



**Legislative Bulletin.....May 8, 2003**

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**H.R. 1261—Workforce Reinvestment and Adult Education Act of 2003**

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**H.R. 1261—Workforce Reinvestment Act and Adult Education Act of 2003  
(McKeon)**

**Order of Business:** The bill is scheduled for consideration on Thursday, May 8<sup>th</sup>, under a structured rule. The rule provides for one hour of general debate, equally divided, and makes in order only the amendments printed in the report (outlined below). The rule also allows for one motion to recommit.

**Summary:** H.R. 1261 reauthorizes the job training and employment services programs under the Workforce Investment Act (WIA), including youth and adult programs. H.R. 1261 also reauthorizes the Adult Basic Education Skills Act, which includes programs for adult education and literacy, and the Rehabilitation Act of 1973, which provides employment services to disabled individuals.

**State and Local Boards:**

WIA currently requires the establishment of state and local Workforce Investment Boards that oversee WIA programs. Under H.R. 1261, representatives from organizations that have experience in youth or workforce investment activities are no longer required to be members of the state board. Instead, required membership is limited to: 1) state agencies responsible for administering the One-Stop partner programs; 2) the state economic development agency; 3) business representatives; 4) local elected officials; 5) representatives of labor organizations, and 6) state legislators. The governor continues to have the authority to expand board membership. The bill also gives the state board new authority to develop criteria for the certification of one-stop centers (and to issue such certificates) and the authority to allocate infrastructure funding for one-stops. H.R. 1261 also adds to the groups that the state plan must describe how it will meet their needs: homeless individuals, ex-offenders, and displaced farmers, ranchers, and fishermen.

H.R. 1261 limits the automatic designation of local workforce investment areas to two years and allows for continued automatic designation to be denied if the governor determines the local area did not perform successfully. The required membership of each one-stop partner program on the local board is eliminated, but would be involved in the local memorandum of

understanding process establishing one-stop arrangements. The local board could also create advisory committees involving one-stop partners or other parties. Eliminated is the requirement that local boards establish youth councils (although youth councils are still permitted).

For both state and local boards, H.R. 1261 changes the requirement for five-year state and local plans to two-year plans and eliminates the authority of the state to use entities in existence prior to WIA in place of state or local boards.

### **One-Stop Centers:**

One-stop centers are the mechanism by which WIA services are provided to individuals through a single access point. H.R. 1261 adds to the current 19 mandatory partner programs in the one-stop system (including welfare-to-work, vocational education, and trade adjustment assistance) and optional programs two new optional partners: child support enforcement and programs for disabled individuals. The bill also requires each one-stop partner program to provide a portion of its program funds to the governor, who would distribute the funds to local areas for infrastructure based on a formula developed by the state board.

States are given the authority to determine what provider information and data will be required to establish a list of eligible providers of training services (replacing federal requirements). States must use include the performance of providers among its criteria and the new criteria must comply with the Family Educational Rights and Privacy Act. Further, the requirement that local areas use a competitive process to determine eligible providers of youth services is eliminated.

### **Adult Programs:**

H.R. 1261 consolidates three current programs (WIA Adult, WIA Dislocated Worker, and Wagner-Peyser state-administered employment services) into “Comprehensive Employment and Training Services for Adults.”

As a result of this consolidation, the bill revises state allotments and reservations for national activities. The Secretary of Labor may reserve 10 percent for national activities (with not less than 75 percent of that amount for dislocated worker grants, not more than 20 percent for demonstration projects, and not more than 5 percent for technical assistance). Funds would be allotted to states based on four factors: 60 percent based on unemployed individuals; 15 percent based on excess numbers of unemployed individuals; 15 percent based on individuals in the civilian labor force; and 10 percent based on disadvantaged adults. **The formula includes a “hold harmless” provision ensuring that states do not receive an allotment that is less than the amount received for the three separate programs in 2003.** Within the state, a governor may reserve up to 50 percent of the state’s allotment for statewide activities (50 percent of which must be used to fund “core services” in local areas through one-stop systems). The remaining 50 percent would be allocated to local areas (80 percent based on the above state allotment formula and 20 percent based on a state-developed formula).

