



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

October 17, 1997

S. 1186

Workforce Investment Partnership Act of 1997

*As ordered reported by the Senate Committee on Labor and Human Resources
on September 24, 1997*

SUMMARY

S. 1186 would restructure federal programs that provide grants to state and local governments for the provision of employment training, literacy, vocational education, and adult education services. Title I of the bill would authorize grants for vocational, technological, and tech-prep education. Title II would authorize grants for programs dealing with adult education and literacy. Title III would repeal existing programs authorized under the Job Training Partnership Act (JTPA) and would replace them with similar grants to states for job training programs that would serve adults, youth, and dislocated workers, with set-asides for veterans, Native Americans, and migrant workers. Title IV would amend the Wagner-Peyser Act to provide for the collection and dissemination of labor market information and to create a temporary Twenty-first Century Workforce Commission.

Most of the authorizations provided in S. 1186 are similar to previously authorized programs, some of whose authorizations have expired and some of which are permanently authorized. In fiscal year 1999, the bill would authorize appropriations at levels similar to those provided in the Senate-passed Labor-HHS appropriation bill for 1998 and \$1.5 billion above the amounts authorized under current law.

S. 1186 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The costs of this legislation fall within budget function 500 (education, training, employment, and social services).

The estimated budgetary impact of S. 1186 is shown in the following table.

Table 1: Estimated Budgetary Impact of S. 1186

	By Fiscal Year, in Millions of Dollars				
	1998	1999	2000	2001	2002
WITH ADJUSTMENTS FOR INFLATION					
Authorizations of Appropriations Under Current Law					
Estimated Authorization	6,534	5,185	5,327	5,474	5,627
Estimated Outlays	6,122	6,245	5,437	5,348	5,472
Proposed Changes					
Estimated Authorization	-3	1,530	1,570	1,612	1,655
Estimated Outlays	-*	181	1,227	1,538	1,608
Authorizations of Appropriations Under S. 1186					
Estimated Authorization	6,531	6,715	6,897	7,086	7,282
Estimated Outlays	6,121	6,426	6,664	6,886	7,080
WITHOUT ADJUSTMENTS FOR INFLATION					
Authorizations of Appropriations Under Current Law					
Estimated Authorization	6,534	5,043	5,043	5,043	5,043
Estimated Outlays	6,122	6,221	5,294	5,066	5,043
Proposed Changes					
Estimated Authorization	-3	1,490	1,489	1,489	1,489
Estimated Outlays	-*	176	1,189	1,460	1,489
Authorizations of Appropriations Under S. 1186					
Estimated Authorization	6,531	6,533	6,532	6,532	6,532
Estimated Outlays	6,121	6,398	6,482	6,526	6,532
Notes: The 1998 levels are the amounts in the Senate-passed Labor-HHS appropriations bill.					
Components may not sum to totals because of rounding.					
* = less than \$500,000					

Table 2: Estimated Budgetary Impact of S. 1186
By Title, With Adjustments for Inflation

	By Fiscal Year, in Millions of Dollars				
	1998	1999	2000	2001	2002
Title I: Vocational, Technological, and Tech-Prep Education					
Subtitle B					
Estimated Authorization	0	103	105	108	111
Estimated Outlays	0	12	83	103	108
Subtitle D					
Estimated Authorization	0	1,061	1,089	1,119	1,149
Estimated Outlays	0	127	852	1,066	1,116
Title I Subtotal					
Estimated Authorizations	0	1,164	1,194	1,227	1,260
Estimated Outlays	0	139	935	1,169	1,224
Title II: Adult Education and Literacy					
Estimated Authorization	0	365	375	385	395
Estimated Outlays	0	44	293	367	384
Title III: Workforce Investment and Related Activities					
Subtitle A					
Estimated Authorization	0	3,657	3,757	3,861	3,968
Estimated Outlays	0	683	3,063	3,690	3,861
Subtitle B					
Estimated Authorization	0	1,281	1,316	1,353	1,390
Estimated Outlays	0	139	1,182	1,257	1,322
Subtitle C					
Estimated Authorization	0	247	254	261	268
Estimated Outlays	0	21	173	241	259
Subtitle E					
Estimated Authorization	-3	-5,191	-5,333	-5,480	-5,633
Estimated Outlays	-*	-846	-4,423	-5,191	-5,448
Title III Subtotal					
Estimated Authorization	-3	-6	-6	-6	-6
Estimated Outlays	-*	-3	-4	-4	-6
Title IV: Workforce Investment-Related Activities					
Estimated Authorizations	0	6	6	6	6
Estimated Outlays	0	4	6	6	6
Total Changes					
Estimated Authorization	-3	1,530	1,570	1,612	1,655
Estimated Outlays	-*	181	1,227	1,538	1,608

