# 11. EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

**Table 11–1. Federal Resources in Support of Education, Training, Employment, and Social Services**
(In millions of dollars)

| Function 500 | 2000 Actual | Estimate | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| **Spending:** | | | | | | | |
| Discretionary Budget Authority ... | 44,378 | 61,146 | 65,424 | 67,060 | 69,049 | 70,661 | 72,273 |
| Mandatory Outlays: | | | | | | | |
| Existing law ............................... | 10,266 | 9,145 | 14,304 | 14,522 | 14,757 | 15,315 | 16,183 |
| Proposed legislation .................. | ............. | ............. | 90 | 315 | 387 | 393 | 398 |
| **Credit Activity:** | | | | | | | |
| Direct loan disbursements ............ | 16,425 | 19,061 | 16,579 | 17,460 | 18,395 | 19,387 | 20,442 |
| Guaranteed loans .......................... | 26,602 | 29,501 | 30,742 | 32,421 | 34,228 | 36,153 | 38,202 |
| **Tax Expenditures:** | | | | | | | |
| Existing law .................................. | 36,030 | 37,780 | 38,770 | 40,410 | 43,210 | 45,010 | 47,500 |

## DEPARTMENT OF EDUCATION

### Elementary and Secondary Education

The President's education reform plan is devoted to two fundamental principles: that all children can learn, and that no child should be left behind. Our K-12 education system needs to do more to live up to its potential to prepare all our students for productive lives in the 21st Century. The academic achievement gap between rich and poor and Anglo and minority is large and, in some cases, growing larger. Nearly 70 percent of fourth-grade students in our highest-poverty schools cannot read at a basic level. And our high school seniors trail students in most industrialized countries on international math tests. This Administration is committed to improving the academic performance of America's youth.

The President's agenda measures how well we are educating our children, not in dollars or numbers of programs, but in results. The budget reflects a bold and ambitious plan for reauthorizing the Elementary and Secondary Education Act (ESEA) that places accountability for improved achievement at the center of K-12 reforms. It lays the foundation for learning by ensuring that every child can read by the third grade. It streamlines dozens of overlapping programs into five performance-based funding streams that allow States the flexibility to address their unique needs. And it empowers parents with more choices in the education of their children.

***Accountability for Results:*** The President's plan would grant States and school districts unprecedented freedom from rules and regulations—in exchange for accountability for results. States will establish accountability systems built on high standards, annual tests, measurable goals, rewards for success, and sanctions for failure. They will be required to test students every year in grades 3–8 in math and reading so that parents, teachers, and communities will know if their schools and students are meeting State academic standards. The budget provides $320 million to support the costs of developing new assessments. Once accountability systems are in place, a new Federal fund will reward States and schools that improve student achievement. The budget also provides $109 million, a $69 million increase, to expand the National Assessment of Educational Progress to administer tests in reading and math in 4th and 8th grade every year. These tests, sometimes called the Nation's report card, will provide additional information on whether States are on track toward success.

Part of the Administration's ESEA reauthorization strategy for improving accountability will be the implementation of performance-based grants. Once ESEA is passed this year, States will set performance targets for the major ESEA programs and strategies for meeting them. In future years, the Department of Education will revise and refine its own performance goals based on State targets and plans.

***Title I—Closing the Achievement Gap for Disadvantaged Students:*** While the Federal Government is the junior partner to States and local governments in providing education to our children, it has a special obligation to our most disadvantaged students, in particular those who are low income or with limited English proficiency. The Title I Grants to Local Educational Agencies (LEAs) program enables high-poverty schools to provide extra educational assistance to help their students to catch up with their peers. The Administration seeks $9.061 billion, an increase of $459 million or 5.3 percent, to help students most at-risk of not reaching State standards improve their academic achievement. The President's plan would require States to set measurable performance targets to ensure that all groups of disadvantaged students improve, and would hold States, districts, and schools accountable for meeting those goals. Schools that fail to meet performance targets will receive help to turn themselves around. The Administration seeks $400 million within Title I Grants to LEAs for low-performing schools, a $175 million, or 78-percent, increase over 2001. States will use these funds to provide technical assistance and intensive interventions to improve achievement in schools that are failing to make sufficient academic gains. To ensure that no student is trapped in a chronically failing school, students in schools that are consistently low-performing will have the option of transferring to a better public school, or of using their share of Federal Title I funds to seek supplemental educational services or private school alternatives. This combination of accountability for improved achievement among all groups of students, extra help for struggling schools, and the unacceptability of chronic failure, provides powerful incentives for all Title I schools to use their funds on effective, proven practices in order to achieve results.

- The Administration's goal is to ensure that the performance of our lowest-achieving students and students in high-poverty schools will increase substantially in reading and mathematics.

