired by Hawkins, and the Senate Employment and Productivity Subcommittee, chaired by Quayle, held joint hearings on employment and training legislation during the third week of March, receiving testimony from more than 90 witnesses, representing State and local governments, the private for-profit sector, nonprofit community-based groups, and organizations serving various constituencies, such as youth, minorities, women, the handicapped, and organized labor. The House Subcommittee held mark-up sessions on Mar. 31 and Apr. 1, approving a bill on Apr. 1. The full House Education and Labor Committee completed action on the bill and ordered it reported on Apr. 27. The full House passed the measure on Aug. 4. The Senate subcommittee approved its version of the legislation on Apr. 22. The full Senate Labor and Human Resources Committee ordered the measure reported on May 26. The bill was passed on the Senate floor on July 1. House and Senate conferees met to reconcile differences in the two bills on Aug. 19, Sept. 9, 15, 16, 20, 21, 22 and 23. The conference report was approved 95-0 by the Senate on Sept. 29, and 339-12 by the House on Oct. 1. President Reagan signed the bill into law (P.L. 97-300) on Oct. 13.

The House and Senate versions of job training legislation differed substantially in many areas. However, amendments to the House bill, passed Aug. 4 on the House floor, went at least part way toward making the bills more similar. For example, as reported to the House by the Education and Labor Committee, H.R. 5320 would have authorized \$5.4 billion for job training in FY83, while the Senate's S. 2036 specified no funding level and instead authorized "such sums as may be necessary." A successful amendment on the House floor eliminated the specific authorization level in H.R. 5320. Another major difference was the explicit intention of the Senate bill to devote as much money as possible to the direct costs of training, rather than related activities such as administration and supportive services (child care, transportation, meals, etc.). As passed by the Senate, S. 2036 requires States to spend no more than 30% of their allocations on the combined costs of administration and supportive services. As reported by the Education and Labor Committee, H.R. 5320 limited administrative expenses to 15% of each local area's allotment, but did not place any limit on the portion of funds which could be used for either supportive services or wages, allowances and stipends. As amended on the House floor, H.R. 5320 stated that local areas must use at least 70% of their allotments for the direct costs of training, making the bill somewhat more compatible with S. 2036. However, supportive services could be considered a direct training cost under the House-passed version of H.R. 5320 and thus could be funded from the 70% reserved for training. Under the Senate-passed S. 2036, meanwhile, supportive services could not be considered a training cost and could be funded only with the 30% reserved for administration and other non-training expenses.

Other major differences between the House and Senate bills included allowances and stipends, which were permitted on the basis of financial need in the House bill but essentially prohibited in the Senate bill; the role of the State, with the Senate bill giving considerable discretion to the Governor in terms of service delivery area designation and planning, while

the House bill preserved the Federal-local relationship; subsidized employment, with the House bill authorizing a limited amount of primarily short-duration subsidized jobs for youngsters in the private and public sectors, while the Senate bill would subsidize no jobs at all; size of sub-State service delivery areas, with the House bill favoring smaller areas with populations of at least 150,000, and the Senate bill mandating designation of areas with 250,000 population or larger; and formula allocation factors.

#### FY83 Budget Action

The House and Senate Budget Committees disagreed on the amounts assumed for employment and training programs in FY83 as included in the first concurrent resolution on the FY83 budget (S.Con.Res. 92). Although the House passed the conference report on S.Con.Res. 92 on June 22 and the Senate approved the identical conference report the following day, the Budget Committees in both chambers quoted different figures on the amount assumed in the resolution for CETA or its replacement. The reason such a discrepancy can exist is because the budget resolution only establishes spending levels for broad budget functions, and not for individual programs. Therefore, while the House and Senate agreed on a total of \$26.8 billion in budget authority for education, training and social services programs in FY83 (budget function 500), they disagreed on how these funds should be allocated among programs. The House Budget Committee assumed CETA or its replacement would be funded at the current FY82 level of \$3 billion in FY83, while the Senate Budget Committee assumed \$3.7 billion for CETA or its successor in FY83. Because the budget resolution is a blueprint of congressional intent and not an actual spending measure, the Appropriations Committees in the House and Senate ultimately decide how much individual programs will receive.

The House Appropriations Committee on Sept. 29 reported H.R. 7205, an FY83 funding bill for the Departments of Labor, Education and Health and Human Services. However, because CETA was scheduled to expire on Sept. 30 and the new job training program was not yet enacted, the Appropriations Committee did not consider in this bill an appropriation for job training activities. Congress subsequently enacted a continuing resolution, P.L. 97-276, effective until Dec. 17. This measure was intended to maintain programs, including job training, at their operating levels in FY82. A second continuing resolution (P.L. 97-377) has since been enacted, effective through the end of FY83, which provides \$3.76 billion for job training.

The following is a detailed description of P.L. 97-300, as signed by President Reagan on Oct. 13, 1982. Also provided is a discussion of related legislation considered by the 97th Congress.

