

BACK TO WORK INCENTIVE ACT OF 2003

MARCH 13, 2003.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BOEHNER, from the Committee on Education and the Workforce, submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 444]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and the Workforce, to whom was referred the bill (H.R. 444) to amend the Workforce Investment Act of 1998 to establish a Personal Reemployment Accounts grant program to assist Americans in returning to work, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE

This Act may be cited as the “Back to Work Incentive Act of 2003”.

SEC. 2. GRANTS TO SUPPORT PERSONAL REEMPLOYMENT ACCOUNTS.

Subtitle B of title I of the Workforce Investment Act of 1998 (29 U.S.C. 2811 et seq.) is amended by inserting after chapter 5 the following new chapter:

“CHAPTER 5A—PERSONAL REEMPLOYMENT ACCOUNTS

“SEC. 135A. PURPOSES.

“The purposes of this chapter are to provide for the establishment of personal reemployment accounts for certain individuals identified as likely to exhaust their un-employment compensation in order to—

“(1) accelerate the reemployment of such individuals;

“(2) promote the retention in employment of such individuals; and

“(3) provide such individuals with enhanced flexibility, choice, and control in obtaining intensive reemployment, training, and supportive services.

“SEC. 135B. DEFINITION.

“In this chapter, the term ‘State’ means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the United States Virgin Islands.

“SEC. 135C. GRANTS TO STATES.

“(a) GRANTS.—The Secretary shall—

“(1) reserve $\frac{2}{10}$ of 1 percent of the amount appropriated under section 137(d) for use under section 135I; and

“(2) use the remainder of the amount appropriated under section 137(d) to make allotments in accordance with subsection (b).

“(b) ALLOTMENT AMONG STATES.—

“(1) IN GENERAL.—From the amount made available under subsection (a)(2), the Secretary shall allot to each State an amount that is proportionate to the relative number of unemployed individuals in the State as compared to the total number of unemployed individuals in all States in order to provide assistance for eligible individuals in accordance with this chapter.

“(2) SMALL STATE MINIMUM ALLOTMENT.—The Secretary shall ensure that—

“(A) each State (other than the United States Virgin Islands) shall receive an allotment under paragraph (1) that is not less than $\frac{3}{10}$ of 1 percent of the amount made available under subsection (a)(2) for the fiscal year; and

“(B) the United States Virgin Islands shall receive an allotment under paragraph (1) that is not less than $\frac{1}{10}$ of 1 percent of the amount made available under subsection (a)(2) for the fiscal year.

“(c) AVAILABILITY.—Notwithstanding section 189(g)(1), amounts made available under subsection (a) to carry out this chapter shall be available for obligation and expenditure beginning on the date of the enactment of the Back to Work Incentive Act of 2003.

“SEC. 135D. WITHIN STATE ALLOCATION.

“(a) ALLOCATION.—Of the amount allotted to a State under section 135C—

“(1) not more than 2 percent of the amount may be reserved by the Governor of the State to enhance the system of worker profiling described in section 303(j) of the Social Security Act and to establish and operate a data management system, as necessary, and carry out other appropriate activities to implement this chapter;

“(2) 5 percent of the amount shall be allocated by the State to local areas in accordance with the formula described in subsection (b) for start-up costs and other operating costs related to the provision of assistance under this chapter; and

“(3) the remainder of the amount shall be provided to local areas consistent with the methods and procedures described in section 135G(a)(4) for the establishment of personal reemployment accounts described in section 135E for eligible individuals in such local areas.

“(b) FORMULA.—A State shall allocate funds to local areas in the State under subsection (a)(2) in an amount that is proportionate to the relative number of unemployed individuals in the local area as compared to the total number of unemployed individuals in the State.

“(c) AVAILABILITY.—Notwithstanding section 189(g)(2), amounts allotted to a State under section 135C, and amounts subsequently provided to a local area under this section, shall be available for obligation and expenditure only for the 3-year period beginning on the date of the enactment of the Back to Work Incentive Act of 2003.

“SEC. 135E. PERSONAL REEMPLOYMENT ACCOUNTS.

“(a) ACCOUNTS.—

“(1) IN GENERAL.—Funds provided to a local area under section 135D shall be used to provide eligible individuals with personal reemployment accounts to be used in accordance with section 135F. An eligible individual may receive only one personal reemployment account.

“(2) AMOUNT.—The State shall establish the amount of a personal reemployment account, which shall be uniform throughout the State, and shall not exceed \$3,000.

“(b) ELIGIBLE INDIVIDUALS.—

“(1) IN GENERAL.—Each State shall establish eligibility criteria for individuals for personal reemployment accounts in accordance with this subsection.

“(2) ELIGIBILITY CRITERIA REQUIREMENTS.—

“(A) IN GENERAL.—Subject to subparagraph (B), an individual shall be eligible to receive assistance under this chapter if, beginning after the date of enactment of the Back to Work Incentive Act of 2003, the individual—

“(i) is identified by the State pursuant to section 303(j)(1) of the Social Security Act as likely to exhaust regular unemployment compensation and in need of job search assistance to make a successful transition to new employment or an individual’s unemployment can be attributed in substantial part to unfair competition from Federal Prison Industries, Inc.;

“(ii) is receiving regular unemployment compensation under any State or Federal unemployment compensation program administered by the State; and

“(iii) is eligible for not less than 20 weeks of regular unemployment compensation described in clause (ii).

“(B) ADDITIONAL ELIGIBILITY AND PRIORITY CRITERIA.—A State may establish criteria that is in addition to the criteria described in subparagraph (A) for the eligibility of individuals to receive assistance under this chapter. A State may also establish criteria for priority in the provision of assistance to such eligible individuals under this chapter.

“(3) TRANSITION RULE.—

“(A) PREVIOUSLY IDENTIFIED AS LIKELY TO EXHAUST UNEMPLOYMENT COMPENSATION.—

“(i) IN GENERAL.—At the option of the State, and subject to clause (ii), an individual may be eligible to receive assistance under this chapter if the individual—

“(I) during the 13-week period ending the week prior to the date of the enactment of the Back to Work Incentive Act of 2003, was identified by the State pursuant to section 303(j)(1) of the Social Security Act as likely to exhaust regular unemployment compensation and in need of job search assistance to make a successful transition to new employment; and

“(II) otherwise meets the requirements of clauses (ii) and (iii) of paragraph (2)(A).

“(ii) ADDITIONAL ELIGIBILITY AND PRIORITY CRITERIA.—A State may establish criteria that is in addition to the criteria described in clause (i) for the eligibility of individuals to receive assistance under this chapter. A State may also establish criteria for priority in the provision of assistance to such eligible individuals under this chapter.

“(B) PREVIOUSLY EXHAUSTED UNEMPLOYMENT COMPENSATION.—At the option of the State, an individual may be eligible to receive assistance under this chapter if the individual—

“(i) during the 26-week period ending the week prior to the date of the enactment of the Back to Work Incentive Act of 2003, exhausted all rights to any unemployment compensation; and

“(ii) (I) is enrolled in training and needs additional support to complete such training, with a priority of service to be provided to such individuals who are training for shortage occupations or high-growth industries; or

“(II) is separated from employment in an industry or occupation that has experienced declining employment, or no longer provides any employment, in the local labor market during the two-year period ending on the date of the determination of eligibility of the individual under this subparagraph.

“(4) NO INDIVIDUAL ENTITLEMENT.—Nothing in this chapter shall be construed to entitle any individual to receive a personal reemployment account.

“(c) LOCAL ADMINISTRATION.—

“(1) INFORMATION AND ATTESTATION.—Prior to the establishment of a personal reemployment account for an eligible individual under this chapter, the local board, through the one-stop delivery system, shall ensure that the individual—

“(A) is informed of the requirements applicable to the personal reemployment account, including the allowable uses of funds from the account, the limitations on access to services described under section 135F(a)(3)(C) and a description of such services, and the conditions for receiving a reemployment bonus;

“(B) has the option to develop a personal reemployment plan which will identify the employment goals and appropriate combination of services selected by the individual to achieve the employment goals; and

“(C) signs an attestation that the individual has been given the option to develop a personal reemployment plan in accordance with subparagraph (B), will comply with the requirements relating to the personal reemployment accounts under this chapter, and will reimburse the account or, if the

account has been terminated, the program under this chapter, for any amounts expended from the account that are not allowable.

“(2) PERIODIC INTERVIEWS.—If a recipient exhausts his or her rights to any unemployment compensation, and the recipient has a remaining balance in his or her personal reemployment account, the one-stop delivery system shall conduct periodic interviews with the recipient to assist the recipient in meeting his or her individual employment goals.

“SEC. 135F. USE OF FUNDS.

“(a) ALLOWABLE ACTIVITIES.—

“(1) IN GENERAL.—Subject to the requirements contained in paragraphs (2) and (3), a recipient may use amounts in a personal reemployment account to purchase one or more of the following:

“(A) Intensive services, including those types of services specified in section 134(d)(3)(C).

“(B) Training services, including those types of services specified in section 134(d)(4)(D).

“(C) Supportive services, except for needs-related payments.

“(D) Assistance to purchase or lease an automobile, if such assistance is necessary to allow the recipient to accept a bona fide offer of employment for which there is a reasonable expectation of long-term duration.

“(2) DELIVERY OF SERVICES.—The following requirements relating to delivery of services shall apply to the program under this chapter:

“(A) Recipients may use funds from the personal reemployment account to purchase the services described in paragraph (1) through the one-stop delivery system on a fee-for-service basis, or through other providers, consistent with safeguards described in the State and local plans under section 135G.

“(B) The local board, through the one-stop delivery system, may pay costs for such services directly on behalf of the recipient, through a voucher system, or by reimbursement to the recipient upon receipt of appropriate cost documentation, consistent with safeguards described in the State plan under section 135G.

“(C) Each local board, through the one-stop delivery system, shall make available to recipients information on training providers specified in section 134(d)(4)(F)(ii), information available to the one-stop delivery system on providers of the intensive and supportive services described in paragraph (1), and information relating to occupations in demand in the local area.

“(3) LIMITATIONS.—The following limitations shall apply with respect to personal reemployment accounts under this chapter:

“(A)(i) Amounts in a personal reemployment account may be used for up to one year from the date of the establishment of the account.

“(ii) No personal reemployment account may be established beginning 2 years after the date of the enactment of the Back to Work Incentive Act of 2003.

“(B) Each recipient shall submit cost documentation as required by the one-stop delivery system.

“(C) For the 1-year period following the establishment of the account, recipients may not receive intensive, supportive, or training services funded under this title except on a fee-for-services basis as specified in paragraph (2)(A).