Notes: The 1998 levels are the amounts in the Senate-passed Labor-HHS appropriations bill.

Components may not sum to totals because of rounding.

* = less than \$500,000

Table 3: Estimated Budgetary Impact of S. 1186
By Title, Without Adjustments for Inflation

	By Fiscal Year, in Millions of Dollars				
	1998	1999	2000	2001	2002
Title I: Vocational, Technological, and Tech-Prep Education					
Subtitle B					
Estimated Authorization	0	100	100	100	100
Estimated Outlays	0	12	80	98	100
Subtitle D					
Estimated Authorization	0	1,033	1,033	1,033	1,033
Estimated Outlays	0	124	826	1,012	1,033
Title I Subtotal					
Estimated Authorization	0	1,133	1,133	1,133	1,133
Estimated Outlays	0	136	906	1,110	1,133
Title II: Adult Education and Literacy					
Estimated Authorization	0	356	356	356	356
Estimated Outlays	0	43	284	348	356
Title III: Workforce Investment and Related Activities					
Subtitle A					
Estimated Authorization	0	3,556	3,556	3,556	3,556
Estimated Outlays	0	664	2,961	3,489	3,556
Subtitle B					
Estimated Authorization	0	1,246	1,246	1,246	1,246
Estimated Outlays	0	135	1,146	1,187	1,217
Subtitle C					
Estimated Authorization	0	240	240	240	240
Estimated Outlays	0	21	168	229	240
Subtitle E					
Estimated Authorization	-3	-5,049	-5,049	-5,049	-5,049
Estimated Outlays	-*	-823	-4,279	-4,908	-5,019
Title III Subtotal					
Estimated Authorization	-3	-5	-5	-5	-5
Estimated Outlays	-*	-3	-4	-3	-5
Title IV: Workforce Investment-Related Activities					
Estimated Authorization	0	6	5	5	5
Estimated Outlays	0	1	3	5	5
Total					
Estimated Authorization	-3	1,490	1,489	1,489	1,489
Estimated Outlays	-*	176	1,189	1,460	1,489

Notes: The 1998 levels are the amounts in the Senate-passed Labor-HHS appropriations bill.

Components may not sum to totals because of rounding.

* = less than \$500,000

BASIS OF ESTIMATE

S. 1186 would reorganize employment, training, literacy, and vocational education programs. Spending levels under current law for 1998 are based on the levels that would be provided under the Senate-passed Labor-HHS appropriation bill.

Title I: Vocational, Technological, and Tech-Prep Education

Title I of S. 1186 would reauthorize funding for vocational, technological, and tech-prep education. The previous authorization for these programs expired at the end of fiscal year 1997.

Subtitle B would authorize such sums as may be necessary for fiscal years 1999-2004 for educational institutions and employers to develop and operate tech-prep education programs. Tech-prep education, as defined in the bill, is a course of study that leads to a two-year associate degree or certificate in such fields as engineering technology, applied science, agriculture, health occupations, or business. The bill would authorize such sums as necessary for tech-prep education for fiscal years 1999 through 2004. These types of activities were previously authorized under the Carl D. Perkins Vocational Education Act. Therefore, current spending for tech-prep activities were used as a benchmark for estimating authorizations of appropriations under this bill. CBO estimates that this section would authorize \$103 million in 1999 and about \$430 million over the 1999-2002 period with adjustments for inflation. Authorizations of appropriations would total \$400 million over the same period without adjustments for inflation.