H.R. 1261 also revises statewide activities, removing any required activities and making them allowable uses. Allowable activities are expanded to include the development of strategies to serve hard-to-serve populations and integration of one-stop partner programs.

Eligibility for intensive services is amended to allow an individual “unlikely or unable to obtain suitable employment” through core services to be eligible (current law has been interpreted to mean that an individual must go through each tier of service before being eligible for the next). Priority for these services is to be given to unemployed individuals, followed by low-income individuals. Allowable intensive services are expanded to include: internships and work experience; literacy activities; financial literacy activities, and out-of-area job search assistance and relocation assistance.

Local allowable activities are expanded under H.R. 1261 to include: customer support; employment and training assistance in coordination with child support enforcement activities; work support activities for low-wage workers, and incumbent worker training programs. In addition, local areas are authorized to assist participants in enhancing individual training accounts (vouchers through which participants pay for training services) through other funding sources.

Adult programs are authorized in the bill at \$3.079 billion for FY04 and “such sums” for FY05-09 (same as FY04 budget request).

#### **Youth Programs:**

H.R. 1261 revises the funding process for youth programs. Under the new process, 25 percent of appropriated funds (up to \$250 million) may be reserved by the Secretary of Labor to provide Youth Challenge Grants (replacing the current Youth Opportunity program). Of these funds, 80 percent would be available for competitive grants to promote “collaboration and innovation” in providing services to youth, and 20 percent for discretionary grants to promote “innovative and effective” activities for youth. The remaining 75 percent would be allocated to states as follows: 33-1/3 percent on high school dropouts ages 16-21; 33-1/3 percent on the number of jobless out-of-school youth ages 16-21; and 33-1/3 percent on the number of disadvantaged youth ages 16-21 (replaces current formula based on number of unemployed individuals, excess unemployed individuals, and disadvantaged youth). The bill includes a hold-harmless provision that no state would receive less funding than was received in 2003.

**The bill also changes eligibility provisions for youth programs, increasing the age for eligibility from 14-21 years to 16-21 years.** In addition, eligible youth must be one or more of the following: school dropouts; recipients of a secondary diploma or GED, but basic skills deficient; court-involved youth; or youth in or formerly in foster care. Priority for youth services is required for school dropouts. Allowable program elements are expanded to include on-the-job training opportunities and financial literacy skills.

**H.R. 1261 continues to allow funds to be used to serve in-school youth.** However, the bill states that services may not be provided on school grounds during school hours.

Youth programs are authorized in the bill at \$1.001 billion for FY04 and “such sums” for FY05-09 (same as FY04 budget request).

**Other Provisions:**

- Makes changes to the current-law provisions providing for the re-allotment of a state’s unobligated funds that exceed 20 percent of the prior year allotment. Under the bill, unexpended funds that exceed 30 percent of all funds available to the state during the program year would be re-allotted to states without such excess funds.
- Reduces statutory performance measures for formula programs from 17 to eight, four for adult programs (entry into unsubsidized employment, retention in employment, earnings received, and program efficiency) and four for youth programs (entry into employment, education/advanced training/military service, attainment of a secondary school diploma or GED, and program efficiency). References to customer satisfaction measures are removed.
- Outcomes data would be required from all participants served by one-stop centers, not only those who register for intensive or training services (as required in current law).
- Strikes the requirement that Job Corps centers hire a community and business liaison, but requires that liaison activities be carried out.
- Changes name of “National Emergency Grants” to “National Dislocated Worker Grants” and repeals current requirement that the Secretary of Labor designate a dislocated worker office.
- Eliminates specific reserve percentages in National Activities section for technical assistance, demonstration and pilot projects, evaluations, and incentive grants.
- Eliminates the current law prohibition on use of funds for employment generation, economic development, and similar activities not directly related to training for eligible participants.
- **Exempts religious organizations from nondiscrimination provisions with respect to the employment of individuals. This provision would allow faith-based providers of employment and training services to continue to hire employees based on the mission and beliefs of the organization.**
- Prohibits WIA funds from being used to establish or operate stand-alone fee-for-service organizations that compete with private sector employment agencies (organizations would not include one-stop centers).