***Reading First:*** The budget builds a foundation for success by investing $900 million in the Reading First initiative to help all children read by the third grade. This new program will provide funds to States that establish comprehensive reading programs in kindergarten through third grade. States would be required to implement scientifically proven reading programs, train K-3 teachers in proven teaching practices, implement effective reading interventions for students who are falling behind, and use a reading diagnostic test in K-3 to identify students early who have reading difficulties. Ensuring that children receive effective reading instruction means that more children will get the help they need before they fall too far behind, and will result in fewer referrals to special education in later years. The budget also includes an additional $75 million for the Early Reading First initiative that helps implement research-based reading practices in existing pre-school and Head Start programs that feed into participating elementary schools. This program will help ensure that children enter school ready to learn to read.

- These two programs will help the Nation make significant progress toward the goal of ensuring that all students can read by the third grade.

***Improving Teacher Quality:*** Improvements in student achievement begin with an effective teacher in every classroom. Unfortunately, some schools are not yet meeting this challenge. They are unable to retain promising new teachers and employ a complete staff of fully qualified teachers. Currently, 22 percent of all new teachers leave teaching in their first three years of service. In high-poverty secondary schools, 12 percent of teachers only hold a temporary or emergency certification, and 18 percent teach out of their field of expertise. The President requests $2.6 billion, an increase of $0.4 billion to prepare, train, and recruit a high-quality teaching force. States would have the flexibility to invest these funds to address their most pressing quality improvement needs, whether it be to alleviate shortages, enhance skills, or reform the certification process. The President's plan combines the funding from the largest Federal teacher programs, including the Class Size Reduction program and Eisenhower Professional Development programs, into a streamlined, performance-based grant to States and school districts. In addition, the budget provides $30 million to expand and build on the Troops to Teachers program, currently adminstered by the Department of Defense, which helps military professionals become teachers and serve in high-need communities.

An expanded Math and Science Partnership program, administered by the National Science Foundation in coordination with the Department of Education, would provide funds to States to join with institutions of higher education to strengthen K-12 math and science instruction and curriculum. The Administration requests $200 million for this program (see Chapter 4, "General Science, Space, and Technology").

- One performance goal of this program is to help increase the percentage of teachers with improved knowledge and skills in core academic subjects.

***Moving Limited English Proficient Students to English Fluency:*** Over the last two decades, the population of limited English proficient (LEP) children in the 50 States has grown dramatically, increasing from less than one million in 1980, to approximately 3.4 million in the 1996–1997 school year. LEP students face unique challenges in achieving to the same high standards expected of all students—many must face the difficult task of learning the English language while simultaneously mastering the content of academic subjects. Unfortunately, many English language-learners, when compared with their English-fluent peers, receive lower grades and often score below average on standardized math and reading assessments. The President's reform plan proposes to consolidate Bilingual and Immigrant Education funds into a $460 million formula-driven grant to provide school districts with added flexibility in exchange for more effective transitioning of LEP and immigrant students into English fluency and for improving their overall achievement levels. States would be required to establish performance goals for English language acquisition and develop high-quality annual assessments to measure English language proficiency. In addition, both States and school districts will be held accountable for ensuring that LEP and immigrant students meet State academic achievement goals.

- The Administration's goal is to improve significantly the English proficiency and academic achievement of limited English proficient and immigrant students.

***Indian Education:*** American Indians have made progress in recent decades but continue to be disproportionately affected by poverty and low educational attainment. For example, American Indian students, on average, score lower on the National Assessment of Educational Progress and the Scholastic Aptitude Test than other students. To address these issues, the budget provides $116 million to support formula grants to local educational agencies and Bureau of Indian Affairs operated schools to implement programs that address the special educational and cultural needs of Indian children. In order to address the critical shortage of trained Indian professionals in schools with high concentrations of American Indian students, funding for both the American Indian Teacher Corps and American Indian Administrator Corps initiatives will continue at the 2001 level.

- American Indian and Alaska Native students served by LEAs receiving Indian Education formula grants will progress at rates similar to those for all students in achievement to standards, promotion, and graduation.

***Safe and Drug Free Schools:*** The President's plan for improving school safety and drug-use prevention emphasizes research-based practices, includes tougher enforcement of existing gun laws, grants teachers control over their own classrooms, improves cooperation between school districts and law enforcement, and stresses accountability for results. Under the $644 million Safe and Drug Free Schools program, districts will be held accountable for the effectiveness of their crime prevention and drug outreach activities, and students trapped in persistently dangerous schools will have the option to transfer to a safe alternative.

***21st Century Community Learning Centers:*** The budget includes $846 million for a more flexible after-school program that allows States to award Federal funds to school districts, private organizations, and faith-based entities, thereby empowering local communities to provide a wider array of choices for students and parents. Expanding access to high-quality before- and after-school programs is a key strategy in providing students safe and supervised environments and extending learning time to improve student achievement. States would conduct grant competitions to support before and after-school programs that are proven to be effective and advance statewide academic achievement goals.

