

## **V. PREPARING FOR THE 21st CENTURY**



### 3. INVESTING IN EDUCATION AND TRAINING

*We must redouble our efforts to make sure every American child, regardless of race, ethnicity, or income, has access to the finest public elementary and secondary schools in the world. This is the fair and right thing to do, because we live in an information age in which education is everything. If we believe in the value that every American should share in the bounty of prosperity, then every American deserves a first-class education.*

President Clinton  
September 1998

A century ago, as the economy was shifting from agriculture to manufacturing, the way that Americans lived and worked changed dramatically. Today, the economy has shifted once again—this time from manufacturing to information and technology. These changes have been, in many ways, the engine of our economic growth. Yet Americans who have not had access to education and training to prepare them for this new economy risk being left behind.

For the past six years, the President has worked hard to ensure that all Americans have the tools they need for the 21st Century. Education and training have been the cornerstone of the Administration's efforts. After World War II, American workers could enjoy basic economic security with just a high school diploma. But in the late 20th Century, the workplace demands workers with the analytical skills to reason and adapt quickly, especially to innovations in technology. The need for highly educated workers will continue to increase, making the quality of our educational system in the next century the key to the success of our people, our economy, and our Nation.

The Clinton Administration has launched new initiatives and built on existing programs to: provide children in the early grades with the attention and instruction they need to acquire fundamental skills; enable all students to reach their full potential; make available resources to pay for postsecondary education to all who need them; ensure that those who need another chance at edu-

cation and training, or who need to improve or learn new skills during their working lives, get those opportunities; and ensure that States and communities receiving Federal funds can use them more flexibly with fewer regulations and less paperwork.

In order to strengthen elementary and secondary school education, the Administration proposed, and worked with Congress to enact, new laws in 1994 that have built the foundation for a fundamental restructuring of K-12 education programs. These efforts include: Goals 2000, which helps States and school districts set and meet challenging educational standards; the Improving America's Schools Act, which focuses on student achievement, helps students reach challenging standards, and expands public school choice through charter schools initiatives; and the School-to-Work Opportunities Act, which financed the first efforts toward State-wide systems to link high school students more effectively to high-skill careers and postsecondary education. In 1998, the President proposed an initiative on class size which took an important first step toward adding 100,000 new teachers to the classroom by 2005.

Expanding access to, and preparing students for, postsecondary education is a central part of the President's education agenda. The Administration has: increased the maximum Pell Grant award to \$3,125 in 1999, up 36 percent from \$2,300 when President Clinton took office; established the Direct Student Loan program, which reduced costs and increased efficiency in the \$41 billion loan

programs and which offered income-contingent repayment options to students; made higher education more affordable through the proposal and enactment of the Hope Scholarship and Lifetime Learning tax credits; and helped students in high poverty schools prepare for and attend college through the GEAR-UP program.

To improve and expand job training and employment services, the Administration has more than doubled the resources devoted to assisting dislocated workers. In addition, the Administration proposed, and worked with the Congress to pass, the Workforce Investment Act, to streamline the job training system, empower people with individual training accounts, enhance accountability, and increase customer information and choice. The Administration also proposed and obtained funding for the Youth Opportunity Grants program to provide intensive, comprehensive education and training services to raise significantly the employment rate of young people in high poverty areas.

The budget builds upon this record. It includes: \$1.4 billion for the second annual installment of support to States and school districts to hire new teachers in the early grades; \$22 billion in school construction and modernization bonds, financed through tax credits to investors; \$600 million for after-school and summer programs, increasing funding three-fold; a \$320 million increase for Title I—Education for the Disadvantaged to support increased accountability for educational achievement; and other increases for serving dislocated workers and enhancing one-stop career centers. The budget includes resources to enhance public school choice, advance the Hispanic Education Agenda, and improve adult education.

A central part of the President's efforts to increase accountability is the focus on ending social promotion, the practice of promoting students from grade to grade without regard to whether they have mastered the skills and met academic standards required to succeed at the next grade level. The budget provides \$600 million for 21st Century Community Learning Centers, tripling funding for after-school and summer school programs, to end social promotion the right way—

by giving students the tools they need to succeed.

### **Elementary and Secondary Education**

The budget increases support for key Education Department programs to help all children in school, especially those in high-poverty areas, achieve at higher levels (see Table 3-1). Early in 1999, the Administration will transmit to Congress its reform proposal for the reauthorization of the Elementary and Secondary Education Act. That proposal will focus on improving accountability to raise the educational achievement of all students, especially those in low-income communities. The budget includes the proposals below that will prepare the way for these broader reforms. (For information on Head Start, see Chapter 4, "Supporting Working Families.")