#### P.L. 97-300: Job Training Partnership Act Authorization and Allocations Among Programs

The final version of job training legislation authorizes a permanent program with a funding level of "such sums as necessary." The House Education and Labor Committee originally reported a bill authorizing \$5.4 billion for job training but this amount was deleted by an amendment on the House floor. The Senate version of the bill originally carried a price tag of \$3.9 billion for FY83 and "such sums as necessary" thereafter. However, the Senate Labor and Human Resources Committee also agreed to delete a specific funding level. In its report on the bill, the Senate panel states

its intent that funding be at the level assumed in the Senate version of the first concurrent resolution on the FY83 budget, which is approximately \$3.8 billion.

Job Corps is the only program contained in the new bill with a specific funding level authorized for FY83. The final version of the legislation authorizes \$618 million for Job Corps in FY83 and "such sums" thereafter.

Allocations among activities authorized under the Job Training Partnership Act are done as follows in the final version of the legislation: "such sums as necessary" are authorized for adult and youth training programs under title II-A and for national programs (except Job Corps) under title IV. Of the amount appropriated each year for titles II-A and IV, 7% will be reserved for national programs. Of this set-aside for national programs, 5% will be reserved for veterans' employment and \$2 million each year for the National Commission for Employment Policy. An amount equal to 3.3% of the annual title II-A appropriation will be paid out of the national programs' set-aside for Native American programs, and a further amount equal to 3.2% of the title II-A appropriation will be paid from the national programs' set-aside for migrant and seasonal farmworker programs. Remaining amounts in the national programs set-aside will be used for national activities administered by the Secretary of Labor, labor market information, and training programs to assist Federal contractors in meeting affirmative action obligations.

"Such sums as necessary" also are authorized for summer youth programs under title II-B and for assistance to dislocated workers under title III.

#### Service Delivery Areas (SDAs)

Governors will divide their States into service delivery areas following specific procedures outlined in the Job Training Partnership Act. The House bill reserved this role for the Secretary of Labor, while the Senate and the Administration made service delivery area designation a State function. The final version of the legislation imposes certain limits on the Governor's discretion in designating these areas, however. The procedure works as follows:

The State job training coordinating council proposes service delivery areas, with written justification, to the Governor. The Governor, after receiving the State council's recommendations, publishes proposed service delivery areas for comment. These proposed areas must be either the entire State, or one or more units of local government; be consistent with labor market area (LMA) or Standard Metropolitan Statistical Area (SMSA) boundaries (although not necessarily the entire LMA and SMSA); and be consistent with areas in which related services are provided under other programs. Local governments, business groups or other interested people can comment on the Governor's proposal and request changes. The Governor is required to approve certain requests for designation as a service delivery area. Those areas guaranteed SDA designation, if they so request, are any units of local government with population of 200,000 or more, any consortia of local governments with an aggregate population of 200,000 or more which serve a substantial part of a labor market area, and any rural Concentrated Employment Program which had been a CETA prime sponsor. The House bill would have mandated designation of areas with populations of 150,000 or more, while the Senate bill would have guaranteed designation for areas with populations of 500,000 or more and for areas of 250,000 or more under certain

circumstances. Under the final version of the legislation, Governors also have the option of approving requests for SDA designation submitted by a local government or consortium of local governments which doesn't meet the minimum population requirement but which serves a substantial portion of a labor market area.

#### Private Industry Councils (PICs)

Each service delivery area will have a Private Industry Council, with members appointed by local elected officials from nominations submitted by specific groups. A majority of PIC members, and the chairman, will be private sector representatives, chosen from nominations submitted by general purpose business organizations in the area. The number of nominations submitted will equal at least 150% of the number of private sector members to be chosen. Private sector representatives will reasonably represent the industry and demographic composition of the local business community, and if possible, half the private sector representatives will be from small businesses, including minority enterprises.

Other members of the PIC will include educational agencies (chosen from nominations submitted by local educational institutions and organizations), organized labor (chosen from nominations submitted by State and local labor organizations or building trades councils), rehabilitation agencies, community-based organizations, economic development agencies and the public employment service (chosen from nominations submitted by interested groups). The Governors must certify the PIC if it meets all requirements of the Act. If local elected officials in a service delivery area cannot agree on appointments to the PIC, the Governor will make these appointments.

The role of the PIC is to provide policy guidance and oversee local job training programs, to establish procedures for developing a job training plan and to select a grant recipient and administrative entity to operate the program, in agreement with local elected officials.

#### Planning

The PIC and chief elected officials in the service delivery area jointly decide who will develop the local job training plan. Regardless of who actually writes the plan, it must be approved and submitted jointly to the Governor by both the PIC and the local elected officials. If the PIC and local officials cannot agree on the plan, the Governor will merge that service delivery area into one or more other service delivery areas in the State. The Senate bill would have required the PIC to develop the plan and to submit it to the Governor jointly with local officials, with the Governor resolving any disputes between the PIC and local officials. The House bill, on the other hand, would have required the PIC and local officials to develop the plan jointly but it would have been submitted to the Secretary by the local officials. The Secretary would have mediated in cases of dispute between the PIC and local officials, under the House bill.