This program will be supplemented by two new initiatives in other agencies. The budget requests $400 million for After-School Certificates within the Child Care and Development Block Grant in the Department of Health and Human Services to help low income working parents obtain quality after school childcare with a strong educational component. The Corporation for National and Community Service will provide $15 million for the Veterans Mission for Youth, a new initiative that will provide matching grants to community organizations that connect veterans and retired military personnel with America's young people through mentoring, tutoring, after-school and other programs.

***The Choice and Innovation Fund:*** The most direct form of accountability is parents' ability to choose the school their children will attend. The Administration is committed to expanding the educational choices that parents and students have. Under the new Choice and Innovation fund, the Administration consolidates 10 programs to create a $472 million fund that provides States with the flexibility to pursue a range of effective education reform strategies, including school choice, that address areas of State and local need. A separate Reform and Innovation fund supports character education and allows the Secretary to fund projects that address national priorities in K-12 education.

***Educational Technology:*** The budget supports a streamlined educational technology fund that consolidates nine overlapping programs into one flexible $817 million fund. The President believes that technology must be used to improve learning and that Federal funding for educational technology must focus on results. This performance-based formula grant will provide States greater discretion to make educational technology an effective learning tool, and ensure that more technology funds reach the classroom.

The Administration is seeking administrative improvements in the E-rate to ensure that this program provides greater flexibility to schools and libraries in how they use their E-rate discounts, while reducing the administrative burden they have faced in applying for educational technology funds. The Administration also proposes $80 million in matching grants, through the Department of Housing and Urban Development's Community Development Block Grant, to support Community Technology Centers in high poverty areas. (See Chapter 10, "Community and Regional Development.")

***Impact Aid and School Construction:*** The budget proposes $1.130 billion for the Impact Aid program, a $137 million increase from the 2001 appropriation. The request provides a significant increase for the Impact Aid construction program to improve the quality of public school buildings and eliminate the backlog of repairs and construction for schools on or near military facilities and those serving children from Native American lands.

***Special Education:*** Under the Individuals with Disabilities Education Act (IDEA), the Department of Education works with States to ensure that more than six million children with disabilities receive a "free appropriate public education" that prepares them for employment and independent living, and that all schools are held accountable for the educational results of special education children. The President's education reform plan will require States to report on the educational progress of all student groups—including students with disabilities. In addition, the President's new Reading First initiative will help ensure that fewer children are referred to special education simply because they did not receive proper reading instruction in the crucial early years. The Administration seeks $7.3 billion for IDEA Part B Grants to States—the primary special education program—a $1 billion increase.

One measure of success in the IDEA program is the increase in the percentage of students with disabilities who are graduating from high school with a regular diploma and the reduction in the number who are dropping out.

- In the 1998–1999 school year, 57 percent of students with disabilities left school by graduating with a regular diploma and 29 percent dropped out of school. The Administration's goal for the 2001–2002 school year is that 59 percent of students with disabilities will graduate with regular diplomas and that no more than 27 percent will drop out.

***Vocational and Adult Education:*** The President requests significant resources for the Department of Education's Vocational and Adult Education programs to help Americans of all ages obtain the training and education they need to succeed in a rapidly changing economy. Vocational Education programs, including State grants and Tech-Prep, help States and communities develop the academic, vocational, and technical skills of students in high schools and community colleges. Adult Education State grants and other programs fund State and local activities that enable adults to become literate and complete high school so that they can succeed as workers, parents, and citizens. Access to Adult Education programs is particularly important for recent immigrants and other limited English proficient adults who wish to learn English and further their education.

- The Administration's goal is to provide students with increased access to improved vocational and adult education programs that strengthen educational achievement, workforce preparation, and lifelong learning.

**Postsecondary Education**

***Pell Grants:*** Low-income and minority students continue to lag behind their peers in college enrollment and graduation rates. In 1998, 77 percent of students from high-income families entered college after completing high school, compared to 46 percent of high school graduates from low-income families. To help increase access to postsecondary education for disadvantaged students, the Administration proposes to increase funding for Pell Grants by $1 billion in the 2002 Budget. This level would fund a $100 increase in the maximum award for all students, fill a projected shortfall of over $100 million in the 2001 award year, and create a small surplus in the program.

- At the President's budget level, over four million low- and middle-income college students would receive Pell Grants in 2002, when the maximum award would be $3,850.

***TRIO:*** The gap in college enrollment rates between low-income students and other students is due to differences not only in financial resources but also in academic preparation and support. The President proposes a $50 million increase for TRIO programs to promote college success for disadvantaged young people. TRIO programs provide tutoring, college outreach, and student support services to help low-income, first-generation college, and disabled individuals achieve academic success beginning in middle school, throughout high school and college, and into graduate school.