**Performance Accountability:** All children deserve to attend high quality public schools. When schools fail to help children reach rigorous standards of academic achievement, they must be held accountable for their performance. The budget includes \$200 million in Title I to hold States and school districts more accountable for raising student achievement. States will use funds to fix their lowest performing schools through a variety of approaches including bringing in new management and teachers. Funds will also be used to ensure that students receive extra educational help while the school is being reformed. The increase described below for new funds for after-school and summer school activities is an integral part of this initiative.

**21st Century Community Learning Centers/After-School and Summer School Programs:** The budget proposes to triple this program to \$600 million, as part of a comprehensive approach to fix failing schools and help end social promotion the way successful schools do it—without harming the children. School districts will have a competitive advantage for these new funds if they combine before- and after-school, as well as summer school programs, with other resources that support State and school commitments to high standards, more qualified teachers, smaller classes and accept accountability for increasing

**Table 3-1. THE BUDGET INCREASES RESOURCES FOR SELECTED EDUCATION AND TRAINING PROGRAMS BY \$5 BILLION, OR 10.9 PERCENT OVER 1999, AND BY A TOTAL INCREASE OVER 1993 OF 101 PERCENT**

(Dollar amounts in millions)

	1993 Actual	1999 Estimate	2000 Proposed	Dollar Change: 1999 to 2000	Percent Change: 1993 to 2000
<b>TAX EXPENDITURES:</b>					
Hope Scholarships Credit .....		4,015	4,855	+840	NA
Lifetime Learning Credit .....		2,510	2,655	+145	NA
Student Loan Interest Deduction .....		245	283	+38	NA
School Construction .....			146	+146	NA
Work Opportunity Tax Credit (Targeted Jobs Tax Credit in 1993) .....	160	358	446	+88	+179%
Welfare/Jobs Tax Credit .....		38	54	+16	NA
<b>Total, tax expenditures .....</b>	<b>160</b>	<b>7,140</b>	<b>8,426</b>	<b>+1,260</b>	<b>+5,116%</b>
<b>MANDATORY OUTLAYS:</b>					
Welfare-to-Work Grants .....		872	1,597	+725	NA
Early Learning Fund (see Chapter 4) .....			372	+372	NA
<b>DISCRETIONARY BUDGET AUTHORITY:</b>					
<b>Pre-School: Head Start (see Chapter 4) .....</b>	<b>2,776</b>	<b>4,660</b>	<b>5,267</b>	<b>+607</b>	<b>+90%</b>
<b>Elementary and Secondary Education:</b>					
Class Size Reduction .....		1,200	1,400	+200	NA
America Reads/Reading Excellence .....		260	286	+26	NA
Goals 2000 .....		491	491		NA
Education Technology (Education Department grant programs) .....	23	698	801	+103	+3,383%
Title I - Education for the Disadvantaged/Accountability .....	6,709	8,371	8,744	+373	+30%
Special Education .....	2,966	5,334	5,450	+116	+84%
Bilingual and Immigrant Education .....	213	380	415	+35	+95%
Safe and Drug Free Schools Communities .....	582	566	591	+25	+2%
Charter Schools .....		100	130	+30	NA
Troops to Teachers .....			18	+18	NA
Comprehensive School Reform Demonstration .....		145	175	+30	NA
21st Century Community Learning Centers .....		200	600	+400	NA
<b>Postsecondary Education:</b>					
Pell Grants .....	6,372	7,704	7,463	-241	17%
<i>Pell Grant maximum award (non-add, in dollars) .....</i>	<i>2,300</i>	<i>3,125</i>	<i>3,250</i>	<i>+125</i>	<i>+41%</i>
College Work-Study .....	617	870	934	+64	+51%
Other Campus-based Aid .....	764	749	761	+12	-*
College Completion Challenge Grant .....			35	+35	NA
Teacher Quality Enhancement .....		75	115	+40	NA
GEAR-UP .....		120	240	+120	NA
Preparing for College Campaign .....		7	15	+8	NA
<b>Work Force Development:</b>					
Learning Anytime, Anywhere Partnerships (Education and Labor Departments) .....		20	30	+10	NA
Right Track Partnerships .....			100	+100	NA
Job Corps .....	966	1,309	1,347	+38	+39%
Youth Opportunity Grants/Rewarding Achievement in Youth .....		250	250		NA
Vocational Education .....	1,170	1,154	1,163	+9	-1%
Adult Education .....	305	385	575	+190	+89%
Veterans Employment Services and Training .....	167	167	169	+2	+1%
Dislocated Worker Training .....	517	1,406	1,596	+190	+209%
Employment Service and One-Stop Centers .....	895	968	1,048	+80	+17%
<b>Total, budget authority .....</b>	<b>25,042</b>	<b>37,589</b>	<b>40,209</b>	<b>+2,620</b>	<b>+61%</b>
<b>TOTAL RESOURCES FOR SELECTED PROGRAMS (tax expenditures; receipts; mandatory outlays; and budget authority) .....</b>	<b>25,202</b>	<b>45,601</b>	<b>50,604</b>	<b>+4,977</b>	<b>+101%</b>
<b>STUDENT LOANS (face value of loans issued):</b>					
Direct loans .....		11,363	12,078	+715	NA
Guaranteed Loans .....	16,089	20,921	22,243	+1,322	+38%
Consolidated Loans .....	1,540	7,525	6,840	-685	+344%
<b>Total, student loans .....</b>	<b>17,629</b>	<b>39,809</b>	<b>41,161</b>	<b>+1,352</b>	<b>+133%</b>
<b>DEPARTMENT OF EDUCATION:</b>					
Discretionary Program Level .....	23,977	33,467	34,711	+1,244	+45%
<b>DEPARTMENT OF LABOR:</b>					
Discretionary Budget Authority .....	6,019	6,986	7,285	+299	+21%