Under the final version of job training legislation, the service delivery area plan will cover two program years and do the following: identify the grant recipient and administrative entity for the SDA; describe job training services to be provided; describe procedures for identifying participants and verifying their eligibility; set performance goals; contain a 2-year budget; demonstrate how the local plan will comply with the Governor's coordination

plan; demonstrate how the SDA will coordinate with other SDAs in the same labor market area, if there is more than one SDA in the labor market area; specify fiscal control procedures; and specify procedures for preparing and submitting an annual report to the Governor.

The plan is published and made available for comment at least 120 days before the start of the first of the two program years and a final plan is submitted to the Governor at least 80 days before start of the first program year. The Governor must approve the plan unless previous deficiencies in the service delivery area have not been corrected, or the administrative entity is inadequate, or the plan contains inadequate safeguards to protect funds, or the plan doesn't comply with the Act, its regulations, or the Governor's coordination plan.

### Performance Standards

All programs authorized under the Job Training Partnership Act will be held accountable to certain performance standards. For adult training programs, the Secretary will prescribe performance standards based on such factors as placement and retention in unsubsidized employment, increases in earning and reductions in welfare dependency. The Secretary will designate additional factors for evaluating youth programs, including attainment of employment competencies recognized by the PIC, school completion, or enrollment in another training program, apprenticeship or the military. For the dislocated workers program, the Secretary will prescribe standards based on placement and retention in unsubsidized employment.

The Secretary will prescribe variations in performance standards for programs serving special population groups, such as Native Americans, migrants and ex-offenders. At the State level, Governors may vary the Secretary's standards, within established limits, to reflect specific economic, geographic and demographic factors within the State and the service delivery areas.

If a service delivery area fails to meet performance standards, the Governor will provide technical assistance. However, if the area fails to meet performance standards 2 years in a row, the Governor will impose a reorganization plan, which could result in a restructured PIC, or prohibition against certain service providers, or a new administrative entity to operate the program.

### State Job Training Coordinating Council

Both the House and Senate bills would have required the Governors to establish some sort of State job training council, although the Senate bill would have made private sector members 51% of the State council, while the House would have required private sector members to comprise 25% of the State council. Under the final version of the Job Training Partnership Act, one-third of the State job training coordinating council will be business and industry representatives. Of the remaining members, each of the following three groups must constitute at least 20%: State legislature and other State agency representatives; local government representatives; and the eligible population and general public, organized labor, community-based organizations and local educational agencies.

Subject to the Governor's approval, State council functions include the

following: recommend the Governor's coordination and special services plan; recommend substate service delivery areas; review and provide guidance for all programs within the State; develop linkages with related programs and coordinate activities with the PICs; develop a State job training report; recommend variations in performance standards; advise the Governor and local entities on job training plans; certify local job training plans as consistent with the Governor's coordination scheme; review State employment service plans; submit an annual report to the Governor; identify employment and training and vocational education needs in the State; review related State agency plans; and, if the Governor so chooses, perform functions of the State councils under the Work Incentive (WIN) program and the Wagner-Peyser Act (the public employment service program).

### Statewide Activities

Governors will develop 2-year coordination and special services plans describing how resources provided under the Act will be used within the State and service delivery areas and evaluating the experience of the previous 2 years. Included in the plan will be criteria for coordinating activities under this Act with related activities within the State. Local job training plans must be consistent with these coordination criteria.

The Governor's coordination and special services activities may include the following: information and technical assistance to service delivery areas; special model training and employment programs and related services; activities for offenders and others the Governor determines need special assistance; assistance to rural areas lying outside major labor market areas; training related to energy conservation and solar energy development; industry-wide training; assistance to dislocated workers as authorized by title III; information related to economic, industry and labor market conditions; preservice and in-service training for local job training staff; and statewide programs which provide for joint funding of activities under this Act with related programs.

Funds will be set aside for Governors to use specifically for education coordination grants, under the final version of the job training legislation. No more than 20% of these funds can be used for technical assistance to foster the development of cooperative agreements between State education agencies and administrative entities in service delivery areas and, if appropriate, local education agencies. At least 80% of the funds set aside for education coordination must be used for actual services to eligible participants provided under these cooperative agreements. The 80% used for services must be matched by non-federal funds or resources as determined in the cooperative agreement. At least 75% of the funds used for services must be focused on economically disadvantaged individuals.

Funds also will be set aside for Governors to operate training programs for older workers, who are at least 55 years old and economically disadvantaged. These programs will be developed in conjunction with service delivery areas within the State and will be designed to open employment opportunities for older workers with private employers.

Both the House and Senate bills had provided for some statewide activities on behalf of older workers and for coordination with State education agencies. Both bills also provided for a State labor market information system, which will be overseen and managed by the State occupational information coordinating committee or another unit designated by the

Governor, under the final version of the bill.