“(D) Amounts in a personal reemployment account shall be nontransferable.

“(b) INCOME SUPPORT.—A State may authorize recipients determined eligible under section 135E(b)(3)(B) to withdraw amounts from the personal reemployment account on a weekly basis for purposes of income support in amounts up to the average weekly amount of unemployment compensation that the individual received prior to his or her exhaustion of rights to unemployment compensation if the individual is engaged in job search, intensive services, or training that is expected to lead to employment.

“(c) REEMPLOYMENT BONUS.—

“(1) IN GENERAL.—Subject to paragraph (2)—

“(A) if a recipient determined eligible under section 135E(b)(2) obtains full-time employment before the end of the 13th week of unemployment for which unemployment compensation is paid, the balance of his or her personal reemployment account shall be provided directly to the recipient in cash; and

“(B) if a recipient determined eligible under section 135E(b)(3) obtains full-time employment before the end of the 13th week after the date on

which the account is established, the balance of his or her personal reemployment account shall be provided directly to the recipient in cash.

“(2) LIMITATIONS.—The following limitations shall apply with respect to a recipient described in paragraph (1):

“(A) 60 percent of the remaining personal reemployment account balance shall be paid to the recipient at the time of reemployment.

“(B) 40 percent of the remaining personal reemployment account balance shall be paid to the recipient after 26 weeks of employment retention.

“(3) EXCEPTION REGARDING SUBSEQUENT UNEMPLOYMENT.—If a recipient described in paragraph (1) subsequently becomes unemployed due to a lack of work after receiving the portion of the reemployment bonus specified under paragraph (2)(A), the individual may use the amount remaining in the personal reemployment account for the purposes described in subsection (a) but may not be eligible for additional cash payments under this subsection.

“SEC. 135G. STATE AND LOCAL PLANS.

“(a) STATE PLAN.—In order for a State to receive an allotment under section 135C, the Governor of the State shall submit to the Secretary a plan for approval that includes a description of how the State intends to carry out the personal reemployment accounts authorized under this chapter, including—

“(1) the criteria and methods to be used for determining eligibility for the personal reemployment accounts, including whether the State intends to include the optional categories described in section 135E(b)(3), and the additional criteria and priority for service that the State intends to apply, if any, pursuant to section 135E(b)(2)(B);

“(2) the methods or procedures, developed in consultation with local boards and chief elected officials, to be used to provide eligible individuals information relating to services and providers, and safeguards, developed in consultation with such boards and officials, to ensure that funds from the personal reemployment accounts are used for purposes authorized under this chapter and to ensure the quality and integrity of services and providers, consistent with the purpose of providing such individuals with enhanced flexibility, choice, and control in obtaining intensive reemployment, training, and supportive services.

“(3) how the State will coordinate the activities carried out under this chapter with the employment and training activities carried out under section 134 and other activities carried out by each local board through the one-stop delivery system in the State; and

“(4) the methods and procedures for providing funds to local areas under section 135D(a)(3).

“(b) LOCAL PLAN.—In order for a local area to receive an allocation under section 135D, the local board, in partnership with the chief elected official for the local area involved, shall submit to the Governor a plan for approval that includes a description of how the local board intends to carry out the personal reemployment accounts, consistent with the requirements of this chapter and with the State plan established under subsection (a), including—

“(1) a description of how the local board will coordinate the activities carried out under this chapter with the employment and training activities carried out in the local area under section 134; and

“(2) a description of the methods or procedures to be used to provide eligible individuals information relating to the jobs that are available in the local area in high demand occupations and information on services and providers, and the safeguards the local area will initiate to ensure that funds from the personal reemployment accounts are used for purposes authorized under this chapter and to ensure the quality and integrity of services and providers, consistent with the purpose of providing such individuals with enhanced flexibility, choice, and control in obtaining intensive reemployment, training, and supportive services, and consistent with the State plan.

“(c) STATE PLAN SUBMISSION AND APPROVAL.—A State plan submitted to the Secretary under subsection (a) by a Governor shall be considered to be approved by the Secretary at the end of the 30-day period beginning on the date the Secretary receives the plan, unless the Secretary makes a written determination during such period that the plan is incomplete or otherwise inconsistent with the provisions of this chapter.

“SEC. 135H. PROGRAM INFORMATION.

“The Secretary may require from States the collection and reporting on such financial, performance, and other program-related information as the Secretary determines is appropriate to carry out this chapter, including the evaluation described in section 135I.

“SEC. 135I. EVALUATION.

“(a) EVALUATION.—From the amount made available under section 135C(a)(1), the Secretary, pursuant to the authority provided under section 172, shall, directly or through grants, contracts, or cooperative agreements with appropriate entities, conduct an evaluation of the activities carried out under this chapter.

“(b) CONDUCT OF EVALUATION.—The evaluation shall examine the effectiveness of such activities in achieving the purposes described in section 135A and such other purposes as the Secretary determines are appropriate.

“(c) REPORT.—The report to Congress under section 172(e) relating to the results of the evaluations required under section 172 shall include the recommendation of the Secretary with respect to the use of personal reemployment accounts as a mechanism to assist individuals in obtaining and retaining employment.”.

SEC. 3. ADMINISTRATION.

Section 117(d) of the Workforce Investment Act of 1998 (29 U.S.C. 2832(d)) is amended—

(1) in paragraph (3)(B)(i)(I), by striking “sections 128 and 133” and inserting “sections 128, 133, and 135D”; and

(2) in paragraph (4), by inserting “, activities authorized under section 135F” after “section 134”.

SEC. 4. DELIVERY OF SERVICES.

Section 134(c)(1) of the Workforce Investment Act of 1998 (29 U.S.C. 2864(c)(1)) is amended—

(1) in subparagraph (D), by striking “and” at the end;

(2) in subparagraph (E), by striking the period at the end and inserting “; and”; and

(3) by adding at the end the following:

“(F) shall provide access to personal reemployment accounts in accordance to section 135E.”.

SEC. 5. AUTHORIZATION OF APPROPRIATION.

Section 137 of the Workforce Investment Act of 1998 (29 U.S.C. 2872) is amended by adding at the end the following:

“(d) PERSONAL REEMPLOYMENT ACCOUNTS.—

“(1) IN GENERAL.—There is authorized to be appropriated \$3,600,000,000 for fiscal year 2003 to carry out chapter 5A.

“(2) AVAILABILITY.—Amounts appropriated pursuant to the authorization of appropriations under paragraph (1) to carry out section 135I are authorized to remain available until expended.”.

SEC. 6. CONFORMING AMENDMENT.

The table of contents for the Workforce Investment Act of 1998 is amended by inserting after the items relating to chapter 5 of subtitle B of title I the following new items:

“CHAPTER 5A—PERSONAL REEMPLOYMENT ACCOUNTS

“Sec. 135A. Purposes.

“Sec. 135B. Definition.

“Sec. 135C. Grants to States.

“Sec. 135D. Within State allocation.

“Sec. 135E. Personal reemployment accounts.

“Sec. 135F. Use of funds.

“Sec. 135G. State and local plans.

“Sec. 135H. Program information.

“Sec. 135I. Evaluation.”.

PURPOSE

H.R. 444, the Back to Work Incentive Act of 2003, authorizes new grants within the Workforce Investment Act (WIA) to create personal reemployment accounts, or “Back to Work accounts,” to assist unemployed individuals in returning to work. The bill offers an innovative new approach for assisting workers. The program aims to accelerate reemployment and increase job retention of individuals likely to exhaust their unemployment compensation benefits, while providing such individuals with enhanced flexibility, choice, and control in obtaining reemployment services and training. An eligible individual will have the option to accept a Back to

Work account or access services through the current WIA one stop delivery system.

COMMITTEE ACTION

FULL COMMITTEE HEARINGS

On Wednesday, February 12, 2003, the Committee on Education and the Workforce held a hearing in Washington, D.C., on “Back to Work: the Administration’s Plan for Economic Recovery and the Workforce Investment Act.” The purpose of the hearing was to learn about the administration’s proposal to speed the country’s economic recovery, a component of which includes Back to Work accounts, that provides assistance to help unemployed Americans who are struggling to return to work. The Honorable Elaine Chao, Secretary of Labor, U.S. Department of Labor, Washington, D.C., testified before the Committee on the first panel about the benefits of the Back to Work accounts. Mr. Kenneth Mayfield, President, National Association of Counties, Washington, D.C. and Dr. Lawrence Mishel, President, Economic Policy Institute, Washington, D.C. testified before the Committee on the second panel.

On Tuesday, February 18, 2003, the Committee on Education and the Workforce held a field hearing in Las Vegas, Nevada on “H.R. 444, the Back to Work Incentive Act.” The purpose of the hearing was to examine and discuss the Back to Work Incentive Act, which reflects the administration’s plan to create Back to Work accounts to help unemployed individuals return to work quickly. Ms. Myla Florence, Director, Nevada Department of Employment, Training, and Rehabilitation, Carson City, Nevada; Mr. Ardell Galbreth, Deputy Board Manager, Southern Nevada Workforce Investment Board, Las Vegas, Nevada; Mr. Robert Brewer, Chair, Southern Nevada Workforce Investment Board, Las Vegas, Nevada; and, Ms. Debi Lindemenn, Employment Specialist Supervisor, Department of Employment, Training, and Rehabilitation, North Las Vegas, Nevada testified before the Committee at the field hearing.

LEGISLATIVE ACTION

On January 29, 2003, Representatives Jon Porter (R–NV) and Buck McKeon (R–CA) introduced H.R. 444, the Back to Work Incentive Act, a bill to amend the Workforce Investment Act of 1998 to establish a Personal Reemployment Accounts grant program to assist Americans in returning to work.

On February 26, 2003, the Subcommittee on 21st Century Competitiveness considered H.R. 444 in legislative session and reported it favorably, as amended, to the Committee on Education and the Workforce by a vote of 15–12. The Subcommittee considered two amendments:

- The Subcommittee adopted, by voice vote, a substitute amendment offered by Representative Buck McKeon (R–CA). Specifically, the substitute amendment adopted by the Subcommittee: (1) makes clear that the Back to Work accounts would be administered through the local one-stop delivery system under the direction of the local workforce investment boards; (2) requires local boards to submit a plan to the State, consistent with the State plan, in order to receive an allocation to administer the accounts; (3) requires

States and local areas, through their respective plans, to specify safeguards to ensure the quality and integrity of services and providers, consistent with the purpose of providing flexibility and choice to individuals; (4) requires the individual accepting a Back to Work account to attest that he or she was given the option to develop a personal reemployment plan; and (5) allows States to make eligible individuals who have exhausted their unemployment compensation benefits within the previous 180 days, instead of the 90 day limit in the original bill.