NA = Not applicable.

\* Less than 0.5 percent.

student achievement. The program will reach 7,500 schools in 2000.

***New, Qualified Teachers and Smaller Class Sizes:*** Soaring school enrollments have overwhelmed school capacity, causing severe teacher shortages and classroom overcrowding, which hinder the ability of students to learn. The budget provides \$1.4 billion as the second installment of the President's plan to help schools recruit, hire, and train 100,000 new teachers by 2005 and reduce class size in the early grades. Research shows that reducing class size to 15–18 students in the early grades improves student achievement, particularly among low-income and minority students in inner cities. The budget also proposes a new initiative to recruit and train 1,000 new Indian teachers to serve in school districts with high concentrations of Indian children.

***Recruitment, Preparation, and Training of High-Quality Teachers:*** Children in all communities should have highly-qualified and effective teachers.

- *Teacher quality enhancement:* The budget provides \$115 million to help improve the quality of teacher preparation programs at colleges and universities and address shortages of well-prepared teachers, particularly in urban and rural schools. The budget will fund approximately 16 partnerships of exemplary teaching colleges and universities, urban and rural schools, and subsidiary colleges and universities with teaching programs. It also will fund up to 7,000 scholarships to help recruit teachers to teach in high priority areas.
- *Eisenhower professional development:* The budget proposes \$335 million to help States provide high-quality, professional development for teachers and administrators.
- *Troops-to-Teachers:* The budget proposes \$18 million to recruit and train retiring military personnel and other to mid-career professionals to serve as new teachers in public schools.
- *Bilingual education:* The budget includes an increase of \$25 million, for a total of \$75 million, for the bilingual education professional development program to give 6,000 teachers the skills they need to help

their students learn English and meet challenging academic standards.

***New Classrooms:*** A third of all schools across the country, with 14 million students, have one or more buildings that need extensive repair, according to the General Accounting Office. School districts also face the cost of upgrading schools to accommodate computers and modern technology, and of constructing new classrooms and schools to meet expected record enrollment levels over the next decade. To help States and school districts meet this need, the budget proposes \$22 billion in school construction and modernization bonds, and \$2.4 billion in additional Qualified Zone Academy bonds financed through tax credits to investors, currently valued at \$3.7 billion over five years and \$8.9 billion over 10 years. The President also proposes \$10 million for Schools as Centers of Community, a new initiative to promote broad community involvement in the planning and design of new schools.

Indian reservations have some of the most critical needs for school construction assistance. Within the new school construction initiative, \$400 million in bonding authority will be provided for Bureau of Indian Affairs schools. For those schools serving the poorest Tribes who would have difficulty issuing such bonds, the budget proposes \$30 million for the Interior Department to pay the principal of about \$75 million in bonds.

***Education Technology:*** In February 1996, the President challenged the public and private sectors to work together to ensure that all children are technologically literate by the dawn of the 21st Century, and that schools take full advantage of the benefits of technology to raise student achievement. Achieving this goal will require progress in four areas: connecting every classroom to the Internet; expanding access to multimedia computers; increasing the availability of high-quality educational software and content; and ensuring that teachers can teach effectively using technology.