#### Training the Disadvantaged: Allotments and Allocations Among Activities

Title II-A authorizes the central program of the Job Training Partnership Act, which is training for disadvantaged adults and youth. Of funds appropriated for this part, \$5 million will be set aside each year for allocation among Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands and the Northern Mariana Islands. Remaining funds will be allocated among States, including the District of Columbia and Puerto Rico, according to a three-part formula based equally on the following factors: relative number of unemployed individuals living in areas with jobless rates of at least 6.5% for the previous 12 months; relative number of unemployed individuals in excess of 4.5% of the State's civilian labor force; and relative number of economically disadvantaged individuals. Each State will be guaranteed at least 90% of its allotment percentage for the previous fiscal year.

The House and Senate bills each had different allocation formulas for the disadvantaged training program. The Senate bill would have allocated funds according to two equal factors: long-term unemployed and economically disadvantaged. The House bill based allocations on four equal factors, of which three were related to unemployment and one was low-income adults.

The final version of the legislation calls for the Governor to receive each State's allotment and allocate 78% of it among service delivery areas within the State, according to the same three factors used to determine the State share. (Under the House bill, funds would have flowed directly from the Federal Government to local service delivery areas.) The remaining 22% of each State's allotment under title II-A will be divided as follows: 8% for State education coordination grants; 3% for programs for older workers; 6% for incentive awards to service delivery areas exceeding performance standards (unused portions of this set-aside will be used for technical assistance); and 5% for Governors to use for auditing, administration, coordination and special services activities and expenses of the State job training coordinating council.

#### Training the Disadvantaged: Eligibility

Eligibility for services under title II-A is limited to the economically disadvantaged, defined as welfare and food stamp recipients, individuals with incomes no higher than the Office of Management and Budget poverty line or 70% of the Bureau of Labor Statistics' lower living standard income level, certain foster children, or certain handicapped adults whose families exceed the income criteria. However, up to 10% of participants may be individuals who are not economically disadvantaged, if they have encountered barriers to employment. Examples of people who could constitute this 10% are those with limited English-speaking ability, displaced homemakers, school dropouts, teenage parents, the handicapped, older workers, veterans, offenders, alcoholics or addicts. Both the House and Senate bills had provided for this 10% exemption from the economically disadvantaged requirement.

#### Training the Disadvantaged: Program Content

Both the House and Senate bills provided that about half the training

funds in each service delivery area would be used to serve disadvantaged youth. The final version of the legislation requires at least 40% of funds to be used for youth, to be varied up or down depending on the ratio of disadvantaged youth to adults in the local area. Further, Aid to Families with Dependent Children recipients and eligible school dropouts must be served equitably according to their proportion of economically disadvantaged people in the local area. Youth are defined as between the ages of 16 and 21, inclusive.

Eligible training activities under the final version of the legislation include all those contained in the House and Senate bills, allowing a full range of education, training and employability development services, including on-job-training in the private and public sectors, work experience, supportive services and needs-based payments necessary for trainees to participate in the program provided under a locally developed formula. Further, a series of "exemplary youth programs," which had been contained in the House bill, may be conducted at the option of local planners. These programs include "education for employment," geared for high school dropouts or youngsters with deficiencies despite a high school diploma; "pre-employment skills training" for eligible youth, including 14- and 15-year-olds, who do not meet standard levels of academic achievement but plan to seek full-time work after leaving school; "entry employment experience" for youth who have completed some sort of pre-employment skills training, have limited work experience and are enrolled in high school or an accredited equivalency program; and "school-to-work transition assistance" for high school seniors and dropouts who plan to seek full-time employment. "Entry employment experience" can include full-time summer or part-time subsidized jobs in public and private nonprofit agencies in combination with education and training programs. Also authorized is try-out employment for eligible youth in private for-profit worksites, or non-profit employers if for-profit worksites are not available. Youngsters may hold a tryout position for no longer than 250 hours and will be paid compensation (not to be considered wages) by the entity receiving the grant for the service delivery area. Employers which do not hire a tryout employee after the subsidized period expires may not receive another.

#### Training the Disadvantaged: Limitation on Non-Training Costs

One of the most controversial issues in development of the job training legislation was how much of the program funds should be allowed for related expenses such as administration and supportive services. In general, both the House and Senate agreed that 70% of program funds should be devoted to training and no more than 30% used for additional costs. However, the two bodies did not share a common definition of training and therefore differed on the type of activities which could be financed from the 70% reserved for training. Under the final compromise version of the bill, the following limitations will apply to adult and youth training programs authorized under title II-A of the Act:

No more than 30% of title II-A funds in a service delivery area can be used for the combined costs of administration (which alone cannot exceed 15% of title II-A funds) and the following: 50% of work experience costs which meet certain program requirements; 100% of work experience costs which do not meet these requirements; supportive services, such as child care and transportation; and needs-based payments to trainees. For 50% of work experience costs to fall outside this 30% limitation (and be funded from the 70% reserved for actual training), the work experience must meet these



requirements: it must be limited to 5 months and combined with a classroom or other training program; an individual trainee may not participate in a second work experience program following completion of the first; the classroom or other training component is either specified in a pre-employment contract or meets established academic standards; and wages do not exceed prevailing entry-level wage rates for the same job in the labor market area.