- The Subcommittee rejected, by a vote of 11–13, a substitute amendment offered by Representatives Dale Kildee (D–MI) and David Wu (D–OR). The amendment would have struck all language after the enacting clause and inserted language that allocates funds to each State to provide emergency employment accounts to eligible individuals. The funds in these accounts would be used in the same manner as that of unemployment compensation benefits.

On March 5, 2003, the Committee on Education and the Workforce considered H.R. 444 in legislative session and reported it favorably, as amended, to the House of Representatives by a vote of 23–22, with one member voting present. The Committee considered 8 amendments and adopted the following two amendments:

- The Committee adopted, by voice vote, a substitute amendment offered by Representative Buck McKeon (R–CA). Specifically, the substitute amendment adopted by the Committee: (1) changes the calculation of the “look-back” period for eligibility determinations from days to weeks to be consistent with the terminology used in the unemployment compensation program; (2) clarifies that the 40 percent retention bonus is provided after 26 weeks of employment retention; and (3) makes other technical improvements.

- The Committee also adopted, by voice vote, an amendment offered by Representative Pete Hoekstra (R–MI), which makes those individuals whose unemployment can be attributed in substantial part to unfair competition from Federal Prison Industries, Inc., eligible to receive Back to Work accounts, subject to state criteria and prioritization.

The Committee also considered an amendment offered by Representative Denise Majette (D–GA). The Committee discussion was positive and the amendment was withdrawn. This amendment would have specified that intensive services must be provided through the one-stop delivery system, and that a provider of training services must meet the requirements of section 122(a)(2) of the Workforce Investment Act.

SUMMARY

H.R. 444, the Back to Work Incentive Act of 2003, amends the Workforce Investment Act of 1998 (WIA) to create Chapter 5A, which authorizes a Personal Reemployment Accounts grant program to assist unemployed Americans in returning to work. The legislation represents a key component of President Bush’s economic stimulus package that provides \$3.6 billion to create Back to Work accounts to help unemployed individuals struggling to return to the workforce and retain satisfactory, long-term employment.

ELIGIBILITY

H.R. 444 provides eligible individuals with the option to accept a Back to Work account or access services currently available through the one-stop delivery system provided under the current WIA system. States determine the amount of the accounts up to \$3,000. States are required to establish eligibility criteria; however, at a minimum, an individual must be receiving unemployment compensation, be identified by the State as likely to exhaust his or her unemployment benefits, and be eligible for at least 20 weeks of unemployment compensation. States may further make eligible individuals who have exhausted unemployment compensation within 26 weeks prior to enactment so long as the individual is enrolled in training or is separated from employment in an industry or occupation that is declining or no longer functioning in the local labor market. States may establish additional eligibility criteria or priorities in the provision of assistance.

Back to Work accounts may be established for up to two years from the date of enactment, and funds may be expended for up to three years. An individual is eligible to receive an account only once during the duration of the program, and individuals are prohibited from receiving intensive, supportive, or training services, unless purchased using account funds, for one year subsequent to the establishment of the account. The bill provides that there is no individual entitlement to a Back to Work account. The one-stop delivery system must inform the eligible individual, prior to the receipt of an account, of the requirements and limitations for the use of the account.

USES OF FUNDS

H.R. 444 provides that eligible individuals will have the option to develop a personal reemployment plan for the purpose of developing employment goals and identifying appropriate services selected by individuals to achieve their employment goals. Back to Work accounts may be used to purchase various intensive, training, or supportive services including, but not limited to, career counseling, case management, occupational skill assessments, childcare, and transportation. The reemployment account funds may be used to purchase services either through a one-stop delivery system or on a fee-for-service basis through other providers. The cost of services may be paid by a one-stop delivery system directly on behalf of recipients, through a voucher system, or by reimbursement directly to the individual provided appropriate expense documentation is submitted. Furthermore, any individual receiving funds through a Back to Work account must sign an attestation that he or she will comply with the Back to Work account requirements. In addition, States may allow individuals who had exhausted unemployment compensation benefits to withdraw funds for income support if engaged in a legitimate job search, training, or intensive services expected to lead to employment.

REEMPLOYMENT BONUS

The bill provides for individuals to be paid in cash the balance of the Back to Work account if employed by the 13th week for which unemployment compensation is paid. Sixty percent of the re-

remaining balance of the account will be paid at the time of employment, and forty percent of the account will be paid after six months of job retention. If an individual becomes unemployed before six months at no fault of his or her own, the individual may utilize the balance of the account for permissible services within the same year that the account remains in effect.

PROGRAM REPORTING AND EVALUATION

H.R. 444 provides that the Secretary of Labor may require States to report financial, performance, and other germane program information. The Secretary shall report to Congress concerning such findings reported by States.

STATE PLAN

The bill requires States to submit program plans to the Secretary of Labor in order to receive funds under the program. Such information shall include the criteria and methods used for determining eligibility for Back to Work accounts; methods or procedures used to provide eligible individuals with service information; and, safeguards to ensure that funds are used in an appropriate, authorized manner, consistent with the program and activity coordination provided through the one stop delivery system. A state plan submitted to the Secretary shall be approved at the end of the 30-day period beginning on the day the Secretary receives the plan, unless the Secretary makes a written determination that the plan is incomplete or inconsistent with the requirements of the Act.

LOCAL ADMINISTRATION

Local areas must submit a plan, similar to the State plan, to the Governor for approval in order to receive a grant to administer the Back to Work accounts. The plan must contain a description of how the local area will coordinate assistance under this program with other assistance provided through WIA, methods or procedures to be used to provide eligible individuals with information relating to jobs that are available in the local area in high demand occupations and information on services and providers, and the safeguards the local area will initiate to ensure that funds are used for authorized purposes and to ensure the quality of services and providers. The local plan must be consistent with the State plan.

FUNDING

Consistent with the President's economic stimulus package, the bill authorizes \$3.6 billion for the creation of Back to Work accounts. Funds will be distributed on a percentage basis according to the number of unemployed persons in each state. States may reserve up to 2 percent of funds to be used for administrative purposes. Local areas will receive 5 percent of a state's funds to be used for start-up purposes. Funds have been reserved for the Secretary of Labor to perform requisite evaluations of State performance, financial, and other related information.

EFFECTIVE DATE

The Back to Work Incentive Act of 2003 shall be effective immediately upon appropriation.

COMMITTEE VIEWS

To aid the country's economic recovery, on January 7, 2003, President George W. Bush proposed a growth and jobs plan to strengthen the American economy. The President's economic agenda has three main goals: to encourage consumer spending that will continue to boost the economic recovery, to promote investment by individuals and businesses that will lead to economic growth and job creation, and to deliver critical help to unemployed citizens.

Taxpayers, businesses, and unemployed workers all would benefit upon enactment of the President's plan. For example, under the President's proposal to speed up tax relief, 92 million taxpayers would receive, on average, a tax cut of \$1,083 in 2003. According to a projection by the Council of Economic Advisors, the President's plan will help the economy to create 2.1 million jobs over the next three years.

However, while the economy is improving, unemployment rates remain unacceptably high. The national unemployment rate at the end of December 2002 was six percent. Consequently, President Bush also has proposed innovative new assistance to help unemployed Americans find work. As we work to encourage long-term growth in the economy, we must not forget the men and women struggling today. To provide new opportunities for unemployed workers, the President proposed creating new personal reemployment accounts, or "Back to Work" accounts, to help such individuals find new jobs and, if necessary, acquire the skills needed to obtain and keep those jobs.

H.R. 444, the Back to Work Incentive Act of 2003, implements the President's plan to assist up to 1.2 million unemployed workers as they seek to return to the workplace, while providing new flexibility and individual choice in accessing services.

During the Committee's hearing in Las Vegas, Nevada, the Committee heard from state and local leaders about the practical benefits of the measure in helping the unemployed. As Robert Brewer, Chairman of the Southern Nevada Workforce Investment Board, stated, "This proposed initiative has great potential for providing our most vulnerable dislocated workers with additional resources that will help them secure new, gainful employment. It is an appropriate effort to assist the over 2 million workers who have lost their jobs over the last two years."

Business leaders also support H.R. 444, as they look for entry level and skilled workers to fill open positions. R. Bruce Josten, Executive Vice President for Government Affairs for the U.S. Chamber of Commerce, wrote Chairman John Boehner on March 4, 2003 to "express our support for H.R. 444 . . . Personal reemployment accounts promise to be an efficient and effective new tool for local One Stop Career centers and the individuals they serve."

H.R. 444 creates a new Chapter 5A within Title I of the Workforce Investment Act of 1998 (WIA) to provide for the establishment of personal reemployment accounts for individuals identified as likely to exhaust their unemployment compensation.

GRANTS TO STATES

From funds appropriated to administer this chapter, the Secretary shall reserve $\frac{2}{10}$ of one percent to conduct an evaluation of

the program. The remainder of the funds shall be provided to states for the administration of Back to Work accounts. Each state shall receive an allotment that is proportionate to the relative number of unemployed individuals in the state as compared to the total number of unemployed individuals in all states. At a minimum, a state shall receive an allotment of at least $\frac{3}{10}$ of one percent of the funds available to states. The Committee notes that this small state minimum is consistent with the minimum provided under other funding streams of WIA. In addition, the United States Virgin Islands shall receive not less than $\frac{1}{10}$ of one percent of the funds allotted to states. The Virgin Islands is the only outlying area to receive an allotment under H.R. 444, since no other outlying areas operate an unemployment insurance program.

From the funds allotted to a state, a Governor may reserve up to two percent of the funds to establish and operate a data management system necessary to provide assistance to individuals eligible for Back to Work accounts and to enhance the worker profiling system required under unemployment insurance law. The Committee encourages the Secretary to work with states to ensure that these funds may be combined with other state administrative funds available under WIA to pay for start-up or operational costs necessary under this new chapter.

The state shall allocate five percent of its funding available under this chapter to local workforce investment areas for start-up and operating costs related to the provision of assistance of Back to Work accounts. The within-state allocation to local areas shall be proportionate to the relative number of unemployed individuals in the local area as compared to the total number of unemployed individuals in the state. The remainder of the funds shall be provided to local areas for the establishment of Back to Work accounts. The Committee intends for states to create mechanisms for local areas to draw-down funds from the state to provide an account to each individual determined to be eligible for such an account.