**Adult Education:**

H.R. 1261 also reauthorizes the Adult Basic Education Skills Act (ABE). ABE serves individuals working to acquire a GED or who are preparing for higher education, many whom are limited English proficient, and includes literacy, English as a second language, and other basic skills programs.

The bill places increased emphasis in ABE on the provision of instruction that is research validated and scientifically based in the areas of reading, writing, English language acquisition, and math. Accountability provisions are expanded to require states to include in their state plans how effectiveness will be measured on a grant-by-grant basis and how eligible providers will be held accountable in “improving the academic achievement of participants in adult education programs.” States are also authorized to use technical

assistance, sanctions, and reward to hold local providers accountable. Eligible agency performance measures are also expanded to include measurable improvement in basic skills levels for participants.

ABE is authorized at \$584.7 million for FY04 and “such sums” for FY05-09.

Included in ABE is the National Institute for Literacy (NIFL). H.R. 1261 revises the mission of NIFL to align with the No Child Left Behind Act, requiring the Institute to promote “reading research, reading instruction, and professional development in reading based on scientifically based research.” It also expands the duties of the NIFL Board to provide policy guidance and advice to the Director of the Institute. NIFL is authorized at \$6.7 million for FY04 and “such sums” for FY05-09 (this is in addition to the \$7 million authorized for NIFL under No Child Left Behind).

**Wagner-Peyser Act:**

The Wagner-Peyser Act includes the current employment services and employment statistics systems. Since employment services are consolidated into the adult grant program in H.R. 1261, the bill repeals those sections of the Wagner-Peyser Act. The employment statistics system is reauthorized through 2009 (at “such sums”) and renamed the Workforce and Labor Market Information System.

**Vocational Rehabilitation:**

H.R. 1261 also reauthorizes the Rehabilitation Act of 1973, which provides comprehensive vocational rehabilitation (VR) services to help individuals with disabilities become employable. The bill adds new language requiring states to establish clear goals for improving the alignment of transition services in vocational rehabilitation and special education and also requires states to assess transition services and their coordination with services under the Individuals with Disabilities Education Act. In addition, the bill changes the position that heads the Rehabilitation Services Administration within the Department of Education from a Commissioner appointed by the President and approved by the Senate to a Director appointed by the Secretary of Education.

VR programs are authorized at “such sums” for FY04-09, as is the Helen Keller National Center Act.

**Amendments Made in Order:**

**1. McKeon/Boehner - Manager’s Amendment (10 minutes):**

- Clarifies that if a state has more than one state unit for vocational rehabilitation, the representative of the designated state unit that serves the most individuals with disabilities would serve on the state workforce investment board.
- Makes Temporary Assistance for Needy Families (TANF) a mandatory partner in the one-stop career center system, unless the Governor of the state notifies the Secretaries of Labor and Health and Human Services that the Governor does not want the TANF program to be mandatory partner.