The 30% limitation can be waived if the PIC submits a request and if one or more of the following conditions exist: the area's unemployment rate exceeds the national average by at least three points and the ratio of private employment to population in the area is lower than the national average; the local job training plan serves a disproportionately high number of people who need substantial supportive services, such as the handicapped, offenders, or single parents; necessary child care costs exceed half of the non-administrative expenses included in the 30% limitation; or necessary transportation costs exceed one-third of the non-administrative expenses included in the 30% limitation.

### Summer Youth Programs

Separately authorized from the main training program is summer youth employment and training under title II-B. "Such sums as necessary" may be appropriated and will be allotted among States according to the same three factors used in the main training program, after the outlying areas first are given the same percentage of funds they received in the previous fiscal year for summer youth activities.

Economically disadvantaged youth, including 14- and 15-year-olds at local option, will be eligible for a full range of training activities during the summer months under title II-B, including on-job-training, work experience and supportive services. Local elected officials, PICs, Governors and State job training coordinating councils will have the same authority over the summer youth program as they do over the main training program under title II-A. However, the 30% restriction on use of funds for non-training expenses will not apply to the summer program.

The Senate bill had authorized summer youth programs as a separate activity; the House bill would have made summer programs an allowable activity under the main training program.

### Dislocated Workers: Allocation of Funds

Both the House and Senate bills had included a separate program for dislocated workers, which appears in the final bill as title III. "Such sums as necessary" may be appropriated, of which 25% will be used for people affected by mass layoffs, natural disasters, Federal Government actions such as facility relocations, or people who live in high unemployment areas or designated enterprise zones. States must apply to the Secretary to receive a portion of these reserved funds. The remaining 75% of dislocated worker funds will be allotted among all States giving equal weight to the following three factors: relative number of unemployed individuals; relative number of unemployed individuals in excess of 4.5% of the civilian labor force; and relative number of people unemployed 15 weeks or more.

### Dislocated Workers: Eligibility and Program Content

Eligible participants in the dislocated workers program will fall into one of the following categories: people who have been terminated or laid-off from their job or have been notified of pending lay-off, are eligible for or have exhausted their entitlement to unemployment compensation, and are unlikely to return to their previous industry or occupation; people who have lost or are about to lose their job because of a permanent plant or facility closing; or the long-term unemployed who have limited employment potential in their field in the area in which they live, including older workers whose age creates a barrier to employment.

States will identify groups of eligible dislocated workers, with the assistance of the local PICs if the State chooses to use them. Once these groups are identified, States and local PICs will determine if any job opportunities exist, either in the labor market area or outside, for which these people can be retrained. States also will inform eligible workers about any training opportunities which may exist.

Activities authorized under the dislocated workers program include job search assistance, job development, training in job skills for which demand exceeds supply, supportive services, relocation assistance and activities conducted with employers or labor organizations to provide early intervention in case of a plant closing.

Before the State can approve a dislocated workers program in a service delivery area, the PIC and local elected officials must have 30 days to review the plan. States can approve a program despite a negative recommendation from the PIC or local officials, but must justify their reasons in writing.

#### Dislocated Workers: Matching; Use of Funds

As required under both the House and Senate bills, States must match their dislocated workers allotment with an equal amount of non-Federal resources. The non-Federal match can include the direct cost of employment or training services provided by State or local agencies, private nonprofit and for-profit organizations. State-financed unemployment insurance benefits to eligible dislocated workers enrolled in training can constitute up to 50% of the non-Federal match. States whose average unemployment rate is higher than the national average will have their non-Federal match requirements reduced by 10% for each 1% by which the State's jobless rate exceeds the national average.

No more than 30% of each State's Federal allotment can be used for supportive services, wages, allowances, stipends, and administrative costs.

#### National Programs

Specific amounts are set-aside for assistance to Native Americans and migrant and seasonal farmworkers under title IV-A of the new legislation, similar to programs previously authorized by title III of CETA. These programs are administered directly by the Secretary of Labor, as is Job Corps, which will continue essentially unchanged under title IV-B of the Job Training Partnership Act.

A specific amount also is set aside for the Secretary to administer an

employment and training program for veterans, specifically service-connected disabled veterans, Vietnam-era and recently separated veterans. This program, authorized as title IV-C, will be operated through the Assistant Secretary for Veterans' Employment in the Labor Department.

A series of national activities, some of which are similar to those previously authorized under title III of CETA, are contained in title IV-D of the new legislation. These authorize the Secretary to administer multistate programs, research and demonstration, pilot projects, evaluation, training and technical assistance. Part E of title IV authorizes a Federal labor market information system, including a job bank program and funding for the National Occupational Information Coordinating Committee established by the Vocational Education Act. Finally, title IV-E reauthorizes the National Commission for Employment Policy, which had been established under title V of CETA.