Although other funding streams provided through WIA are available to states on a program year basis of July 1–June 30, amounts available to state and local areas under this chapter shall be available for the creation of accounts for two years after the date of enactment of H.R. 444. The Committee notes that the funds must become available immediately for the creation of Back to Work accounts so as to provide assistance to unemployed workers as soon as possible. Funds to create new accounts are available only for two years because Back to Work accounts are intended to respond to the extraordinary circumstances created by current levels of high unemployment, and not to be a permanent new program. H.R. 444 requires the Secretary to conduct a rigorous evaluation of the new assistance provided to workers under this chapter and report the findings to Congress. Lessons learned through this temporary assistance may be incorporated in the future into the broader assistance provided through WIA.

BACK TO WORK ACCOUNTS

H.R. 444 requires states to establish the amount of a Back to Work account, but the amount must be uniform statewide and cannot exceed \$3,000. The Committee anticipates that the funds pro-

vided through this act will allow states to serve at least 1.2 million unemployed workers. U.S. Labor Secretary Elaine Chao (the Secretary) testified before the Committee on February 12, 2003 that \$3,000 is the average amount that local areas spend on an individual to help obtain employment. The \$3,000 maximum is a reasonable level that allows choice of a wide array of reemployment services while maximizing the number of individuals who can be served with the available funding for the new program.

States establish eligibility criteria for the accounts and may establish criteria for the priority in the provision of assistance to such eligible individuals. However, at a minimum, to be eligible an individual must be receiving regular unemployment compensation and be eligible for at least 20 week of such compensation. Under current law, when individuals apply for unemployment compensation benefits, states profile such individuals to determine whether they are likely to exhaust their benefits. To do this, the state identifies permanently separated workers who are not expecting recall to their previous employers and then determines whether such workers are likely to be long-term benefit recipients. Criteria often used when making this determination include education, job tenure, changes in employment in the previous industry or occupation, and the local unemployment rate. Variables for age, gender, and race are prohibited by civil rights laws. States will use this profiling system to determine those most likely to benefit from this new assistance. To be eligible for a Back to Work account, an unemployed person also must be identified as likely to exhaust regular unemployment compensation and in need of job search assistance to make a successful transition to new employment or be an individual whose unemployment can be attributed in substantial part to unfair competition from Federal Prison Industries, Inc.

Currently such profiled individuals are referred to the one-stop career center system created under WIA for reemployment assistance. Therefore, the Back to Work accounts will be administered efficiently through the easily accessible one-stop delivery system where the unemployed already seek assistance in obtaining employment.

This assistance is in addition to unemployment benefits payments if the eligible individual has not exhausted such benefits. However, instead of only providing temporary income support, as the unemployment compensation system does, H.R. 444 provides services designed exclusively to help someone to return to work.

During Committee consideration, the Committee clarified the role of the local workforce investment boards to ensure that local leadership will direct the implementation of this assistance. The Committee believes that connections to and integration with the local workforce investment systems already in place will ensure assistance reaches those in need as quickly as possible. A letter from the United States Conference of Mayors, the National Association of Workforce Boards, and the National Association of Counties sent on February 24, 2003 to Subcommittee Chairman McKeon confirms this, as they collectively asserted, "We believe the prospects for quick implementation to be strong if the initiative is linked closely to the current infrastructure established under WIA."

States may also make individuals who were similarly profiled within the 13 week period ending the week prior to the week of en-

actment eligible for assistance, as long as such individuals also are eligible for at least 20 weeks of regular unemployment compensation. In addition, to address the needs of individuals who already may have exhausted all unemployment compensation benefits, states may make individuals who have exhausted such benefits within 26 weeks prior to the date of enactment eligible for a Back to Work account if such individuals are enrolled in training and need additional support to complete the training or if the individuals are separated from employment in an industry or occupation that has experienced declining enrollment in the local labor market.

H.R. 444 specifies that there is no individual entitlement to a Back to Work account.

USE OF FUNDS

An account holder may use the Back to Work account to purchase intensive services, supportive services, training, or an automobile if a car is necessary to allow the recipient to accept a bona fide offer of employment for which there is a reasonable expectation of long-term duration. Examples of intensive services include one-on-one career counseling and short-term prevocational classes. Supportive services include child care, transportation assistance, housing assistance, and relocation assistance.

Recipients have full flexibility to use their Back to Work accounts to tailor a package of reemployment services that best meets their needs and helps them to get a job of their choice. As such, recipients may use the account funds to purchase such services through the one-stop delivery system on a fee-for-service basis or through other providers, consistent with safeguards described in state and local plans.

Under WIA currently, individuals only may access training through providers included on an eligible training provider list developed by the state. The list of available providers is based on past performance. However, the current eligible training provider list is not comprehensive. Many high-quality training providers, particularly community colleges, currently do not participate in the WIA system because of burdensome reporting requirements. As a result, the needs of all individuals may not be addressed through the current system. The Committee will address the issues associated with accessing training under WIA during reauthorization of that law. Until that time it is important to allow recipients of Back to Work accounts maximum flexibility in choosing appropriate service providers, especially since these individuals are those struggling to return to work.

The local board, through the one-stop delivery system, may pay for the costs for such services directly on behalf of the recipient, through a voucher system, or by reimbursement to the recipient upon receipt of appropriate cost documentation.

Certain limitations on the use of the accounts apply. Recipients may use the Back to Work accounts for up to one year from the date of the establishment of the account, and for the one-year period following the establishment of the account recipients may only receive intensive, supportive or training services provided through the one-stop delivery system on a fee-for-service basis using the ac-

count funds. Also, amounts in the Back to Work account are non-transferable.

The Committee wants to ensure eligible individuals have the opportunity to make an informed choice when selecting to accept a Back to Work account. Consequently, before becoming a recipient of an account, the local workforce investment board, through the one-stop delivery system, shall ensure that the individual is informed of the requirements applicable to the Back to Work account, the limitations on access to services, a description of the allowable services, and the conditions for receiving a reemployment bonus. An eligible individual must sign an attestation that he or she will comply with the requirements relating to the Back to Work accounts and will reimburse the account or one-stop delivery system for any amounts expended that are not allowable.

In addition, the Committee intends for eligible individuals to have access to the expertise of the professional career counselors available through the one-stop delivery system. H.R. 444 requires the local workforce investment boards, through the one-stop delivery system, to provide an eligible individual the option to create a reemployment plan that will identify the employment goals and appropriate combination of services selected by the individual to achieve the employment goals. In addition, in order to receive an account, an individual must attest in writing that he or she was given the option to create such a plan before accepting the account.

The Committee believes that it is important for individuals to be aware of the options they have as they pursue employment, including the jobs that are in demand in the local areas. As a result, H.R. 444 requires each local board, through the one-stop delivery system, to make available to recipients information on training providers that are on the eligible training provider list, information available to the one-stop delivery system on providers of intensive and supportive services, and information relating to occupations in demand in the local area. In addition, H.R. 444 requires each local area to specify in its plan how such information will be provided to recipients.

No individual will be required to accept a Back to Work account. If an individual needs training that costs more than \$3,000, the individual will have the choice to refuse the Back to Work account and access training through the current WIA system.

However, a wide variety of training services can be purchased for under \$3,000. Examples of training services that can be purchased for \$3,000 or less include Information Technology certifications (including Microsoft Systems), courses to become a licensed realtor, courses to become a certified financial planner, preparation classes for other certifications or exams, training to become a licensed insurance planner, plus numerous courses of training available through community colleges. The Committee notes that a two-year associates' degree from a public community college costs \$2594 (based on the national average in 1998, the latest available information).

The added flexibility available through the use of the account will allow some recipients to customize a package of services that may not be readily available in all local areas. For example, while all local areas are to provide information on supportive services in the area, paying for such services is optional now. Therefore, if an

individual previously received child care through an employer and now needs child care assistance in order to look for new employment, he or she could use the account to pay for child care. In addition, if he or she did not meet the current prioritization for training in the local area, the recipient still could choose immediately to use the funds for training.

Even if a recipient expends the funds in the account, he or she will have access at all times to core services available at the one-stop career centers. These services include job search and placement assistance, information on available providers of services, initial career counseling, and access to a variety of labor market information.

H.R. 444 rewards individuals who find jobs quickly. Recipients will be able to keep the balance of the account as a cash reemployment bonus if they become reemployed in full-time employment within 13 weeks. To encourage workers to stay on the job longer, the remaining balance will be paid in two installments—60 percent at the time of employment, and the remaining 40 percent after six months job retention. The sooner one gets a job, the larger the employment bonus will be.

If an individual becomes unemployed again before the second portion of the bonus is provided, he or she may use the amount remaining in the Back to Work account for reemployment services but may not receive any additional cash payments.

Past experiments with cash reemployment bonuses have proven to be effective in reducing individuals' weeks of unemployment compensation benefits while not compromising the quality of jobs and have been cost effective to the government.

Between 1984 and 1989, four reemployment bonus experiments were conducted on unemployment insurance recipients in Illinois, New Jersey, Washington, and Pennsylvania. When Secretary Chao appeared before the Committee in February, she testified that the Department of Labor's evaluations of the reemployment bonuses in these states showed that such a bonus motivated the recipients to become reemployed, reduced the duration of unemployment compensation benefits by approximately one week, and resulted in new jobs comparable in earnings to those obtained by workers who were not eligible for the bonus. An additional evaluation in Illinois showed that bonuses did not lead to lower earnings at the worker's next job.

The final report on the Pennsylvania Reemployment Bonus Demonstration, prepared for the Department of Labor by Mathematica Policy Research, Inc. and published in September 1991, expands on these assertions. According to the report, "There is no evidence that the bonus offers prompted claimants to take less desirable jobs in an effort to qualify for the bonus . . . , the first post-unemployment jobs held by bonus-eligible claimants were similar to their pre-unemployment jobs in many respects, including their weekly wage rate."

In addition, the Committee believes that labor market attachment helps individuals advance in the workplace, and taking a job may lead to promotions and new career opportunities. Being reemployed quickly is important to maintaining skills and work habits, and builds self-esteem.

Staff of the W.E. Upjohn Institute for Employment Research recently reviewed available research on the impact of reemployment bonuses. The staff working paper, published in January 2003, suggests that targeting those most likely to exhaust their unemployment compensation benefits could be the most cost effective mechanism for providing reemployment bonuses. H.R. 444 targets those that have been so profiled.