Subtitle D would authorize such sums as may be necessary for fiscal years 1999-2004 for basic grants to states for vocational education and for national activities, including research and evaluation. Again, current funding was used as a guide for estimating authorizations of appropriations. This section would authorize appropriations of \$1.1 billion in 1999 and \$4.4 billion over the 1999-2002 period with adjustments for inflation. Without adjustments for inflation, the bill would authorize \$4.1 billion over the same period.

Title II: Adult Education and Literacy

Title II would reauthorize adult education programs, whose authorization expired at the end of fiscal year 1997. It would rewrite the adult education program law, renaming it the Adult Education and Literacy Act. However, the federal government would continue to give grants to states to fund adult education activities. These activities encompass educational services for people 16 years old or older who are not enrolled in high school and do not have a high school diploma.

Title II also would rewrite the law governing activities of the National Institute for Literacy, but the institute would continue with essentially the same structure. The National Institute for Literacy operates as a separate office but is administered under an interagency agreement between the Departments of Education, Labor, and Health and Human Services. The duty of the institute is to provide leadership for the improvement and expansion of literacy programs.

Title II would authorize such sums as may be necessary for adult education programs for 1999 through 2004. CBO used current spending on adult education programs as a guide in estimating authorizations of appropriations under this bill. Authorizations would total \$365 million in 1999 and \$1.5 billion over the 1999-2002 period, with adjustments for inflation.

Title III: Workforce Investment and Related Activities

Title III of S. 1186 would create a new system of workforce investment and related activities by providing authorizations for grants to states for job training programs for fiscal years 1999-2004. In addition, this title would repeal existing programs authorized under the Job Training Partnership Act (JTPA). The job training programs authorized under S. 1186 would be similar in scope to those provided for in current law. Therefore, estimated changes in authorization levels from this title are minimal.

Title III generally follows the main categories established under JTPA. Subtitle A would authorize such sums as may be necessary for grant to states for the funding of programs to serve adults, youth, and dislocated workers. Subtitle B would authorize such sums as may be necessary for a National Job Corps program. Subtitle C would authorize several national programs, including minimum set-asides for Native Americans, migrant and seasonal farm workers, and veterans. Subtitle D would establish the methods by which these grants may be administered. Finally, Subtitle E would repeal existing job training programs authorized under JTPA. For purposes of this estimate, CBO assumed that authorizations of appropriations for the comparable programs would be the same as under current law.

The net change in authorizations from enacting this title would be small--about \$3 million less in fiscal year 1998 than under current law (from repealing a program that would provide job training services for homeless veterans). In addition, Title III would repeal authorizations for labor market information programs (about \$6 million in each of fiscal years 1999-2002), but Title IV would authorize similar programs.

Title IV: Workforce Investment-Related Activities

Title IV of S. 1186 would amend the Wagner-Peyser Act to authorize such sums as may be necessary for labor market information programs and a temporary Twenty-first Century Workforce Commission. Labor market information programs currently are authorized as part of JTPA at about \$5 million for fiscal year 1998. CBO used this authorization as a benchmark for the future costs of these types of activities. The Twenty-first Century Workforce Commission would be a temporary 21-member commission, charged with holding regional public hearings and submitting a report to Congress within six months of convening in fiscal year 1999. Commission members would be allowed travel expenses, including per diem. In addition, the chairman of the commission may appoint an executive director and other personnel as may be necessary. CBO estimates the costs of the commission at about \$1 million for that fiscal year based on the historical costs of similar commissions. Thus, total authorizations under Title IV would be about \$6 million in fiscal year 1999.

PAY-AS-YOU-GO CONSIDERATIONS: None

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 1186 contains no intergovernmental mandates as defined in UMRA. The bill would restructure federal programs that provide grants to state, local, and tribal governments for employment, training, literacy, vocational education, and adult education services. Because participation in these grant programs is voluntary, conditions and requirements imposed on state, local, and tribal governments would not be considered mandates under UMRA. In fiscal year 1998, state, local, and tribal governments will receive approximately \$5.2 billion in grants from the programs reauthorized in the bill. CBO estimates that under S. 1186, such grants would total \$5.4 billion in fiscal year 1999 and \$22.4 billion over the 1999-2002 period, including adjustments for inflation.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

The bill contains no private-sector mandates as defined in UMRA.

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