The most significant program that advances these goals is the Technology Literacy Challenge Fund. In 1997, the President committed to providing States \$2 billion by 2002 through this Fund to support the education technology goals. Through 1999, \$1.05 billion has been

provided. The budget includes \$450 million for the Fund.

Other technology programs include:

- Technology Innovation Challenge Grants, which provides \$110 million for competitive grants to develop innovative education technology applications;
- Technology Training for Teachers, which provides \$75 million to help ensure that new teachers know how to use technology effectively;
- Computing Technology Centers, which provides \$65 million, an increase of \$55 million over 1999, to establish computer centers in low-income communities for those who cannot afford home computers;
- Middle School Teacher Training Initiative, which provides \$30 million to train technology leaders in all middle schools; and the
- Software Development Initiative, which provides \$5 million for a competition open to students in partnership with others to develop high quality software and websites.

**E-Rate:** The education rate, or E-rate, was created under the Telecommunications Act of 1996 to provide discounts for schools and libraries to buy high-speed Internet access, internal wiring, and telecommunications services. Over the first 18 months of the program, \$1.9 billion has been provided to start connecting up to 47,000 schools and libraries and more than 30 million children to the Internet. In 2000, \$1.3 billion will be made available.

**America Reads/Reading Excellence:** Two years ago, the President launched the America Reads Challenge, a multi-faceted effort to help States and communities ensure that all children can read well and independently by the end of third grade. This budget builds upon last year's commitment of \$260 million, by proposing an investment of \$286 million to continue this program in 2000. The funds help train reading tutors and coordinate after-school, weekend, and summer reading programs linked to in-school instruction; help train teachers to teach reading; and help parents help children prepare to learn to read. In addition, more than 1,000 colleges have

pledged to use federally-financed work-study positions for tutoring programs.

**Public School Choice:** Choice in education has become one of the most hotly debated education issues in the last decade. The Administration firmly supports expanding school choice through its Charter Schools, Magnet Schools, and Satellite Work-Site Schools initiatives. These efforts strengthen the public education system by giving it the support it needs to fulfill its mission of providing equal educational opportunities for all while still providing children their choice of schools that best meet their needs. The budget supports the expansion of public school choice in three ways:

- *Charter Schools:* Through public charter schools, parents, teachers, and communities create innovative schools to raise student achievement, while States free these schools from unnecessary rules and regulations. The budget proposes \$130 million for charter schools, a \$30 million increase over 1999, to fund start-up costs for approximately 2,200 schools, continuing progress toward the President's goal of 3,000 charter schools by 2002.
- *Magnet Schools:* Magnet schools offer a special curriculum to encourage students of different racial backgrounds to attend previously racially isolated schools. The budget proposes a \$10 million increase, to a total of \$114 million, to fund inter-district magnet programs where, for example, an urban school district with high concentrations of minority and poor students can partner with neighboring suburban districts to form a specialized (e.g., math or art) curriculum which students of both districts attend.
- *Satellite Work-Site Schools:* These schools generally operate as public-private partnerships between large employers and school districts, with employers providing facilities on site for the schools. Experience shows that these schools can: (1) be more racially diverse than other schools because worksites are more diverse than residential neighborhoods; (2) save the school districts the cost of new facilities; (3) increase parental involvement in the schools; and (4) provide safe and enriching after-school programs. The budget proposes \$10 mil-

lion for a demonstration project to support the planning and implementation of approximately 100 work-site elementary schools.

***Safe and Drug-Free Schools and Communities:*** Since 1993, this program has provided \$3.7 billion to help 97 percent of all school districts implement anti-drug and anti-violence programs. The budget proposes \$591 million, including \$90 million in competitive grants for projects that use proven program designs in high-need areas and \$50 million for the Administration-proposed, newly established School Drug Prevention Coordinators program to ensure that at least half of all middle schools have a director of drug and violence prevention programs to link school-based programs to community-based programs. This program also provides \$12 million to fund SERV, the Administration's initiative to support efforts in the Departments of Education, Justice, and Health and Human Services to respond to serious incidents of school violence.

***Special Education:*** The budget proposes \$5.4 billion to support State and local education for children with disabilities, an increase of \$116 million over 1999. The increase is targeted toward improving educational results for children with disabilities through early intervention. The new resources support: a \$50 million initiative to help schools implement research-based practices for how best to serve children with disabilities in the primary grades; an increase of \$28 million to preschool grants, for a total of \$402 million; and an increase of \$20 million for grants to infants and families, for a total of \$390 million.