Another likely benefit of the reemployment bonuses is a reduction in the duration of unemployment compensation benefits for those eligible for a bonus. According to Walter A. Corson and Robert G. Spiegelman of the Upjohn Institute, who published a book titled "Reemployment Bonuses in the Unemployment Insurance System" in 2001, studies have found that, "the availability of unemployment benefits led to voluntary and unproductive reduction in work effort, thereby leading to unnecessarily high costs to the UI system." (page 1) R. Glenn Hubbard, Chairman of the Council of Economic Advisors, corroborated this statement when he testified before the Joint Economic Committee of Congress on February, 26, 2003 when he stated, "One advantage of these (personal reemployment) accounts compared to traditional unemployment insurance is that traditional insurance encourages workers to wait until their insurance runs out before finding a new job." Mr. Hubbard presented evidence that reemployment spikes when benefits expire, whether regular or extended benefits.

The savings to the unemployment insurance system due to rapid reemployment could be significant. Myla Florence, director of the Nevada Department of Employment, Training and Rehabilitation testified at the Committee's hearing in Las Vegas that, "Currently, Nevada's average benefit amount is \$232.29 per week and the average duration for an individual to receive benefits is 15.5 weeks. Through the support and incentives provided in H.R. 444, if we shorten the duration by even one week, Nevada's trust fund could save approximately \$8.4 million."

The Committee estimates that, if one million individuals likely to exhaust their regular unemployment compensation benefits were to become employed within thirteen weeks in order to obtain a reemployment bonus, the savings to the unemployment insurance system would be approximately \$3.4 billion. (The national average unemployment compensation benefit is \$260 per week. The savings estimate is based on reducing such benefits from 26 weeks to just less than 13 weeks.)

In addition to the reduced cost to the unemployment insurance system, the Committee believes another benefit to society overall is the increased contribution that wage earners make as taxpayers.

STATE AND LOCAL PLANS

In order for a state to receive funding under this chapter, the Governor of a state must submit to the Secretary a plan for approval that includes (1) the criteria and methods to be used for determining eligibility for Back to Work accounts; (2) the methods and procedures, developed in consultation with local boards and chief elected officials, to be used to provide eligible individuals information relating to services and providers; (3) safeguards, also developed in consultation with local areas, to ensure that funds from the Back to Work accounts will be used for purposes author-

ized and to ensure the quality and integrity of services and providers, consistent with the purpose of providing such individuals with enhanced flexibility, choice, and control in obtaining services; and, (4) how the state will coordinate the activities provided under this chapter with the other employment and training activities provided through WIA. The plan shall be considered approved within 30 days of receipt by the Secretary, unless the Secretary makes a written determination that the plan is incomplete or inconsistent with the requirements of the Act.

Local boards, in partnership with the chief elected official for the local area, shall submit to the Governor a plan for approval that includes a description of the how the local board intends to carry out the Back to Work accounts, consistent with the state plan. The local plan must contain (1) a description on how the local area will coordinate assistance under this chapter with other assistance provided through WIA; (2) a description of the methods or procedures to be used to provide eligible individuals information relating to jobs that are available in the local area in high demand occupations and information on services and providers; (3) the safeguards the local area will initiate to ensure that funds from the Back to Work accounts will be used for purposes authorized and to ensure the quality and integrity of services and providers, consistent with the purpose of providing such individuals with enhanced flexibility, choice, and control in obtaining such services.

The Committee intends that safeguards specified through the state and local plans will provide accountability for the use of federal funds spent through Back to Work accounts and enable recipients to select appropriate service providers. Through these safeguards, the state and local areas will be able to guard against the use of funds for “fly-by-night” providers that otherwise may try to entice recipients into using their services. The provisions are intended to maintain individual flexibility and choice while ensuring program integrity.

Requiring both state and local plans further reinforces that both states and local workforce investment areas have significant roles to play in the delivery of workforce development services. Local plans will ensure that services are integrated at the local level with the one-stop delivery system.

PROGRAM INFORMATION

The Secretary may require from states the collection and reporting on such financial, performance, and other program-related information as the Secretary determines appropriate to carry out this chapter. The Committee anticipates that the Secretary will work with states to establish appropriate tracking mechanisms so that information will be readily available regarding use of funds and results achieved. Such information will be essential for conducting an evaluation of the assistance. The Committee expects the Secretary to work with states to minimize any administrative burden.

EVALUATION

H.R. 444 requires the Secretary to conduct an evaluation of the Back to Work accounts. The evaluation will examine the cost effectiveness of the accounts in achieving the purposes of the new chapter and other purposes as determined by the Secretary. The Sec-

retary shall report the results to Congress, including the recommendation of the Secretary with respect to the use of Back to Work accounts as a mechanism to assist individuals in obtaining and retaining employment. The Committee anticipates using the results of the evaluation to determine whether to continue such assistance in the future.

ADMINISTRATION AND DELIVERY OF SERVICES

H.R. 444 makes the local chief elected official the local grant recipient for Back to Work account funds, consistent with other WIA funding streams. In addition, the bill specifies that the local one-stop delivery system shall provide access to Back to Work accounts. These provisions are consistent with the Committee's goal of ensuring that the locally directed one-stop delivery remains the center of the nation's workforce development system.

FUNDING

H.R. 444 authorizes \$3.6 billion for fiscal year 2003 to create Back to Work accounts and carry out this new chapter.

The Committee intends that these funds will be used to serve at least 1.2 million unemployed individuals. This number is consistent with the number of unemployment insurance recipients who were profiled and referred to one-stop career centers for services last year. In fiscal year 2002, the average monthly total of unemployed individuals was 8 million. However, this number includes people who were unemployed in two broad categories, job losers and job leavers. The economy is dynamic and employment continues to churn. Many people choose to leave employment. Back to Work accounts are directed toward the category of individuals who have lost their jobs through no fault of their own. In fiscal year 2002, 8.7 million unemployment insurance claimants were profiled. However, 1.2 million of these individuals were profiled as likely to exhaust benefits and referred to one-stop career centers for services as a condition for continuing receipt of unemployment compensation benefits. H.R. 444 will assist these individuals as they are referred to the one-stop centers.

The Committee expects that as the economy improves fewer individuals will be profiled and referred for services. This will make funds available for individuals who already have exhausted their unemployment insurance benefits.

During her testimony in Las Vegas, Myla Florence expressed another benefit of the new funds available for Back to Work accounts, which is the ability of the one-stops to serve more clients who may not be eligible for these new accounts. She stated, "While the personal reemployment accounts would not be available to all claimants, we believe the heightened interest in such a program would connect more of the unemployed to the Nevada JobConnect system and the resources it can provide."

The Committee notes that in the last program year WIA resources served 1.27 million adults and dislocated workers. This is in addition to the individuals referred through the profiling system. By helping 1.2 million workers with Back to Work accounts, WIA funds will be able to serve a significant number of additional individuals. Between the two options, millions of job seekers who desire new or better employment will be served.

SECTION-BY-SECTION ANALYSIS

Section 1. Establishes the short title of the act to be the “Back to Work Incentive Act of 2003.”

Section 2. Amends Subtitle B of title I of the Workforce Investment Act of 1998 (WIA) by inserting an additional chapter immediately following chapter 5. This new chapter will be titled “Chapter 5A—Personal Reemployment Accounts.” The new chapter includes the following new sections:

Section 135A. Establishes that the purpose of this chapter is to form personal reemployment accounts.

Section 135B. Defines “State” as any state in the Union, and includes the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

Section 135C. Authorizes grants to states proportionate to the number of unemployed individuals in a state relative to the total number of unemployed individuals in all states in order to provide assistance under this chapter.

Section 135D. Specifies within state allocations of funds for operational costs and the establishment of Back to Work accounts.

Section 135E. Creates Back to Work accounts for eligible individuals. Stipulates that accounts shall not exceed \$3,000 per person, specifies eligibility criteria, and requires information be provided to eligible individuals and an attestation from such individuals before receiving an account.

Section 135F. Specifies uses of funds, including allowable activities to be purchased with Back to Work accounts and the mechanisms for the delivery of services. Authorizes reemployment bonuses.

Section 135G. Requires state and local plans in order for a state and local area to receive funds provided for Back to Work accounts.

Section 135H. Permits the Secretary to require states to provide financial, performance, and other program related data.

Section 135I. Requires the Secretary to evaluate the effectiveness of Back to Work accounts and report the findings to Congress.

Section 3. Amends section 117(d) of WIA to make the local chief elected official the local grant recipient for Back to Work account funds, consistent with other WIA funding streams.

Section 4. Amends section 134(c)(1) of WIA to specify that the local one-stop delivery system shall provide access to Back to Work accounts.

Section 5. Amends Section 137 of WIA to authorize \$3.6 billion to be appropriated for fiscal year 2003 to carry out chapter 5A.

Section 6. Amends WIA by making changes in the table of contents to reflect the changes made by the “Back To Work Incentive Act of 2003”.

EXPLANATION OF AMENDMENTS

The Amendment in the Nature of a Substitute is explained in the body of this report.

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104–1 requires a description of the application of this bill to the legislative branch. The purpose of H.R. 444 is to authorize new grants within the Workforce Investment Act (WIA) to create personal reemployment accounts, or “Back to Work accounts,” to assist unemployed individuals in returning to work. The bill does not prevent legislative branch employees from receiving the benefits of this legislation.

UNFUNDED MANDATE STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act (as amended by Section 101(a)(2) of the Unfunded Mandates Reform Act, P.L. 104–4) requires a statement of whether the provisions of the reported bill include unfunded mandates. H.R. 444 amends the Workforce Investment Act. As such, the bill does not contain any unfunded mandates.