### Transition

FY83 will be a year of transition into the new program and existing CETA provisions will apply during that year until the new program is in place. The new system must be operational by Oct. 1, 1983, when FY84 begins.

### Wagner Peyser-Act Amendments (Employment Service)

The new legislation makes some amendments to the Wagner-Peyser Act, designed to make planning for the employment service more consistent with the planning system established under the new Job Training Partnership Act. For example, service delivery area under Wagner-Peyser is redefined the same as in the new legislation. Local employment service planning will be conducted jointly with local PICs and elected officials and plans must be certified by State job training coordinating councils as consistent with the Governor's coordination plans.

Funding for the employment service comes from the Federal unemployment tax. However, the Job Training Partnership Act provides for a new formula for allocating these funds among States. Two-thirds of each State's allotment will be based on relative number of people in the civilian labor force and one-third will be based on relative number of unemployed individuals. Each State will be guaranteed at least 90% of its allotment percentage from the previous year. Further, the Secretary can reserve up to 3% of employment service funds to supplement State allotments and ensure that each State maintains an adequate staff level. Of each State's allotment, 90% will be used for job search, placement and recruitment services for job-seekers and employers and for various other activities such as program evaluation, developing linkages with other programs, services for dislocated workers, labor market and occupational information systems, a management information system, and administering the work test for the State unemployment compensation program. The remaining 10% will be used by Governors for performance incentives for local employment service offices consistent with performance standards established by the Secretary, services for groups with special needs and extra costs of any exemplary service delivery models. The employment service can perform others services not specifically authorized under the Wagner-Peyser Act under contracts which provide for the payment for such services by another agency.

Work Incentive (WIN) Program

The Job Training Partnership Act also amends the Work Incentive (WIN) program, authorized by the Social Security Act, to make it more consistent with the new job training system. For example, the PIC will take over certain functions of the previously authorized Labor Market Advisory Council and WIN activities must be coordinated with services provided under the new legislation.

H.J.Res. 631: FY83 Continuing Resolution (Job Creation Package)

Job-creation proposals dominated much of the activity of the post-election lame-duck session of the 97th Congress, although the only legislation enacted was a five-cent-a-gallon gasoline tax increase, which is estimated to create 320,000 highway and mass transit construction jobs (H.R. 6211). However, in its version of the FY83 continuing appropriations resolution, the House included a \$5.4 billion package of job-creating initiatives. The two largest single items in the House bill were a \$1 billion supplement to the Community Development Block Grant (CDBG) program run by the Department of Housing and Urban Development and a \$1 billion short-term emergency jobs program, similar to legislation passed earlier in the year by the House (see H.J.Res. 562, below).

The House package also included funds for highway, mass transit and rail corridor repairs; improvement of Veterans Administration medical facilities and public housing projects; funds for the Economic Development Administration and Small Business Administration loans; funds to create jobs with the National Park Service and National Forest Service; funds for the Indian Health Service and Fish and Wildlife Service; and funds for numerous other activities such as rural water and waste disposal, soil resource conservation and development, watershed and flood prevention, various Army Corps of Engineers projects, child day care and home health care jobs, building and upgrading of military housing, home weatherization and emergency food and shelter for the homeless. In addition, the House package included \$200 million to fund the new dislocated workers program authorized by title III of the Job Training Partnership Act.

The Senate version of H.J.Res. 631 contained a smaller, \$1.2 billion jobs package, most of which would have gone to the CDBG program at HUD. However, President Reagan endorsed the gasoline tax increase and threatened to veto the continuing resolution if it contained any funding for additional job-creating programs. House and Senate conferees agreed to drop the jobs package from the continuing resolution and the measure was signed by the President on Dec. 21 (P.L. 97-377).

H.J.Res. 562: Urgent Supplemental Appropriation for Department of Labor (Public Service Employment Program)

In response to a national unemployment rate of 9.8% and the anticipation that jobless rates would worsen further, the House Appropriations Committee reported in August an urgent supplemental appropriation for the Department of Labor to create a short-term program of public service jobs to employ about 200,000 people, according to estimates provided by the bill sponsors. The measure cleared the House on Sept. 16 by a vote of 223 to 169, after an alternative sponsored by Representatives Michel and Lynn Martin failed 152 to 243. As passed by the House, H.J.Res. 562 would appropriate about \$1 billion

(5% of annual spending on unemployment compensation) to the Department of Labor, of which 85% would be allotted by formula among local jurisdictions with higher-than-average unemployment. Local areas would use the funds to create minimum wage jobs for people unemployed at least 2 weeks. Employment would last no longer than 6 months and would be concentrated in the areas of repair, maintenance and rehabilitation of public facilities and conservation, rehabilitation and improvement of public lands. The remaining 15% would be used to supplement the \$192 million currently available for youth employment and training programs under title IV-A of CETA. Funds appropriated under H.J.Res. 562 would remain available until Dec. 31, 1982. An identical measure, S.J.Res. 245, was introduced in the Senate by Senators Kennedy and Robert Byrd. Senator Kennedy also proposed this program as an amendment to the recently passed continuing appropriations resolution (P.L. 97-276), but his amendment was tabled by a vote of 60-37.