- TRIO projects aim to increase participating students' persistence in and completion of academic programs. In 1998, 29 percent of participants in the TRIO program Student Support Services had earned a degree from the college where they began within six years.

***Aid for Institutional Development:*** The President requests significant increases to Department of Education programs supporting Historically Black Colleges and Universities (HBCUs), Historically Black Graduate Institutions (HBGIs), and Hispanic-Serving Institutions (HSIs) as the first installment of the President's plan to increase funding for these institutions by 30 percent between 2001 and 2005. HBCUs and HBGIs receive a combined

$15 million, seven-percent increase over 2001; the increase for HSIs is $4 million, or six percent. The budget also includes funding to support Tribal Colleges and other institutions that serve low-income students and that have low per-pupil expenditures. This funding would help these educationally and historically important institutions increase their capacity to serve low-income and minority college students and will help ensure equal access to postsecondary education for all Americans. The performance goals for these programs are:

- The percentage of HBCUs, HBGIs, HSIs, and other institutions serving disadvantaged populations having specialized accreditation, a measure of academic program quality, will be maintained or increased. In 1998–1999, 75 percent of HSIs receiving title V grants and 71 percent of HBCUs, HBGIs, and other institutions receiving Aid for Institutional Development grants had at least one specialized accreditation.
- The percentage of full-time, degree-seeking students enrolled at HBCUs, HBGIs, HSIs, and other institutions serving disadvantaged populations who complete a degree or certificate will increase over time. In 1997–1998, 35 percent of students at four-year schools receiving Aid for Institutional Development completed their degrees within six years. Of students at two-year schools, 18 percent earned a degree or certificate or transferred to a four-year school within three years.

***Student Loans:*** The Federal Government plans to provide nearly $37 billion in new student loans to 5.5 million borrowers in 2002. Loans are provided through two programs: the Federal Family Education Loan (FFEL) program and the Federal Direct Student Loan (FDSL) program. The FFEL program will originate approximately two-thirds of new loan volume through a network of approximately 4,100 private lenders, 36 guaranty agencies, 50 participants in the secondary markets, and over 4,000 participating schools. The Federal Government provides lenders with a 98-percent guarantee against default and interest subsidy payments to ensure a sufficient lender rate of return. The FDSL, created in 1993, provides the remaining third of new student loan volume directly from the Department of Education through participating schools.

Under current law, teachers who are employed in high-poverty schools for five years may have up to $5,000 of their Federal student loans forgiven. The Administration proposes to expand this program to allow individuals who majored in math or science and who teach those subjects in high-need schools to have up to $17,500 of their loans forgiven.

***Vocational Rehabilitation Services:*** The Vocational Rehabilitation (VR) program helps individuals with disabilities prepare for and obtain gainful employment to the extent of their capabilities. State VR agencies are also required One-Stop partners under the Workforce Investment Act of 1998. The Administration proposes $2.5 billion for the VR program, an $82 million increase.

Today, the unemployment rate for Americans with disabilities is unacceptably high, and individuals with disabilities face significant obstacles in obtaining competitive employment in the general labor market.

- In 2002, one of VR's performance goals is that 63.2 percent of all individuals with disabilities served in the VR program will obtain employment, up from 62.5 percent in 1999.

***New Freedom Initiative:*** In addition, the Department of Education's budget proposal supports part of the New Freedom Initiative, to help individuals with disabilities access the best assistive technologies of today, invest in research and development so even better technologies will be available in the future, and promote telecommuting opportunities for individuals with disabilities.

### Management Reforms

***Financial Management:*** Since 1996, when independent audits were first required, the Department of Education has received only one unqualified audit opinion, and that was in 1997. Beginning in 1999, separate independent audit reports have also been prepared for the performance-based Student Financial Assistance (SFA) Office. Audits of both the Department as a whole and SFA have repeatedly found major financial management deficiencies. These failed audits indicate a potential for improper use of Government resources. Through investments in updated financial reporting systems, as well as better oversight and other management improvements, the Department expects to significantly increase the reliability and accuracy of its financial data. The Department's goals are:

- By 2002, the Department will have implemented and launched a new general ledger system and asset tracking software that will address many of the Inspector General's longstanding concerns about Education's financial management.
- For 2002, the Department will resolve all outstanding material weaknesses from prior reports and receive an unqualified ("clean") audit opinion on all of its financial statements.
- The Department will ensure that its information systems are safe and secure by implementing and testing contingency back-up plans.