***Comprehensive School Reform Demonstration:*** This program funds competitive grants to schools to implement research-based school improvement models. The budget includes \$150 million for such grants in high-poverty schools, an increase of \$30 million over 1999, and \$25 million for such grants in other schools. Nearly 3,500 schools will receive grants.

***Advanced Placement and Other Courses:*** To ensure greater preparation for college, the budget proposes \$20 million primarily to help schools provide advanced placement and other higher level courses to high-poverty schools that do not currently offer them.

***Education Coordinator for Empowerment Zones:*** The 10 Education Regional Offices will each have a designated Empowerment Zones (EZ) coordinator to augment the existing Department of Education Empowerment Zones and Enterprise Community Task Force. The Coordinators will help EZs by fostering communication with educational institutions, facilitating access to Education technical assistance and program evaluation resources, providing technical assistance to EZ schools applying for competitive grants, and coordinating education reform efforts among EZs.

### **Investing in the Special Needs of Hispanic Americans**

Raising the educational achievement of Hispanic Americans continues to require special attention. Their high school dropout rate, for example, is unacceptably high: in 1996, 29 percent of Hispanics aged 16 to 24 were high school dropouts, compared to seven percent of non-Hispanic whites and 13 percent of non-Hispanic blacks. Hispanic now receive 32 percent of services under Title I, more than any other minority group. For the second year in a row, the budget targets new funding to programs that are part of the Administration's Hispanic Education Agenda. The funding increases include:

- \$100 million for a new Right Track Partnership initiative to help keep young people from dropping out of school, with special emphasis on the needs of limited-English proficient youth. (See discussion under "Work Force Development," later in this chapter.)
- \$35 million, for a total of \$415 million, for Bilingual and Immigrant Education. During the ESEA reauthorization, the Administration will look at ways to strengthen the Bilingual Education program to help limited-English proficient students become proficient in English as rapidly as possible, and prepare them to meet high standards in academic subjects.
- \$14 million, for a total of \$42 million, for assistance for colleges and universities that serve large numbers of Hispanic students;



- \$9 million, for a total of \$22 million, for the High School Equivalency Program for migrants and the College Assistance Migrant Program;
- \$190 million, for a total of \$575 million, for Adult Education, including \$70 million to expand services and improve English as a second language and civics programs;
- \$25 million, for a total of \$380 million, for Title I-Migrant Education, which provides additional educational assistance to migrant children;
- \$10 million for a Labor Department program to provide training and education assistance to migrant youth, including literacy assistance, worker safety training, English language assistance, and dropout prevention activities;
- \$30 million, for a total of \$630 million, for the TRIO programs that work with disadvantaged high school and college students to encourage them to complete high school and attend, and graduate from, college;
- \$30 million, for a total of \$150 million, for Comprehensive School Reform demonstrations in high-poverty schools, providing grants for research-proven reform efforts to schools that have low achievement and high dropout rates; and
- A portion of the Head Start expansion dollars will be used to boost participation by underrepresented groups, particularly in areas with recent influxes of immigrants and limited-English proficient children, including seasonal farmworkers.

### Postsecondary Education and Training

High school is the first stepping stone to a good job. However, those with more years of schooling consistently earn more over their working careers than those with only a high school degree. Meeting the cost of higher education can be difficult for many families, but Federal support through Pell Grants, work-study, student loans, Hope Scholarship and Lifetime Learning tax credits, other tax benefits, and other programs now make college affordable for every American.

The budget proposes even more to help young people go to and stay in college.

***College Preparation and Attendance:*** The budget proposes to double funding for GEAR-UP, the early intervention program based on the President's High Hopes proposal, from \$120 million to \$240 million in 2000. GEAR-UP provides funds for States and local partnerships to help students in high-poverty schools prepare for and attend college. The budget also provides \$15 million for a Nationwide information campaign on the importance of higher education, the steps necessary to enroll in college, and the availability of Federal resources.

***Hope Scholarship and Lifetime Learning Tax Credits:*** The President proposed and obtained major tax relief for the rising costs of higher education. With Hope Scholarships, students in the first two years of college or other eligible postsecondary training can get a tax credit of up to \$1,500 for tuition and fees each year. In 1999, an estimated 5.5 million students will receive \$4.5 billion in Hope Scholarship tax credits. Under the Lifetime Learning tax credit, students beyond the first two years of college, or those taking classes part-time to improve or upgrade their job skills, will receive a 20-percent tax credit for the first \$5,000 of tuition and fees each year through 2002, and a 20-percent credit for the first \$10,000 thereafter. In 1999, an estimated 7.2 million students will receive approximately \$2.5 billion in Lifetime Learning tax credits.