- Reinstates the requirement that youth providers be selected by competitive process, unless the local board determines that there are insufficient numbers of eligible providers of youth services in the local area involved.
- Revises the factors for the youth formula for allocation of funds to states to better reflect available data on youth. Also clarifies that the new formula applies only to funds appropriated in excess of the level of funds appropriated in 2003.
- Revises the formula for allocation of funds to states under the consolidated adult funding stream. The amendment includes a hold-harmless provision for states so that in each year each state will receive at least what that state would have received under the current formulas for the three adult employment and training programs. Revises the new formula to create a two-part formula reflective of the population to be served.
- Clarifies that reemployment services provided to unemployment claimants are core services.
- Increases the authorized level for the youth grants to \$1.25 billion.
- Clarifies that state-recognized tribes may continue to participate in the WIA program for Native Americans.
- Clarifies that housing assistance provided under the program for migrant and seasonal farmworker program may be permanent housing.
- Under Title II (Adult Education), clarifies that eligible agencies must demonstrate how they meet the goals established under this Section.
- Under Title II, the amendment ensures that eligible providers use grant funds under this section only after using funds available for similar services are used first.
- Concerning the Establishment of the National Institute for Literacy, the amendment provides that the Institute is under the direction of an Interagency Group, composed of the Department of Education, the Department of Labor, and the Department of Health and Human Services (this is current law).
- Under Title II, Internet Site - The amendment ensures that the Institute website provides information consistent with the purposes established in this Section.
- Under Title II, Transition. - The amendment provides for an orderly transition in the implementation of this title.
- The amendment makes additional clarifying, technical, and conforming amendments to Titles I and II.

**2. Allen (10 minutes):** Eliminates the required inclusion of an adult education representative on local Workforce Investment Boards

**3. Vitter (10 minutes):** Requires the certification process and criteria for one-stop centers to include how the one-stop will meet the employment needs of employers and participants in WIA programs.

**4. Kline (10 minutes):** Clarifies the methodology for determining the contributions that one-stop partner programs will make to the costs of infrastructure of the one-stop career center system. Requires that when making the determination regarding the funds to be contributed, the Governor, in consultation with the State board, consider: the proportionate use of the one-stop centers by each partner; the costs of administration unrelated to the use of the one-stop centers by each partner; and other relevant factors. Requires that the funds provided by the

one-stop partner programs for the infrastructure costs are to be provided from funds available for administrative costs under each program and that those funds shall be subjects to whatever administrative cost limits are applicable to each program.

**5. Lewis (GA) (10 minutes):** Extends the eligibility criteria age for programs that are intended to target services to out of school youth from 21 to 24 years old.

**6. Hastings (FL) (10 minutes):** Increases the amount allocated to local areas by federal formula from 80 to 85 percent and reduces the amount allocated by state-developed means from 20 to 15 percent.

**7. Millender-McDonald (10 minutes):** Clarifies the definition of eligible populations for job training services to include single parents, displaced homemakers and pregnant single women.

**8. Kaptur (10 minutes):** Requires the Department of Labor to establish a coordinated system that provides technical assistance to localities when such assistance would not be duplicative to assistance provided by a state.

**Additional Background:** The Workforce Investment Act was first enacted in 1998 and consolidated federal job training and workforce development programs. Authorization expires on September 30, 2003.

**Committee Action:** The Education and the Workforce Committee considered and amended H.R. 1261 on March 27, 2003. The bill was reported to the House by a vote of 26 to 21.

**Administration Position:** H.R. 1261 includes many changes to WIA requested by the Administration and the Administration is supportive of the bill.

**Cost to Taxpayers:** CBO estimates that enacting H.R. 1261 would increase discretionary authorizations by \$5.1 billion in 2004, and by \$31.2 billion over the 2004–2008 period. Assuming appropriation of the necessary amounts, outlays would increase by \$51 million in 2004 and by \$21.3 billion over the 2004-2008 period. The bill would not affect direct spending or receipts.

**Does the Bill Create New Federal Programs or Rules?:** The bill reauthorizes current programs under the Workforce Investment Act, Adult Basic Education Skills Act, and the Rehabilitation Act of 1973, but creates new requirements under those programs as described above. A new program is created for Youth Challenge Grants.

**Constitutional Authority:** The Education and the Workforce Committee, in [House Report 108-82](#), cites Article 1, Section 8, Clause 1 (general welfare).

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