***Student Aid Modernization:*** The Department of Education manages the delivery of student aid benefits to over eight million students in approximately 5,300 postsecondary schools and oversees the direct and guaranteed loan systems, affecting 37 million individuals, 4,100 lenders, and 36 guarantee agencies. To correct perennial deficiencies in the Department's student aid operations, the Higher Education Amendments of 1998 created the Federal Government's first performance-based organization, with the goal of modernizing student aid delivery and management. Student aid modernization is dependent on better use of efficient technologies, simplification of business processes, and seamless coordination with myriad partners in the higher education community.

The three primary goals of the SFA Office, which is charged with this modernization effort, are to:

- *Improve customer satisfaction:* SFA has established the goal of increasing the satisfaction of customers of the student financial assistance programs to a level commensurate with private sector financial service firms. Under the national survey conducted by the University of Michigan in 1999, SFA scored 63 in satisfaction. The goal is to increase this rating to 74 out of 100 by 2002.
- *Reduce cost:* SFA has set a target to reduce the projected unit cost of delivering each student aid dollar by 19 percent by 2004. This cut in operating costs is necessary given flat administrative funding levels coupled with a fast-growing workload. In 2002, SFA will continue to re-invest all budgetary savings from reformed operations into the modernization effort in order to achieve its goal for 2004.
- *Improve employee satisfaction:* Recognizing that employee satisfaction is essential to modernizing the delivery of student financial assistance and achieving the aforementioned goals, SFA has committed to raising employee satisfaction, as measured by the Gallup Workplace Management (GWM) survey, to a level comparable to the private sector (3.6 out of 5.0) by 2004. SFA will use the GWM to measure satisfaction at the work group level in order to develop action plans aimed at improving any areas with low scores.

***Default Prevention:*** Over the last eight years, outstanding student loan defaults have more than doubled from $12 billion to $25 billion, resulting in significant costs for taxpayers. As the loan programs continue to grow—outstanding loan volumes increased from $81 billion to $224 between 1993 and 2000—outstanding defaults will continue to increase unless the Department and its partners significantly improve default management and prevention activities.

During 2001 and 2002, the Department plans to work to minimize new defaults and maximize loan collections through continued counseling of students on their loan repayment responsibilities, improved early identification of problem loans, and implementation of loan management "best practices."

***Reducing Erroneous Payments:*** As part of the Administration's Government reform effort to reduce erroneous payments to Pell Grant and student loan beneficiaries, the Departments of Education and Treasury plan to review their pilot program to match income data reported on student aid applications against IRS data, as well as the results of two test matches, to determine whether a permanent matching program would be cost-effective and consistent with relevant statutes governing taxpayer privacy and privacy in data sharing between agencies. A match could enable the Department of Education to reduce fraud and improve eligibility determinations in Federal student aid programs.

## DEPARTMENT OF LABOR

Elementary, secondary, and postsecondary education and training investments enable Americans to acquire the skills to get good jobs in an increasingly competitive global economy. In addition, most workers acquire more skills on the job or through the billions of dollars that employers spend each year to enhance worker skills and productivity. However, some workers also need special, targeted assistance. In addition to Pell Grants, student loans, and tax credits, the budget requests $6.6 billion for Department of Labor (DOL) programs that finance job training and related services. Workers who want to learn about job openings can use the One-Stop Career Center/Employment Service and DOL's popular America's Job Bank (AJB) web site, which lists an average of 1.5 million job vacancies daily and has over 10 million job searches each month. Employers can search through resumes posted on the AJB web site, with over 500,000 daily listings.

***The Workforce Investment Act (WIA) of 1998:*** The WIA took full effect on July 1, 2000, as the Job Training Partnership Act was repealed and all States began to implement the WIA requirements. The WIA calls for a customer-driven job training system that focuses on: streamlining services through One-Stop Career Centers; empowering individuals with the information and resources they need to choose the training that is right for them; providing universal access to a core set of employment services, such as job search assistance; increasing accountability; ensuring a strong role for the private sector and the local boards who develop and oversee programs; facilitating State and local flexibility; and improving the quality of youth development and job training services.

In 2000, spending for the core WIA programs, including State grants for Dislocated Workers, Adults and Youth Activities, was well below expectations. The budget promotes efficiency by utilizing these unexpended balances to maintain current service levels in the core programs. The 2002 budget also supports the WIA goal of a streamlined job training system by reallocating funding from duplicative, or narrowly targeted programs in favor of the core WIA programs.

In addition, the budget addresses shortcomings of the WIA financial reporting system. Currently, DOL's Employment and Training Administration lacks an integrated information management system for the regular reporting of financial and performance data. The budget provides resources to increase DOL financial management capacity and to strengthen program management through specialized oversight and assistance to States and other grant recipients. The budget provides resources to improve the Department's financial reporting systems to strengthen accountability.