House Democratic leaders made a second attempt in the lame-duck session of the 97th Congress to push through this legislation as part of a larger jobs package. However, lawmakers agreed to drop the proposal in the face of an Administration-threatened veto.

#### H.R. 6250: Community Renewal Employment Act

Public service employment, originally a provision in H.R. 5320 as introduced by Representative Hawkins in January, was deleted from the job training legislation and introduced as a separate bill on May 3. The House Education and Labor Committee approved the bill on May 5. Co-sponsoring the legislation with Hawkins were Representatives Perkins, Jeffords, Clay, Weiss, Corrada and Washington.

The bill would authorize a program for five fiscal years, with no specified funding level, to provide jobs to long-term unemployed individuals in areas of high unemployment. In general, eligible recipients of grant funds would be local governments with populations of 50,000 or more and an average unemployment rate for the preceeding three months higher than the national average, or which have experienced sudden and severe economic dislocation. Certain groups of local governments, existing concentrated employment programs, Indian tribes, and States in certain instances also could receive funds to administer the program.

The Secretary would allocate 75% of annual appropriations among States according to their relative number of unemployed people, relative number of unemployed people in excess of 4.5% of the labor force, and relative number of people unemployed at least 15 weeks. The remaining 25% would be used at the Secretary's discretion in areas of high unemployment or designated enterprise zones, or areas affected by mass layoffs, natural disasters or Federal actions such as relocation of facilities.

Eligible individuals would be unemployed at least 15 weeks. Local governments would apply to the Secretary for funds, and their applications would be evaluated according to the severity and duration of unemployment in the area, the degree to which proposed activities would lead to unsubsidized employment, the extent to which the application demonstrates need for the proposed services, and the extent to which local governments have coordinated with related activities to encourage economic and community development. Jobs would be provided in accordance with a number of restrictions, similar to those added to the CETA public service employment program in 1978 to protect against fraud and abuse. No more than 25% of funds could be used for

administration or the costs of supplies, tools or equipment. Participants generally would be paid at least minimum wage and could not remain in a subsidized job longer than 52 weeks in a two-year period.

#### H.R. 4861: American Conservation Corps Act

In response to both high youth jobless rates and conservation needs on public lands, Representative Seiberling in October 1981 introduced the American Conservation Corps Act, fashioned after two programs which no longer received funding after FY81. These two programs -- the Youth Conservation Corps and the Young Adult Conservation Corps -- were themselves loosely based on the Civilian Conservation Corps of the 1930s.

H.R. 4861 was approved by the House Education and Labor Committee and the Committee on Interior and Insular Affairs and passed the full House on June 9 by a vote of 291-102. However, the Administration opposes the measure, contending it is not a high budget priority at this time.

The program would be authorized at \$50 million in FY83 and \$250 million each year thereafter, with funding coming from an earmarked portion of Federal revenues generated by activities such as oil and mineral leasing, timber cutting, and franchise fees. Special consideration under the legislation would be given to disadvantaged youngsters living in areas of high unemployment. The Interior Department, in cooperation with the Agriculture Department, would administer the program.

A companion measure in the Senate, S. 2061, was introduced Feb. 3, 1982, by Senator Moynihan and was referred to the Committee on Energy and Natural Resources, where subcommittee hearings were held during September.

#### LEGISLATION

P.L. 97-276, H.J.Res. 599

Continuing appropriations resolution for job training and other Federal programs, effective through Dec. 17. Passed House and Senate Oct. 1, 1982. Signed into law Oct. 2, 1982.

P.L. 97-300, S. 2036

Job Training Partnership Act. Authorizes "such sums as necessary" for training program operated by States in combination with local area governments and Private Industry Councils. Introduced Feb. 2, 1982; referred to Committee on Labor and Human Resources; approved by Subcommittee on Employment and Productivity Apr. 22. Reported by Labor and Human Resources Committee May 26 (S.Rept. 97-469). Passed Senate by vote of 95-0 July 1, 1982. Passed House, amended, Aug. 4, 1982. Conference held. Conference report was passed by Senate, on Sept. 29; by the House, on Oct. 1. Signed by President Reagan on Oct. 13 (P.L. 97-300).

P.L. 97-377, H.J.Res. 631

Continuing appropriations resolution for job training and other programs, effective through the end of FY83. Contains \$3.76 billion for job training. Passed House on Dec. 14, Senate on Dec. 19. Conference report passed on Dec. 20; signed into law Dec. 21.

H.R. 4861 (Seiberling)

American Conservation Corps Act. Authorizes the Department of Interior to administer conservation centers to employ youths aged 16-23. Introduced Oct. 29, 1981; referred to Committees on Education and Labor, and on Interior and Insular Affairs. Reported Apr. 21, 1982, by Interior and Insular Affairs Committee. Approved by Education and Labor Committee May 5 (H.Rept. 97-500). Passed House June 9.