***Pell Grants:*** The President proposes to raise the maximum Pell Grant award by \$125, to \$3,250—the highest ever—to reach nearly four million low-income undergraduates.

***Work-Study:*** In 1996, the President committed to expanding the Work-Study program to one million students by the year 2000 to give more students the opportunity to work their way through college. In this budget, the Administration reaches the goal of one million students by providing \$934 million, a \$64 million increase over the 1999 level.

***College Completion Challenge Grants:*** The budget proposes \$35 million for an initiative to help disadvantaged undergraduates succeed in school and complete their studies. Institutions of higher education that show they

have already invested their own resources in persistence programs for at-risk students, but still experience a gap between the dropout rates of disadvantaged students and other students, may apply for competitive grants. Grants may be used to strengthen support services, provide larger grant awards, and/or offer an intensive summer program, for students at risk of dropping out of college.

**Student Loans:** An estimated 6.2 million people will borrow \$41 billion through the Federal student loan programs in 2000. In the Higher Education Amendments of 1998, the President's proposal to significantly lower interest rates for borrowers on student loans was adopted, easing the burden of repayment for new borrowers and borrowers who consolidate. The budget also proposes net savings of \$4.5 billion over five years from excess profits of banks, guaranty agencies and secondary markets, and through improved debt collection. (See also chapter 22, "Education, Training, Employment, and Social Services," for a discussion of student aid management issues.)

In 1993, the Administration proposed and obtained authority to offer students the opportunity to consolidate multiple student loans into one direct loan with lower payments, much less paperwork, and more efficient servicing. The Administration has continued to improve the quality of servicing for these loans and, in 1998, obtained a still lower interest rate for students who consolidate. The budget proposes to extend this authority for lower rates through 2000.

**Learning Anytime, Anywhere Partnerships:** The budget includes \$30 million (\$20 million in the Education Department and \$10 million in the Labor Department) for the second year of this program to enhance and promote learning opportunities outside the usual classroom settings, via computers and other technology, for all adult learners.

**D.C. Resident Tuition Support:** The budget proposes up to \$17 million for D.C. Resident Tuition Support, a new initiative that would enable eligible District of Columbia residents to attend public institutions of higher education in Maryland and Virginia at in-State tuition. Under the initiative, the Federal Government would provide funds to reimburse these institutions for the difference between

in-State and out-of-State tuition for students who are District residents.

**Adult Literacy:** The 1990 Census found that over 44 million adults did not have a high school degree or General Educational Development (GED) credential, without which it is increasingly difficult to obtain a good job. Illiteracy is a serious bar to employment and to obtaining citizenship for many legal immigrants. Throughout his tenure, the President has sought to improve the education and skills of the Nation's low-literate population. The budget proposes an increase for Adult Education of \$190 million, or nearly 50 percent, for a total of \$575 million. The increase will help recent immigrants learn English and give them instruction in civics to help prepare for citizenship, as well as support innovative uses of technology in adult education, and preparation for passing the GED examination. In addition, the budget includes a new tax credit for employers who provide certain workplace literacy programs to eligible adults.

### Work Force Development

Many who lose jobs and need new jobs or new skills to get those jobs, adults who are seeking jobs for the first time, or adults who want new skills to advance or change their careers, need a broad array of financial and program supports—especially as workers strive to succeed in the fast-changing new economy.

**Reemployment Services for All Who Need Them:** In 2000, the President proposes a major step toward the goals of: providing all dislocated workers who want and need assistance the resources to train for or find new jobs; expanding and raising the quality of the employment services now available to all job seekers and enhancing them for individuals receiving Unemployment Insurance; and ensuring that One-Stop Career Centers are available to all, either in person or electronically. The budget includes increases totaling \$368 million as a first step towards achieving this goal.

- **Dislocated Worker Training:** The budget proposes \$1.6 billion, an increase of \$190 million—over three times the amount available when the President took office—to provide readjustment services, job search assistance, training, and related

services to help dislocated workers find new jobs as quickly as possible. Among the workers assisted by the program, and the proposed increase, are those displaced by trade and related causes.