Over the next few years, DOL will work to implement fully the performance accountability provisions of the WIA. In July 2000, each State began implementing an accountability system to measure performance. The goal of this system is to optimize the return on investment of Federal funds directed to State and local workforce activities. This accountability system will assess the effectiveness of States and local areas in achieving positive outcomes and ensuring continuous improvement of their workforce investment systems. The WIA establishes core performance indicators related to unsubsidized job placements, retention, and increased earnings; customer satisfaction for job seekers and employers; and attainment of occupational or educational skills credentials. DOL worked with each State to establish appropriate baselines and challenging performance goals.

- The performance goals for the WIA Adult Program are to increase the employment, retention, and earnings of individuals registered. Specifically, in 2002, of those registered in the program, 70 percent will be employed in the quarter after program exit; 80 percent will be employed in the third quarter after program exit; and the average earnings change, compared to the third quarter prior to registration, for those who are employed in the third quarter after program exit, will be $3,423.

- The performance goals for the WIA Dislocated Worker Program are to increase the employment, retention, and earnings replacement of registered individuals. Specifically, in 2002, 75 percent of those registered in the program will be employed in the quarter after exit; 85 percent will be employed in the third quarter after program exit; and, of those who are employed in the third quarter after program exit, their earnings will represent 92 percent of their pre-dislocation earnings.
- The performance goal for the WIA Youth Activities Formula Grants Program is to increase the number of youth making a successful transition to a career path. Specifically, in 2002, of the 14- to 18-year-old youth registered in the program, 53 percent will be either employed, in advanced training, post-secondary education, military service, or apprenticeships, in the third quarter after program exit. Of the 19- to 21-year-old youth registered in the program, 77 percent will be employed in the third quarter after program exit.

The WIA establishes strong ties between performance and funding. If a State fails to meet its expected levels of performance in any year, it will receive technical assistance from DOL. If a State continues to fail to meet its agreed-upon performance levels for a second year, or if a State fails to report its performance information in any year, its funding may be reduced by up to five percent. Because the WIA is a new program, the above goals will be regularly reviewed for appropriateness and rigor.

***One-Stop Centers/Employment Service:*** The One-Stop Center/Employment Service provides a single point of contact for information about and access to education, job training and employment services, and a free labor exchange for all job seekers and employers. It is growing more effective through implementation of a One-Stop delivery system. The budget proposes $980 million for a range of information and services, including self-service access to job and labor market information, either through the Internet or in local offices, as well as staff-assisted services for those needing more help.

- The performance goal for the One-Stop Centers is to increase the total number of job openings listed with the public labor exchange, including State Employment Security Agencies (SESAs) and AJB. Specifically, in 2002, the program plans to increase the total number of job openings by five percent over the 2001 level to 13.5 million (AJB and SESAs) and increase the number of new employers that register with AJB by 10 percent to 76,000.

***Work Incentive Grants:*** To enhance the employment prospects of individuals with disabilities, the budget includes $20 million for competitive grants to partnerships or consortia to provide new services and information for individuals with disabilities who want to return to work. These partnerships would work with the One-Stop system to augment its capabilities to provide timely and accurate information that people with disabilities need to get jobs and learn about the benefits available to them when they return to work. In addition, the partnerships would improve local service delivery by coordinating the State and local agencies and disability organizations that help individuals with disabilities prepare to enter or reenter the workforce.

***Workplace Protections:*** DOL regulates compliance with various laws that protect individuals in the workplace—a minimum wage for virtually all workers, prevailing wages and equal employment opportunity for workers on government contracts, overtime pay, restrictions on child labor, and time off for family illness or childbirth. (For discussion of workplace safety programs, see Chapter 12, "Health.") In these areas, the Federal Government seeks to increase industry's compliance with labor protections through voluntary compliance efforts coupled with continued enforcement. DOL measures the success of these efforts against specific measurable goals:

- In the area of workplace protection, the performance goal for the Department is to increase compliance—including among employers which were previous violators and the subject of repeat investigations—with labor standards laws and regulations in nationally targeted industries, including health care, garment and agriculture. For example, in 2002, the Department's goal is to increase the compliance rate in the nationally targeted industries (or sectors of those industries) by an average of at least five percentage points.

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

***Promote Safe and Stable Families:*** The Administration for Children and Families (ACF) administers a number of programs that focus on preventing maltreatment of children, protecting children from abuse and neglect, and finding permanent placements for children who cannot safely return to their homes. To strengthen States' ability to promote child safety, permanency, and well-being, the President proposes to reauthorize the Promoting Safe and Stable Families program at $505 million in 2002, a $200 million increase over the 2001 level. These additional resources will help States to keep children with their biological families if safe and appropriate, to return children to their families, if possible, or to place children with adoptive families. By undertaking more preventative efforts to help families in crisis, the prospects for children to live in a permanent home are enhanced. To support these efforts, the President also proposes to provide an additional $2 million to expand collaborative Federal/State child welfare monitoring efforts. For those children who cannot live with their biological parents, the budget proposes to encourage increased adoptions by raising the adoption tax credit from $5,000 to $7,500.