H.R. 5320 (Hawkins et al.)

Job Training Partnership Act. Authorizes "such sums as necessary" for employment and training services provided through local prime sponsors and Private Industry Councils. Introduced Jan. 25, 1982; referred to Committee on Education and Labor. Amended and approved by Subcommittee on Employment Opportunities Apr. 1, 1982; approved by Education and Labor Committee Apr. 27 (H.Rept. 97-537). Passed House Aug. 4.

H.R. 5461 (Jeffords)

Productivity and Human Investment Act. Authorizes \$3.6 billion in FY83 for employment and training program operated by combination of State and local area governments and Private Industry Councils. Introduced Feb. 5, 1982; referred to Committee on Education and Labor.

H.R. 6250 (Hawkins et al.)

Community Renewal Employment Act. Authorizes public service employment through FY87. Introduced May 3, 1982; referred to Committee on Education and Labor. Reported, amended, May 17, 1982 (H.Rept. 97-538).

H.J.Res. 562 (Perkins et al.)

Provides \$1 billion supplemental appropriation for FY82 to create jobs for youth and adults. Reported by House Appropriations Committee Aug. 18 (H.Rept. 97-764). Passed House Sept. 16.

S. 2184 (Quayle, Hatch, by request of Administration)

Job Training Act. Authorizes \$2.4 billion for training block grants to States. Introduced Mar. 9, 1982; referred to Committee on Labor and Human Resources.

S.J.Res 245 (Kennedy)

Identical to H.J.Res. 562 (see above). Introduced Sept. 15, 1982.

#### CHRONOLOGY OF EVENTS

- 10/21/82 -- President signed into law P.L. 97-377, continuing appropriations resolution for FY83, with \$3.76 billion for job training.
- 10/13/82 -- President signed into law, P.L. 97-300, the Job Training Partnership Act.
- 10/02/82 -- President signed into law, P.L. 97-276, continuing appropriations resolution effective through Dec. 17, 1982.

- 10/01/82 -- House and Senate passed H.J.Res. 599, continuing appropriations resolution. Senate tabled, 60-37, an amendment to appropriate \$1 billion for public service jobs.
- House passed conference report on job training bill, 339-12.
- 09/29/82 -- Senate passed conference report on job training bill, 95-0.
- 09/16/82 -- House passed supplemental appropriation for public service jobs program (H.J.Res. 562).
- 08/19-09/23/82 -- House-Senate conferees met periodically to resolve differences on job training bill, approving compromise bill on 09/23/82.
- 08/04/82 -- House passed H.R. 5320 by vote of 356-52.
- 07/01/82 -- Senate unanimously passed S. 2036.
- 06/09/82 -- House passed H.R. 4861, the American Conservation Corps Act.
- 05/26/82 -- Senate Labor and Human Resources Committee ordered reported S. 2036.
- 05/05/82 -- House Education and Labor Committee ordered reported H.R. 6250.
- 05/03/82 -- Representative Hawkins introduced H.R. 6250, Community Renewal Employment Act.
- 04/27/82 -- House Education and Labor Committee approved and ordered reported amended version of H.R. 5320.
- 04/22/82 -- Senate Employment and Productivity Subcommittee approved amended version of S. 2036.
- 04/01/82 -- House Employment Opportunities Subcommittee completed markup and approved H.R. 5320.
- 03/15-18/82 -- More than 90 witnesses testified before joint House/Senate Subcommittee hearings on pending employment and training legislation.
- 03/09/82 -- Senators Quayle and Hatch introduced the Administration's Job Training Act, S. 2184.
- 02/05/82 -- Representative Jeffords introduced H.R. 5461, the Productivity and Human Investment Act.
- 02/02/82--Senator Quayle introduced S. 2036, the Training for Jobs Act.
- 01/25/82--Representative Hawkins introduced H.R. 5320, the Community Partnership for Employment and Training Act.



ADDITIONAL REFERENCE SOURCES

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Mirengoff, William, Lester Rindler, Harry Greenspan, and Charles Harris. CETA: Accomplishments, problems, solutions. Washington, Bureau of Social Science Research, 1981. 330 p.

U.S. General Accounting Office. CETA programs for disadvantaged adults -- what do we know about their enrollees, services and effectiveness? "IPE-82-2, June 14, 1982."

----- Labor should make sure CETA programs have effective employability development systems. Washington. 84 p.  
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----- The Comprehensive Employment and Training Act by Ilona Rashkow. Washington Feb. 27, 1981. 42 p.  
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----- Side-by-side comparison of proposed employment and training legislation by Karen Spar. Washington Aug. 13, 1982. 41 p.  
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----- The Comprehensive Employment and Training Act: a compilation of data by Bob Guttman and Renee Coe. Washington May 14, 1982. 32 p.  
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----- Federal employment and training programs by Mark Wolfe. Washington Dec. 14, 1981. 39 p.  
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----- The private sector initiative program by Thomas Gabe. Washington Sept. 8, 1981. 7 p.  
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