- *Reemployment Services:* The budget proposes an increase of \$53 million, for a total of \$849 million, for grants to the State Employment Service system. The increase is targeted to expanding services to help workers receiving Unemployment Insurance benefits obtain the help they need in finding new jobs. In addition, \$10 million is proposed for the new America's Agricultural Labor Network, an information system that helps growers to find workers and workers to find employment opportunities that meet their needs.
- *One-Stop Career Centers:* The budget includes \$65 million for new methods of providing employment and related information through America's Labor Market Information System and the One-Stop system recently expanded in the Workforce Investment Act. Activities include a "talking" America's Job Bank for the blind, mobile service centers for sparsely populated areas, and a 1-800 service for easier access to information to upgrade skills. Also included is \$50 million to help the disabled return to work (see Work Incentive Assistance Grants discussion later in this chapter).

**Welfare-To-Work:** To help reach the Temporary Assistance for Needy Families program's employment goal for the severely disadvantaged welfare recipients, the Administration sought, and Congress provided to the Labor Department, a total of \$3 billion in 1998 and 1999. The budget provides \$1 billion for 2000 to continue the effort and provide non-custodial parents of children on welfare the work and employment services they need to help support their children.

**Trade Adjustment Assistance (TAA):** The budget proposes consolidating, reforming, and extending the TAA and NAFTA-Transitional Adjustment Assistance (NAFTA-TAA) programs for workers who lose jobs due to trade policies. It would expand eligibility for TAA benefits to cover workers who lose jobs when plants or production shifts abroad; raise the

statutory cap on training expenses; and add a contingency provision to ensure that the Federal Government has sufficient funds to finance any unexpected increase in benefit costs for eligible workers. The budget proposes to increase funding for the TAA programs by \$151 million in 2000 to a total of \$465 million.

**Unemployment Insurance (UI):** These programs are the major source of temporary income support for laid-off workers. Experienced workers who lose their jobs generally are eligible for up to 26 weeks of unemployment benefits at an average benefit of \$210 a week. An estimated 8.3 million people will draw benefits in 2000.

A recent dialogue involving the States, employers, workers, and the Federal Government identified a number of possible system improvements. The budget includes several initial system changes as evidence of the Administration's commitment to program reforms and its desire to work with stakeholders and the Congress to develop a broader legislative proposal for the future. That proposal should be developed within the overarching goal of budget neutrality and should be based on the following principles: 1) expanding coverage and eligibility for benefits, 2) streamlining filing and reducing tax burden where possible, 3) emphasizing reemployment, 4) combating fraud and abuse, and 5) improving administration.

**Youth Programs:** The budget provides specialized support to help disadvantaged youth prepare for college and careers.

- *Youth Opportunity Grants:* Youth Opportunity Grants address the special problems of out-of-school youth, especially in inner-cities and other areas where jobless rates can top 50 percent. The budget includes \$250 million for the second year of competitive grants. Included in the funding is \$20 million for Rewarding Achievement in Youth—a new initiative to provide comprehensive employment training, counseling and education services to over 9,000 academically high-achieving, low-income youth. Encouraging school completion, this program will provide students who excel academically extended summer employment opportunities and

the opportunity to earn an end of the summer bonus.

- *Job Corps:* The Job Corps provides intensive, vocational skills training, integrated with academic and social education, and support services to severely disadvantaged young people in a structured residential setting. The budget proposes \$1.3 billion, an increase of \$38 million over the 1999 level.
- *Youth Activity Formula Grants:* Recognizing that the traditional division of youth formula funding between the summer and year-round programs constrained the ability to construct comprehensive youth training programs, the WIA consolidated the funding streams of these two programs into a single formula grant. Funded at \$1 billion, this program will continue to provide essential job opportunities to roughly 578,000 urban and rural disadvantaged youth through year-round training and summer jobs.
- *Right-Track Partnerships:* The budget includes \$100 million for a new competitive grant in the Department of Labor designed to prevent youth from dropping out of school, and to encourage those who have already dropped out to complete their high school education. Strong partnerships will be formed between the private sector, the schools, and community-based organizations to tailor services to local needs. Special emphasis will be placed on the needs of limited-English proficient youth.
- *School-to-Work:* Funded and administered jointly by the Education and Labor Departments, this initiative has made over \$1.7 billion available since 1995 to build comprehensive systems that link Federal, State, and local activities to help young people move from high school to careers or postsecondary training and education. The budget proposes \$110 million to complete the scheduled final year of Federal funding.

## **Encouraging Work for People with Disabilities**

To advance the ability of people with disabilities to have full opportunity to participate in, contribute to, and reap the benefits of a growing economy, this budget provides a new package of work incentives, and builds upon current programs for people with disabilities.

### ***The Work Incentives Improvement Act:***

The budget includes a comprehensive package of work incentives modeled after legislation developed by Senators Jeffords and Kennedy in 1998. The package forms the centerpiece of the President's initiative to provide economic opportunities to people with disabilities.