ROLLCALL VOTES

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 1 BILL H.R. 444 DATE March 5, 2003

AMENDMENT NUMBER 2 DEFEATED 20 - 24

SPONSOR/AMENDMENT Mr. Kildee / amendment in the nature of a substitute

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. BALLENGER		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE				X
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. NORWOOD		X		
Mr. UPTON				X
Mr. EHLERS		X		
Mr. DeMINT		X		
Mr. ISAKSON		X		
Mrs. BIGGERT		X		
Mr. PLATTS				X
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. COLE		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mr. CARTER		X		
Mrs. MUSGRAVE		X		
Mrs. BLACKBURN		X		
Mr. GINGREY		X		
Mr. BURNS		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS				X
Mr. PAYNE	X			
Mr. ANDREWS	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH				X
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. CASE	X			
Mr. GRIJALVA	X			
Ms. MAJETTE	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
TOTALS	20	24		5

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 2 BILL H.R. 444 DATE March 5, 2003

AMENDMENT NUMBER 6 DEFEATED 20 - 22

SPONSOR/AMENDMENT Mr. Payne / amendment changing current law application of civil rights law

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman				X
Mr. BALLENGER				X
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. NORWOOD				X
Mr. UPTON		X		
Mr. EHLERS				X
Mr. DeMINT		X		
Mr. ISAKSON		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE				X
Mr. WILSON		X		
Mr. COLE		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mr. CARTER		X		
Mrs. MUSGRAVE		X		
Mrs. BLACKBURN		X		
Mr. GINGREY		X		
Mr. BURNS		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS				X
Mr. CASE	X			
Mr. GRIJALVA	X			
Ms. MAJETTE	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
TOTALS	20	22		7

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 3 BILL H.R. 444 DATE March 5, 2003

AMENDMENT NUMBER 7 DEFEATED AS AMENDED 20 - 23

SPONSOR/AMENDMENT Ms. McCollum / amendment regarding certain displaced workers as a result of basing agreements

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. BALLENGER				X
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. NORWOOD				X
Mr. UPTON		X		
Mr. EHLERS				X
Mr. DeMINT		X		
Mr. ISAKSON		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE				X
Mr. WILSON		X		
Mr. COLE		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mr. CARTER		X		
Mrs. MUSGRAVE		X		
Mrs. BLACKBURN		X		
Mr. GINGREY		X		
Mr. BURNS		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS				X
Mr. CASE	X			
Mr. GRIJALVA	X			
Ms. MAJETTE	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
TOTALS	20	23		6

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 4 BILL H.R. 444 DATE March 5, 2003
H.R. 444 was ordered favorably reported, as amended, by a vote of 23 –22 with
1 Member voting Present

SPONSOR/AMENDMENT Mr. McKeon /motion to report the bill to the House with an
amendment and with the recommendation that the bill as amended do pass

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman	X			
Mr. PETRI, Vice Chairman	X			
Mr. BALLENGER	X			
Mr. HOEKSTRA	X			
Mr. McKEON	X			
Mr. CASTLE			X	
Mr. JOHNSON	X			
Mr. GREENWOOD	X			
Mr. NORWOOD				X
Mr. UPTON	X			
Mr. EHLERS				X
Mr. DeMINT	X			
Mr. ISAKSON	X			
Mrs. BIGGERT	X			
Mr. PLATTS	X			
Mr. TIBERI	X			
Mr. KELLER	X			
Mr. OSBORNE	X			
Mr. WILSON	X			
Mr. COLE	X			
Mr. PORTER	X			
Mr. KLINE	X			
Mr. CARTER	X			
Mrs. MUSGRAVE		X		
Mrs. BLACKBURN	X			
Mr. GINGREY	X			
Mr. BURNS	X			
Mr. MILLER		X		
Mr. KILDEE		X		
Mr. OWENS		X		
Mr. PAYNE		X		
Mr. ANDREWS		X		
Ms. WOOLSEY		X		
Mr. HINOJOSA				X
Mrs. McCARTHY		X		
Mr. TIERNEY		X		
Mr. KIND		X		
Mr. KUCINICH		X		
Mr. WU		X		
Mr. HOLT		X		
Mrs. DAVIS		X		
Ms. McCOLLUM		X		
Mr. DAVIS		X		
Mr. CASE		X		
Mr. GRIJALVA		X		
Ms. MAJETTE		X		
Mr. VAN HOLLEN		X		
Mr. RYAN		X		
Mr. BISHOP		X		
TOTALS	23	22	1	3

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF
THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the body of this report.

NEW BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of 3(c)(3) of rule XIII of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 444 from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, March 11, 2003.

Hon. JOHN A. BOEHNER,
*Chairman, Committee on Education and the Workforce,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 444, the Back to Work Incentive Act of 2003.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Christina Hawley Sadoti (for federal costs), Greg Waring (for the state and local impact), and Ralph Smith (for the private-sector impact).

Sincerely,

DOUGLAS HOLTZ-EAKIN,
Director.

Enclosure.

H.R. 444—Back to Work Incentive Act of 2003

Summary: H.R. 444 would amend the Workforce Investment Act of 1998 (WIA) to create a grant program to help states create "personal reemployment accounts" for individuals who are likely to exhaust their unemployment compensation. This bill would authorize the appropriation of \$3.6 billion for fiscal year 2003. Assuming appropriation of the authorized amount, CBO estimates that enactment of this bill would increase spending by \$3.6 billion over the 2004–2005 period.

H.R. 444 contains no intergovernmental or private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 444 is shown in the following table. The cost of this legislation falls within budget function 500 (education, training, employment, and social services). For the purposes of this estimate, CBO assumes H.R. 444 will be enacted by the beginning of July 2003.

	By fiscal year, in millions of dollars—					
	2003	2004	2005	2006	2007	2008
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Reemployment Accounts:						
Authorization Level	3,600	0	0	0	0	0
Estimated Outlays	0	2,700	900	0	0	0

Basis of the estimate: H.R. 444 would authorize the appropriation of \$3.6 billion in fiscal year 2003 for states to establish personal reemployment accounts for certain individuals who are likely to exhaust their unemployment benefits. These individuals could receive up to \$3,000 that could be used to assist with job training expenses or other employment-related needs, such as child care or transportation expenses. If the individual becomes employed within a certain period of time, he or she may be eligible to keep the unspent amount as a bonus. At state option, these funds may be used as cash assistance for individuals who have exhausted their right to unemployment compensation. For this estimate, CBO assumes that the authorized amount will be appropriate sometime this summer. The first grants to states would likely occur in fiscal year 2004.

Intergovernmental and private-sector impact: H.R. 444 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. States that submit plans for the personal reemployment accounts program would receive grants from the Department of Labor for enhancing worker profiling systems and funding and operating the individual accounts. Any cost to states from participating in the program would be incurred voluntarily.

Estimated prepared by: Federal Costs: Christina Hawley Sadoti; Impact on State, Local, and Tribal Governments: Greg Waring; and Impact on the Private Sector: Ralph Smith.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with Clause (3)(c) of House rule XIII, the goal of H.R. 444 is to provide grants within the Workforce Investment Act (WIA) to create personal reemployment accounts, or “Back to Work accounts,” to assist unemployed individuals in returning to work. The Committee expects the Department of Labor to comply with H.R. 444 and implement the changes to the law in accordance with the changes.

CONSTITUTIONAL AUTHORITY STATEMENT

Under clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee must include a statement citing the specific powers granted to Congress in the Constitution to enact the law proposed by H.R. 444. The Committee believes that the amendments made by this bill, which authorize appropriations for the Workforce Investment Act, are within Congress’ authority under Article I, section 8, clause 1 of the Constitution.

COMMITTEE ESTIMATE

Clauses 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs that would be incurred in carrying out H.R. 444. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

WORKFORCE INVESTMENT ACT OF 1998

* * * * *

Sec. 1. Short title; table of contents.

TITLE I—WORKFORCE INVESTMENT SYSTEMS

* * * * *

Subtitle B—Statewide and Local Workforce Investment Systems

Sec. 106. Purpose.

CHAPTER 1—STATE PROVISIONS

Sec. 111. State workforce investment boards.

* * * * *

CHAPTER 5A—PERSONAL REEMPLOYMENT ACCOUNTS

Sec. 135A. Purposes.
Sec. 135B. Definition.
Sec. 135C. Grants to States.
Sec. 135D. Within State allocation.
Sec. 135E. Personal reemployment accounts.
Sec. 135F. Use of funds.
Sec. 135G. State and local plans.
Sec. 135H. Program information.
Sec. 135I. Evaluation.

* * * * *

TITLE I—WORKFORCE INVESTMENT SYSTEMS

* * * * *

Subtitle B—Statewide and Local Workforce Investment Systems

* * * * *

CHAPTER 2—LOCAL PROVISIONS

* * * * *

SEC. 117. LOCAL WORKFORCE INVESTMENT BOARDS.

(a) * * *

* * * * *

(d) FUNCTIONS OF LOCAL BOARD.—The functions of the local board shall include the following:

(1) * * *

* * * * *

(3) BUDGET AND ADMINISTRATION.—

(A) * * *

(B) ADMINISTRATION.—

(i) GRANT RECIPIENT.—

(I) IN GENERAL.—The chief elected official in a local area shall serve as the local grant recipient for, and shall be liable for any misuse of, the grant funds allocated to the local area under [sections 128 and 133] *sections 128, 133, and 135D*, unless the chief elected official reaches an agreement with the Governor for the Governor to act as the local grant recipient and bear such liability.

* * * * *

(4) PROGRAM OVERSIGHT.—The local board, in partnership with the chief elected official, shall conduct oversight with respect to local programs of youth activities authorized under section 129, local employment and training activities authorized under section 134, *activities authorized under section 135F*, and the one-stop delivery system in the local area.

* * * * *

CHAPTER 5—ADULT AND DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

* * * * *

SEC. 134. USE OF FUNDS FOR EMPLOYMENT AND TRAINING ACTIVITIES.

(a) * * *

* * * * *

(c) ESTABLISHMENT OF ONE-STOP DELIVERY SYSTEM.—

(1) IN GENERAL.—There shall be established in a State that receives an allotment under section 132(b) a one-stop delivery system, which—

(A) * * *

* * * * *

(D) shall provide access to programs and activities carried out by one-stop partners and described in section 121(b); [and]

(E) shall provide access to the information described in section 15 of the Wagner-Peyser Act and all job search, placement, recruitment, and other labor exchange services

authorized under the Wagner-Peyser Act (29 U.S.C. 49 et seq.)**[.]**; and

(F) shall provide access to personal reemployment accounts in accordance to section 135E.

* * * * *

CHAPTER 5A—PERSONAL REEMPLOYMENT ACCOUNTS

SEC. 135A. PURPOSES.

The purposes of this chapter are to provide for the establishment of personal reemployment accounts for certain individuals identified as likely to exhaust their unemployment compensation in order to—

- (1) accelerate the reemployment of such individuals;*
- (2) promote the retention in employment of such individuals;*
- and*
- (3) provide such individuals with enhanced flexibility, choice, and control in obtaining intensive reemployment, training, and supportive services.*

SEC. 135B. DEFINITION.

In this chapter, the term “State” means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the United States Virgin Islands.

SEC. 135C. GRANTS TO STATES.

(a) **GRANTS.**—*The Secretary shall—*

- (1) reserve $\frac{2}{10}$ of 1 percent of the amount appropriated under section 137(d) for use under section 135I; and*
- (2) use the remainder of the amount appropriated under section 137(d) to make allotments in accordance with subsection (b).*

(b) **ALLOTMENT AMONG STATES.**—

- (1) IN GENERAL.—From the amount made available under subsection (a)(2), the Secretary shall allot to each State an amount that is proportionate to the relative number of unemployed individuals in the State as compared to the total number of unemployed individuals in all States in order to provide assistance for eligible individuals in accordance with this chapter.*
- (2) SMALL STATE MINIMUM ALLOTMENT.—The Secretary shall ensure that—*

(A) each State (other than the United States Virgin Islands) shall receive an allotment under paragraph (1) that is not less than $\frac{3}{10}$ of 1 percent of the amount made available under subsection (a)(2) for the fiscal year; and

(B) the United States Virgin Islands shall receive an allotment under paragraph (1) that is not less than $\frac{1}{10}$ of 1 percent of the amount made available under subsection (a)(2) for the fiscal year.