- In 2002, decrease the percentage of children with substantiated reports of maltreatment who have a repeat substantiated report of maltreatment within six months from eight percent in calendar year 1998 to seven percent.
- Increase the number of adoptions from 46,000 in 1999 to 56,000 in 2002.

The President also proposes to provide greater assistance to older foster children. Approximately 16,000 young people leave foster care each year when they reach age 18 without an adoptive family or other guardian. Research indicates that these young people experience alarming rates of homelessness, early pregnancy, mental illness, unemployment, and drug abuse in the first years after they leave the system. To help these children, the budget proposes to provide $60 million through the Independent Living Program specifically for education and training vouchers to youth who are aging out of foster care. This initiative will help ensure that these young people are able to obtain the support they need to develop skills to lead independent and productive lives. Vouchers worth up to $5,000 would be available to cover the costs of college tuition or vocational training.

***Mentoring Children of Prisoners:*** The Administration proposes to create a new $67 million initiative within the Promoting Safe and Stable Families program to assist children of prisoners. This initiative will provide grants through States to assist faith and community-based groups in providing a range of activities, including family-rebuilding programs that serve low-income children of prisoners and probationers.

***Responsible Fatherhood Initiative:*** The budget includes $64 million in 2002 ($315 million over five years) to strengthen the role of fathers in the lives of families. This initiative will provide competitive grants to faith-based and community organizations that help unemployed or low-income fathers and their families avoid or leave cash welfare, as well as to programs that promote successful parenting and strengthen marriage. The initiative also will fund projects of national significance that support expansion of State and local responsible fatherhood efforts.

***Head Start:*** Head Start is administered by ACF. The budget provides $6.325 billion for Head Start, a $125 million increase over the 2001 level.

- In 2002, Head Start will serve an estimated 916,000 children. Within the overall total of children served, approximately 55,000 children under age three will participate in the Early Head Start component.

The President has proposed to reform Head Start and return it to its original purpose—education. Head Start programs will be required to adopt a proven core curriculum that makes school readiness—pre-reading and numeracy—its top priority. The budget includes an Early Reading First program within the Department of Education for research-based reading programs in existing pre-school programs, including Head Start programs. Planning is also underway to move Head Start to the Department of Education to reinforce the emphasis on school readiness.

***Compassion and Charitable Giving:*** The President proposes two initiatives to ensure that the Federal Government plays a larger role in providing support to charitable organizations. The "Compassion Capital Fund" will provide start-up capital and operating funds totaling $89 million in 2002 to qualified charitable organizations that wish to expand or emulate model programs. In addition, the fund will support and promote research on "best practices" among charitable organizations. Finally, to encourage States to create state tax credits for contributions to designated charities, the budget will propose legislation to allow States to use Federal Temporary Assistance to Needy Families funds to partially offset revenue losses.

***Maternity Group Homes:*** The budget also includes $33 million in 2002 for maternity group homes, which are community-based, adult-supervised group homes or apartment clusters for teenage mothers and their children. The homes provide safe, stable, nurturing environments for teenage mothers and their children who cannot live with their own families because of abuse, neglect, or other extenuating circumstances.

***Aging Services Programs:*** The Administration on Aging (AoA) administers information and assistance, home and community-based support services for older people and support programs that protect the rights of vulnerable, at-risk older people. In 2002, the budget proposes $1.1 billion for these AoA programs.

- In 2002, AoA will increase the number of meals served under the Home-Delivered Meals Program to 183 million, compared to 176 million meals in 2001.

## NATIONAL SERVICE

The Corporation for National and Community Service supports programs providing service opportunities nationwide for Americans of all ages and backgrounds. The Corporation organizes its programs into three streams of service, with various annual performance goals.

***National Senior Service Corps:*** The Senior Corps links the talents, skills, and experiences of more than 500,000 older Americans with service opportunities in the areas of education, public safety, health, human needs, and the environment. Members serve as Foster Grandparents, as Senior Companions, and in the Retired and Senior Volunteers Program (RSVP). In 2002, the budget proposes $203 million for the Senior Corps, a $14 million increase over 2001 and the first step of the President's five-year strategy to increase the annual funding for the Senior Corps to the $250 million over five years.

- For 2002, the Foster Grandparents and Senior Companions programs plan to serve some 160,000 special-needs youth and frail elderly, while RSVP volunteers will serve through more than 70,000 local organizations.

***AmeriCorps:*** The AmeriCorps program helps Americans of all backgrounds to serve in local communities through programs sponsored by local and national nonprofits. Participants serve full or part-time generally for at least a year. For their service, participants become eligible to receive education awards that help pay for college, graduate school or re-pay student loans.