- *Health Insurance Protections for Working Disabled:* Many people with disabilities want to work, but working can end their access to critical services provided by Medicaid or Medicare. Others incur prohibitive costs associated with work, such as extra personal assistance and assistive technology. The budget improves access to health care for people with disabilities who work by allowing States to expand Medicaid coverage to additional categories of workers with disabilities. States offering new coverage options would receive grants to develop systems that support people with disabilities who return to work, and to build the capacity of States and communities to provide home- and community-based services. The budget also allows Social Security Disability Insurance (DI) recipients who return to work to retain Medicare Part A coverage indefinitely, as long as they remain disabled.
- *Ticket-to-Work:* The budget includes a new program to encourage new partnerships to help DI and Supplemental Security Income (SSI) disabled beneficiaries re-enter the workforce. Currently, most beneficiaries who could benefit from employment-related services are referred to State Vocational Rehabilitation agencies. Under the proposal, beneficiaries can choose from a variety of participating public or private employment-related service providers, which would then be reimbursed with a share of the DI and SSI benefits saved once these individuals leave the rolls.

- *DI Benefit Offset Demonstration:* The budget includes a demonstration project that reduces an individual's DI benefits by \$1 for each \$2 earned above a specified level. Under current law, a DI beneficiary in the extended period of eligibility who earns more than the "substantial gainful activity" level, currently \$500 a month, does not receive a cash benefit.
- *Work Incentive Assistance Grants:* Competitive grants (totaling \$50 million a year) would be awarded to partnerships of organizations in every State, including organizations of people with disabilities, to help One-Stop Career Centers and Workforce Investment Boards provide a range of high-quality services to people with disabilities working or returning to work. Such services include benefits planning and assistance and providing information on services and work incentives (e.g., availability of transportation services in the local area) available in the public, private, and nonprofit sectors.

***Tax Credit for Workers with Disabilities:***

The budget proposes a \$1,000 tax credit for workers with disabilities or their spouses. Workers with disabilities usually have extra costs associated with working—special transportation or personal assistance to get to and from work, for example. This credit helps compensate for these costs.

In addition, the largest non-benefit proposals for improving the education and employment of people with disabilities are \$5.4 billion for Special Education, described earlier in this chapter, and \$2.3 billion for Vocational Rehabilitation. Other enhancements include a combined increase of \$4.5 million for the President's Committee on the Employment of People with Disabilities, the Task Force on Employment of Adults with Disabilities, the National Council on Disability, the National Technical Institute for the Deaf, and Gallaudet University. The set aside for children with disabilities in Head Start increases from \$590 million in 1999 to \$667 million. The Department of Justice's Disability Rights Section funding increases by 26 percent, for a total of \$14 million.

**International and Domestic Child Labor and International Labor Standards Activities**

Continuing the Administration's commitment to improving the working conditions of children at home and abroad, the budget proposes \$16 million in additional funding to address this issue. In addition, the budget proposes \$40 million for a new initiative targeted at raising international labor standards to enhance economic stability abroad.

***International Child Labor Activities:*** The budget continues to provide \$30 million for the Labor Department to enable the International Labor Organization's International Programme to Eliminate Child Labor to expand its work into more countries and industries. The five-year initiative, which began in 1999, provides a \$150 million investment which will help reduce the incidence of exploitative and abusive child labor. The budget proposes \$10 million for a new School Works program for the U.S. Agency for International Development to assist developing countries with high levels of abusive child labor to enroll and retain these children in basic education, as part of comprehensive strategies to eliminate child labor. The budget also proposes \$2 million over the 1999 level to enable the Customs Service to enforce the law banning the import of goods made with forced or bonded child labor.

***International Labor Standards Activities:*** The budget proposes \$25 million to help the International Labor Organization create a multilateral technical assistance program to help developing countries implement core labor standards and build their own social safety nets, and \$10 million for the Labor Department to provide technical assistance on these same issues in support of important U.S. bilateral relationships. In addition, the budget provides \$5 million for the Economic Support Fund to establish a grant program to promote innovative approaches to eliminating overseas sweatshops.

***Domestic Child Labor Activities:*** The budget continues \$9 million for the Labor Department, including \$4 million to help eliminate domestic violations of child labor laws, particularly in the agriculture sector, and \$5 million for demonstration programs to provide alternatives to field work for migrant youth.

In addition, the budget proposes \$4 million for the Department of Labor to increase its current enforcement and compliance assistance ef-

forts in the agriculture and garment industries which are focused on increasing compliance with labor standards, including child labor.