(c) **AVAILABILITY.**—*Notwithstanding section 189(g)(1), amounts made available under subsection (a) to carry out this chapter shall be available for obligation and expenditure beginning on the date of the enactment of the Back to Work Incentive Act of 2003.*

SEC. 135D. WITHIN STATE ALLOCATION.

(a) **ALLOCATION.**—*Of the amount allotted to a State under section 135C—*

(1) not more than 2 percent of the amount may be reserved by the Governor of the State to enhance the system of worker profiling described in section 303(j) of the Social Security Act and to establish and operate a data management system, as necessary, and carry out other appropriate activities to implement this chapter;

(2) 5 percent of the amount shall be allocated by the State to local areas in accordance with the formula described in subsection (b) for start-up costs and other operating costs related to the provision of assistance under this chapter; and

(3) the remainder of the amount shall be provided to local areas consistent with the methods and procedures described in section 135G(a)(4) for the establishment of personal reemployment accounts described in section 135E for eligible individuals in such local areas.

(b) **FORMULA.**—A State shall allocate funds to local areas in the State under subsection (a)(2) in an amount that is proportionate to the relative number of unemployed individuals in the local area as compared to the total number of unemployed individuals in the State.

(c) **AVAILABILITY.**—Notwithstanding section 189(g)(2), amounts allotted to a State under section 135C, and amounts subsequently provided to a local area under this section, shall be available for obligation and expenditure only for the 3-year period beginning on the date of the enactment of the Back to Work Incentive Act of 2003.

SEC. 135E. PERSONAL REEMPLOYMENT ACCOUNTS.

(a) **ACCOUNTS.**—

(1) **IN GENERAL.**—Funds provided to a local area under section 135D shall be used to provide eligible individuals with personal reemployment accounts to be used in accordance with section 135F. An eligible individual may receive only one personal reemployment account.

(2) **AMOUNT.**—The State shall establish the amount of a personal reemployment account, which shall be uniform throughout the State, and shall not exceed \$3,000.

(b) **ELIGIBLE INDIVIDUALS.**—

(1) **IN GENERAL.**—Each State shall establish eligibility criteria for individuals for personal reemployment accounts in accordance with this subsection.

(2) **ELIGIBILITY CRITERIA REQUIREMENTS.**—

(A) **IN GENERAL.**—Subject to subparagraph (B), an individual shall be eligible to receive assistance under this chapter if, beginning after the date of enactment of the Back to Work Incentive Act of 2003, the individual—

(i) is identified by the State pursuant to section 303(j)(1) of the Social Security Act as likely to exhaust regular unemployment compensation and in need of job search assistance to make a successful transition to new employment or an individual's unemployment can be attributed in substantial part to unfair competition from Federal Prison Industries, Inc.;

(ii) is receiving regular unemployment compensation under any State or Federal unemployment compensation program administered by the State; and

(iii) is eligible for not less than 20 weeks of regular unemployment compensation described in clause (ii).

(B) *ADDITIONAL ELIGIBILITY AND PRIORITY CRITERIA.*—A State may establish criteria that is in addition to the criteria described in subparagraph (A) for the eligibility of individuals to receive assistance under this chapter. A State may also establish criteria for priority in the provision of assistance to such eligible individuals under this chapter.

(3) *TRANSITION RULE.*—

(A) *PREVIOUSLY IDENTIFIED AS LIKELY TO EXHAUST UNEMPLOYMENT COMPENSATION.*—

(i) *IN GENERAL.*—At the option of the State, and subject to clause (ii), an individual may be eligible to receive assistance under this chapter if the individual—

(I) during the 13-week period ending the week prior to the date of the enactment of the Back to Work Incentive Act of 2003, was identified by the State pursuant to section 303(j)(1) of the Social Security Act as likely to exhaust regular unemployment compensation and in need of job search assistance to make a successful transition to new employment; and

(II) otherwise meets the requirements of clauses (ii) and (iii) of paragraph (2)(A).

(ii) *ADDITIONAL ELIGIBILITY AND PRIORITY CRITERIA.*—A State may establish criteria that is in addition to the criteria described in clause (i) for the eligibility of individuals to receive assistance under this chapter. A State may also establish criteria for priority in the provision of assistance to such eligible individuals under this chapter.

(B) *PREVIOUSLY EXHAUSTED UNEMPLOYMENT COMPENSATION.*—At the option of the State, an individual may be eligible to receive assistance under this chapter if the individual—

(i) during the 26-week period ending the week prior to the date of the enactment of the Back to Work Incentive Act of 2003, exhausted all rights to any unemployment compensation; and

(ii)(I) is enrolled in training and needs additional support to complete such training, with a priority of service to be provided to such individuals who are training for shortage occupations or high-growth industries; or

(II) is separated from employment in an industry or occupation that has experienced declining employment, or no longer provides any employment, in the local labor market during the two-year period ending on the date of the determination of eligibility of the individual under this subparagraph.

(4) *NO INDIVIDUAL ENTITLEMENT.*—Nothing in this chapter shall be construed to entitle any individual to receive a personal reemployment account.

(c) *LOCAL ADMINISTRATION.*—

(1) *INFORMATION AND ATTESTATION.*—Prior to the establishment of a personal reemployment account for an eligible individual under this chapter, the local board, through the one-stop delivery system, shall ensure that the individual—

(A) is informed of the requirements applicable to the personal reemployment account, including the allowable uses of funds from the account, the limitations on access to services described under section 135F(a)(3)(C) and a description of such services, and the conditions for receiving a reemployment bonus;

(B) has the option to develop a personal reemployment plan which will identify the employment goals and appropriate combination of services selected by the individual to achieve the employment goals; and

(C) signs an attestation that the individual has been given the option to develop a personal reemployment plan in accordance with subparagraph (B), will comply with the requirements relating to the personal reemployment accounts under this chapter, and will reimburse the account or, if the account has been terminated, the program under this chapter, for any amounts expended from the account that are not allowable.

(2) *PERIODIC INTERVIEWS.*—If a recipient exhausts his or her rights to any unemployment compensation, and the recipient has a remaining balance in his or her personal reemployment account, the one-stop delivery system shall conduct periodic interviews with the recipient to assist the recipient in meeting his or her individual employment goals.

SEC. 135F. USE OF FUNDS.

(a) *ALLOWABLE ACTIVITIES.*—

(1) *IN GENERAL.*—Subject to the requirements contained in paragraphs (2) and (3), a recipient may use amounts in a personal reemployment account to purchase one or more of the following:

(A) Intensive services, including those types of services specified in section 134(d)(3)(C).

(B) Training services, including those types of services specified in section 134(d)(4)(D).

(C) Supportive services, except for needs-related payments.

(D) Assistance to purchase or lease an automobile, if such assistance is necessary to allow the recipient to accept a bona fide offer of employment for which there is a reasonable expectation of long-term duration.

(2) *DELIVERY OF SERVICES.*—The following requirements relating to delivery of services shall apply to the program under this chapter:

(A) Recipients may use funds from the personal reemployment account to purchase the services described in paragraph (1) through the one-stop delivery system on a fee-for-service basis, or through other providers, consistent with safeguards described in the State and local plans under section 135G.

(B) The local board, through the one-stop delivery system, may pay costs for such services directly on behalf of the re-

recipient, through a voucher system, or by reimbursement to the recipient upon receipt of appropriate cost documentation, consistent with safeguards described in the State plan under section 135G.

(C) Each local board, through the one-stop delivery system, shall make available to recipients information on training providers specified in section 134(d)(4)(F)(ii), information available to the one-stop delivery system on providers of the intensive and supportive services described in paragraph (1), and information relating to occupations in demand in the local area.

(3) **LIMITATIONS.**—The following limitations shall apply with respect to personal reemployment accounts under this chapter:

(A)(i) Amounts in a personal reemployment account may be used for up to one year from the date of the establishment of the account.

(ii) No personal reemployment account may be established beginning 2 years after the date of the enactment of the Back to Work Incentive Act of 2003.

(B) Each recipient shall submit cost documentation as required by the one-stop delivery system.

(C) For the 1-year period following the establishment of the account, recipients may not receive intensive, supportive, or training services funded under this title except on a fee-for-services basis as specified in paragraph (2)(A).

(D) Amounts in a personal reemployment account shall be nontransferable.

(b) **INCOME SUPPORT.**—A State may authorize recipients determined eligible under section 135E(b)(3)(B) to withdraw amounts from the personal reemployment account on a weekly basis for purposes of income support in amounts up to the average weekly amount of unemployment compensation that the individual received prior to his or her exhaustion of rights to unemployment compensation if the individual is engaged in job search, intensive services, or training that is expected to lead to employment.

(c) **REEMPLOYMENT BONUS.**—

(1) **IN GENERAL.**—Subject to paragraph (2)—

(A) if a recipient determined eligible under section 135E(b)(2) obtains full-time employment before the end of the 13th week of unemployment for which unemployment compensation is paid, the balance of his or her personal reemployment account shall be provided directly to the recipient in cash; and

(B) if a recipient determined eligible under section 135E(b)(3) obtains full-time employment before the end of the 13th week after the date on which the account is established, the balance of his or her personal reemployment account shall be provided directly to the recipient in cash.

(2) **LIMITATIONS.**—The following limitations shall apply with respect to a recipient described in paragraph (1):

(A) 60 percent of the remaining personal reemployment account balance shall be paid to the recipient at the time of reemployment.

(B) 40 percent of the remaining personal reemployment account balance shall be paid to the recipient after 26 weeks of employment retention.

(3) *EXCEPTION REGARDING SUBSEQUENT UNEMPLOYMENT.*—If a recipient described in paragraph (1) subsequently becomes unemployed due to a lack of work after receiving the portion of the reemployment bonus specified under paragraph (2)(A), the individual may use the amount remaining in the personal reemployment account for the purposes described in subsection (a) but may not be eligible for additional cash payments under this subsection.

SEC. 135G. STATE AND LOCAL PLANS.