- For 2002, the AmeriCorps program plans to engage 50,000 Americans in community service, and provide education awards in return for such service.

***Learn and Serve America:*** This program provides young people with opportunities to serve by connecting community service with academic learning, personal growth and civic responsibility.

- For 2002, the Learn and Serve program plans to engage more than one million students in elementary schools, high schools and colleges in service-learning programs.

## CULTURAL AGENCIES

***The Smithsonian Institution and Other Cultural Agencies:*** The Smithsonian Institution, the National Gallery of Art, the U.S. Holocaust Memorial Museum, the John F. Kennedy Center for the Performing Arts, and the Woodrow Wilson International Center for Scholars all have as part of their missions the advancement of knowledge and sharing that knowledge with the American public. To accomplish its mission, each institution must maintain its physical infrastructure and provide access to its unique assets. In 2002, each agency will undertake at least two management reform activities: addressing the backlog of deferred maintenance and enhancing management decisions through improved budgetary information.

The budget requests $494 million for the Smithsonian Institution, $80.4 million for the National Gallery of Art, $36 million for the U.S. Holocaust Memorial Museum, $34 million for the John F. Kennedy Center for the Performing Arts, and $7.8 million for the Woodrow Wilson International Center for Scholars.

To address the backlog of deferred maintenance, each agency will prepare a plan that encompasses renovation activities, annual maintenance, and backlog maintenance. The plans will also propose a strategy for how each agency will take appropriate action. The plans will be reviewed by an independent entity as part of a Government-wide review of cultural agency buildings and repair and restoration plans for museums.

Each of these agencies is, to some extent, a partnership between the Federal Government and the private sector, relying on funding from both partners. In order to assess the overall fiscal health and strategy of the enterprise, it is necessary to understand not only the Federal portion, but also the funding anticipated from private sources. Therefore, each agency will work to present its proposed budget for 2003 in a format such that the components are clearly identifiable, including projections for private funding.

***The National Foundation on the Arts and Humanities:*** In 2002, the Administration proposes $105 million for the National Endowment for the Arts and $121 million for the National Endowment for the Humanities.

For the Institute of Museum and Library Services (IMLS), the Administration requests $193 million. IMLS awards grants and cooperative agreements to assist the Nation's museums and libraries in increasing and expanding their services to the public. In 2002, IMLS plans to invest in: responding to the educational needs of learners of all ages; providing the public with broad access to library and museum services; supporting technology to improve library and museum services; serving the changing informational and educational needs of families; helping museums and libraries expand their roles as centers of community engagement; preserving our cultural heritage; and maintaining efficient internal operations.

***Commission of Fine Arts:*** The Commission of Fine Arts supports non-profit cultural entities in the Washington, D.C. region, using funds appropriated to its National Capital Arts and Cultural Affairs account. The budget requests $8.3 million for the Commission of Fine Arts. Currently, the support is through formulation-based grants. In 2002, the Commission will examine the benefits and consequences of implementing a competitive grants program, rather than awarding the funds based on formulas, in order to improve the quality of activities supported by Federal funds.

***National Capital Planning Commission:*** The National Capital Planning Commission provides overall planning guidance for Federal land and buildings in the National Capital Region. The budget requests $7.3 million for the National Capital Planning Commission. The Planning Commission will examine the content and timeline of its Federal Capital Improvements Program, which coordinates proposed Federal land and building projects, to make it more useful to Federal agencies in their capital budgeting process.

**Tax Expenditures**

The Federal Government helps individuals, families, and employers (on behalf of their employees) pay for education and training, and helps State and local governments support education and training activities, through numerous tax benefits, which under current law will cost an estimated $39 billion in 2002, and $215 billion from 2002 to 2006.

The President proposes four new or expanded tax incentives. To help parents offset the increasing costs of education, the annual contribution limit for Education Savings Accounts would be increased from $500 to $5,000, and families would be allowed to withdraw these funds tax-free to pay educational costs from kindergarten through college. To encourage parents to save early for college, a full tax exemption would be available for all qualified pre-paid tuition and savings plans. The President also proposes a new tax deduction for teachers to deduct up to $400 annually to defray out-of-pocket classroom expenses, including books, school supplies, and professional development programs. The President proposes to help local school districts meet school construction demands by allowing tax-exempt State private activity bonds to be used for school construction and repair.

The President proposes to extend the Work Opportunity Tax Credit and the Welfare-to-Work Tax Credit, letting employers claim a tax credit for part of the wages they pay to certain hard-to-employ people who work for them for a minimum period. Other current tax expenditures continue under the budget, such as tax credits to help families offset the costs of higher education. In addition, State and local governments can issue tax-exempt debt to finance student loans or build facilities of non-profit educational institutions. Interest from certain U.S. Savings Bonds is tax-free if the bonds go solely to pay for education. Many employers provide education benefits that do not count as income.