(a) *STATE PLAN.*—In order for a State to receive an allotment under section 135C, the Governor of the State shall submit to the Secretary a plan for approval that includes a description of how the State intends to carry out the personal reemployment accounts authorized under this chapter, including—

(1) the criteria and methods to be used for determining eligibility for the personal reemployment accounts, including whether the State intends to include the optional categories described in section 135E(b)(3), and the additional criteria and priority for service that the State intends to apply, if any, pursuant to section 135E(b)(2)(B);

(2) the methods or procedures, developed in consultation with local boards and chief elected officials, to be used to provide eligible individuals information relating to services and providers, and safeguards, developed in consultation with such boards and officials, to ensure that funds from the personal reemployment accounts are used for purposes authorized under this chapter and to ensure the quality and integrity of services and providers, consistent with the purpose of providing such individuals with enhanced flexibility, choice, and control in obtaining intensive reemployment, training, and supportive services.

(3) how the State will coordinate the activities carried out under this chapter with the employment and training activities carried out under section 134 and other activities carried out by each local board through the one-stop delivery system in the State; and

(4) the methods and procedures for providing funds to local areas under section 135D(a)(3).

(b) *LOCAL PLAN.*—In order for a local area to receive an allocation under section 135D, the local board, in partnership with the chief elected official for the local area involved, shall submit to the Governor a plan for approval that includes a description of how the local board intends to carry out the personal reemployment accounts, consistent with the requirements of this chapter and with the State plan established under subsection (a), including—

(1) a description of how the local board will coordinate the activities carried out under this chapter with the employment and training activities carried out in the local area under section 134; and

(2) a description of the methods or procedures to be used to provide eligible individuals information relating to the jobs that are available in the local area in high demand occupations and information on services and providers, and the safeguards the

local area will initiate to ensure that funds from the personal reemployment accounts are used for purposes authorized under this chapter and to ensure the quality and integrity of services and providers, consistent with the purpose of providing such individuals with enhanced flexibility, choice, and control in obtaining intensive reemployment, training, and supportive services, and consistent with the State plan.

(c) **STATE PLAN SUBMISSION AND APPROVAL.**—A State plan submitted to the Secretary under subsection (a) by a Governor shall be considered to be approved by the Secretary at the end of the 30-day period beginning on the date the Secretary receives the plan, unless the Secretary makes a written determination during such period that the plan is incomplete or otherwise inconsistent with the provisions of this chapter.

SEC. 135H. PROGRAM INFORMATION.

The Secretary may require from States the collection and reporting on such financial, performance, and other program-related information as the Secretary determines is appropriate to carry out this chapter, including the evaluation described in section 135I.

SEC. 135I. EVALUATION.

(a) **EVALUATION.**—From the amount made available under section 135C(a)(1), the Secretary, pursuant to the authority provided under section 172, shall, directly or through grants, contracts, or cooperative agreements with appropriate entities, conduct an evaluation of the activities carried out under this chapter.

(b) **CONDUCT OF EVALUATION.**—The evaluation shall examine the effectiveness of such activities in achieving the purposes described in section 135A and such other purposes as the Secretary determines are appropriate.

(c) **REPORT.**—The report to Congress under section 172(e) relating to the results of the evaluations required under section 172 shall include the recommendation of the Secretary with respect to the use of personal reemployment accounts as a mechanism to assist individuals in obtaining and retaining employment.

* * * * *

CHAPTER 6—GENERAL PROVISIONS

* * * * *

SEC. 137. AUTHORIZATION OF APPROPRIATIONS.

(a) * * *

* * * * *

(d) **PERSONAL REEMPLOYMENT ACCOUNTS.**—

(1) **IN GENERAL.**—There is authorized to be appropriated \$3,600,000,000 for fiscal year 2003 to carry out chapter 5A.

(2) **AVAILABILITY.**—Amounts appropriated pursuant to the authorization of appropriations under paragraph (1) to carry out section 135I are authorized to remain available until expended.

* * * * *

MINORITY VIEWS

H.R. 444—PERSONAL REEMPLOYMENT ACCOUNTS FAILING TO CREATE JOBS AND UNDERMINING UNEMPLOYMENT FOR AMERICA'S WORKERS

INTRODUCTION

Unemployment—and a lack of jobs—continues to cripple the American economy. Due to the Bush Administration's failed economic policies and mismanagement of the federal budget, we are experiencing some of the highest unemployment rates, and lowest levels of consumer confidence in a decade. More than 8.3 million individuals are out of work, and by one estimate, there are three workers for every available job. At the same time, over 1.2 million unemployed Americans who have exhausted their federal unemployment benefits are looking to Congress for urgent relief.

H.R. 444 fails to provide the nation's most vulnerable workers urgently needed assistance, and undermines key provisions of the existing Workforce Investment Act.

The centerpiece of this bill involves the luring of financially strapped unemployed workers out of more intensive job training with a "buy out" that could be as little as \$500 or less. This is a cynical trap for workers who must choose between training or additional financial support for their family. By contrast, extending unemployment benefits provides that urgently needed family support, with no draconian cap on job training services. H.R. 444 would require the unemployed to pay for otherwise free job counseling and training services and ban them from the system if they accept a PRA.

H.R. 444 would undermine our workforce training and unemployment insurance systems. This bill not only ignores those families who need the help the most, it blows a hole in virtually every accountability contained in our job training programs. H.R. 444 would provide little if any oversight over program dollars spent at fly-by-night training providers. State certification requirements under the current WIA system would be all but removed with the PRAs—opening the door for financial abuse with no means to correct or even measure the potential abuses. Congress just revamped the job training system in 1998 to provide a comprehensive universal system of job assistance services, yet the Majority would circumvent their own system to create a new parallel program.

This bill also fails to provide relief quickly. The Congressional Budget Office says funds for this program would not even reach workers until next year—and one out of four eligible families would not be helped until fiscal year 2005. An unemployment insurance extension can provide help to workers in a matter of weeks, not months or years—and would provide urgently needed short-term economic stimulus.

Rather than preparing for another extension of unemployment insurance that will be needed in the late spring, H.R. 444 seeks to utilize precious resources to provide assistance to the smallest fraction of the unemployed. This legislation is part of a strategy to undermine and cut funding to the unemployment and job-training systems and head-off another federal unemployment benefit extension that would provide assistance to those who desperately need it.

This legislation bars those who accept Personal Re-employment Accounts from receiving counseling and training services at a one-stop employment center for one year once the funds within the account are exhausted. Unemployed workers currently receive an average of \$5,000 (and as high as \$10,000) worth of training services under our current WIA system, and yet many of them are unable to find a sustainable job due to the jobless stagnation of the economy. H.R. 444 would cut millions of unemployed workers off from access to needed job training or retraining programs.

In addition, the infrastructure that would be required to administer the PRAs in the base bill would take several months, if not a year to set up, limiting what immediate help we can provide the unemployed. In its budget submission, the Bush Administration claimed that funds could be made available to workers in the current fiscal year. As noted above, the Congressional Budget Office repudiated this assertion, and has estimated that funds for this program would not even reach workers until next year—and one out of four eligible families would not be helped until fiscal year 2005.¹

Those that advocate for PRAs also imply that there are plenty of jobs for unemployed workers to accept. In reality, the economy has lost 2.5 million jobs since the current downturn in March of 2001. In addition, there are presently 3 unemployed workers competing for each current job opening.

Finally, PRAs would become the nation's first multi-billion program for which coverage of the nation's civil rights laws are in jeopardy. According to the Congressional Research Service, H.R. 444 "appears to beg the question of whether private providers of re-employment services . . . are subject to federal non-discrimination requirements."² Under federal law, providers are not subject to certain civil rights laws unless they are considered "recipients" of federal financial aid. Because H.R. 444 employs a voucher scheme to provide benefits, CRS has questioned whether "providers" under the bill are technically "recipients." Failure to have the full force and effect of the nation's anti-discrimination laws apply to a multi-billion dollar federal program would be a shameful retreat of the nation's commitment to civil rights.

¹ Congressional Budget Office, An Analysis of the President's Budgetary Proposals for Fiscal Year 2004, March 2003.

² Memorandum from Charles V. Dale, Legislative Attorney, American Law Division, Congressional Research Service, March 3, 2003.

AMENDMENTS

Representative Kildee sought to address H.R. 444's major shortcomings by offering an amendment that would use the bill's funding to provide for immediate and future extended federal unemployment benefits and reverse harmful cuts to job training programs in the last 2 years. The last extension of unemployment benefits signed into law in January provided extended benefits to some, but not all of the nation's unemployed. The Administration and the Congressional Republican leadership chose not to cover 1.2 million workers who had previously exhausted their unemployment benefits.

This amendment directly responded to the real needs of the American workforce by providing funds to extend unemployment benefits to the estimated 1.2 million workers who have exhausted their Federal unemployment benefits and are still unable to find work. In addition, this amendment would provide funds to extend unemployment benefits to September when the current extension expires at the end of May and authorize an additional \$650 million in funding to offset recent cuts to our nation's job training programs. Unfortunately, this amendment was defeated on a party line vote.

Representative Payne offered an amendment to make clear that federal anti-discrimination laws apply to the bill's job training providers, but the amendment was rejected on a party line vote.

Representative Wu offered an amendment that would have allowed local workforce boards to determine the actual amount of each PRA and struck the one-year prohibition on One-stop services to those receiving PRAs. This amendment pointed out two critical flaws in the Republican legislation. First, the base bill allows States to set the actual amount of each PRA. While the Majority has advertised this bill as providing \$3,000 in assistance to each unemployed individual, PRA recipients are more likely to receive substantially less, possibly as little as \$500. The Administration estimates that PRAs could serve up to 1.2 million unemployed workers, however, almost 4 million would be eligible forcing Governors to either cut the number of workers covered or cut the amount of PRAs. Second, individuals who accept PRAs are barred from receiving services at the one-stop centers for one year, except on a fee for service basis. This freezes out unemployed workers from the very training and services they need to secure employment. This amendment was defeated by voice vote.

Representative Majette offered and withdrew an amendment that would have prevented fraud by requiring providers of training services to meet the eligibility requirements under WIA.

Representative McCollum offered an amendment to make workers injured by unfair economic competition from Turkey to be eligible for PRAs. This amendment was defeated by voice vote.

CONCLUSION

H.R. 444 fails to address the most significant needs of the unemployed. Extending unemployment benefits, coupled with the assistance that unemployed workers can receive through one-stop service centers, will provide workers with the means to achieve high paying jobs. We need to address the needs of our unemployed now, while they are struggling to pay their mortgage and put food on the table for their families. The bill fails to address these concerns and squanders resources better used to provide immediate help to unemployed workers.

GEORGE MILLER,
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 DONALD M. PAYNE,
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 SUSAN DAVIS,
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 DALE E. KILDEE,
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 RUSH HOLT,
 RUBÉN HINOJOSA.

