



Legislative Bulletin.....March 14, 2013

Contents:

H.R. 803 — the Supporting Knowledge and Investing in Lifelong Skills (SKILLS) Act

**H.R. 803 — SKILLS ACT
(Foxx, R-NC)**

Order of Business: The legislation is scheduled to be considered under a rule (that has not yet been determined) on Thursday, March 14, 2013.

Summary: H.R. 803, the Supporting Knowledge and Investing in Lifelong Skills (SKILLS) Act, seeks to empower employers, rein in bureaucracy, and provide America’s workers with a more dynamic, flexible, and effective network of job training services. The legislation eliminates and streamlines 35 ineffective and duplicative programs, including 27 identified in a 2011 report by the nonpartisan Government Accountability Office. The proposal creates a flexible Workforce Investment Fund to serve as a single source of support for workers, employers, and job seekers. The legislation also empowers state governors to consolidate additional employment and training programs and services at the state level for the express purpose to improve administrative efficiency, further eliminating waste and improving support for workers.

The SKILLS Act strengthens the role of employers in workforce development decisions by requiring two-thirds of workforce board members be employers and focuses training on in-demand occupations. The legislation requires state and local leaders to use a set of common performance measures for services offered to workers, improving accountability and protecting taxpayer dollars. The SKILLS Act also allows State and local workforce investment boards to be responsible for policy and oversight of employment and training services. Finally, the legislation repeals 19 mandates affecting who can serve on the boards and empowers state and local officials to appoint the remaining members. The following are highlights of the legislation.

Amendments to the Workforce Investment Act of 1998

The legislation amends the requirements for the State workforce investment boards to specify the general requirements for state board membership by removing the mandatory partners and requiring a two-thirds business majority. The legislation also amends State plans to specify the

general requirements for plans submitted by state workforce investment boards and amends the state planning cycle from a 5-year to 3-year strategy.

H.R. 803 amends Local workforce investment areas to specify general requirements for designating local workforce areas and removes all grandfathering clauses that allowed areas in existence prior to 1998 to remain. The legislation also amends Local workforce investment boards to specify the general requirements for local board membership by removing the mandated partners and requiring a two-thirds business majority. The legislation further amends Local plans to specify the general requirements for plans submitted by local workforce investment boards, requires local boards to allocate a percentage of funds to be used on training activities, and amends the local planning cycle from a 5-year to 3-year strategy. H.R. 803 establishes a One-Stop delivery system to add employment and training programs at the Small Business Administration and programs and literacy services carried out by public libraries as new optional partner programs within the One-Stop delivery system. The legislation requires state boards to certify One-Stop centers for the purposes of awarding infrastructure funds, and requires One-Stop partners to contribute funds for infrastructure grants. H.R. 803 amends current law to allow governors to identify eligible providers of training services.

The legislation amends State allotments to establish a comprehensive program of employment and training activities for all individuals ages 16 to 72. The legislation amends the Secretary of Labor's reservations of funds, changes the allotment formula of funds to states, and amends the re-allotment provisions. The legislation also amends within state allocations to specify the amounts reserved under the statewide reservations. The legislation changes the allotment formula of funds to local areas, amends the re-allotment provisions for local areas, and retains current local administrative cost limit. H.R. 803 amends the use of funds for employment and training activities to specify the use of funds for employment and training activities at the state and local levels and removes the current sequencing of services requirements. Then legislation also adds the new statewide individuals with barriers to employment grant program requirements and requires a priority for placement in private sector jobs. The legislation establishes a common set of core indicators of performance all employment and training programs under this Act must adhere to and requires the secretary to reduce funds to states that do not meet their performance targets for two consecutive years.

Job Corps

The legislation amends the individuals eligible for the Job Corps to include youth up to the age of 24 years of age and amends current law to specify general requirements for selecting enrollees and placing them into centers that offer the type of career and technical education training selected by the individual. The legislation also amends Job Corps centers to specify general requirements to operate a Job Corps center and requires current grantees to undergo a re-competition. The legislation amends program activities to specify general requirements linking education and training to in-demand industries in the state and the attainment of a regular high school diploma. H.R. 803 removes the requirement to provide counseling and job placement services to former enrollees and the legislation changes the secretary's allowances to graduates to become incentive-based. The legislation amends current law to include local workforce investment boards in planning purposes and changes the heading from "Industry Councils" to "Workforce Councils" and specifies general requirements on council members and require a two-thirds business majority. The legislation establishes performance accountability and

management which adds new primary indicators of performance and adds performance indicators for recruiters and career transition service providers. The legislation also requires new transparency and accountability provisions.

The legislation requires that not later than 3 months after the date of enactment of the SKILLS Act, the Secretary shall conduct an audit on the past 10 years of performance of Job Corps centers, including information indicating:

- a comparison of each Job Corps center, by rank, on the performance indicators described in this act;
- a comparison of each Job Corps center, by rank, on the average performance of all performance indicators described in this Act; and
- a listing of the centers, by rank, that have experienced the highest number of serious incidents of crimes of violence, as defined in section 16 of title 18, United States Code.

The legislation requires that not later than 6 months after the date of enactment of the SKILLS Act, the Secretary shall submit a report to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate, which shall contain a detailed statement of the findings and conclusions from the audit described in this Act, including information indicating the centers that are ranked in the bottom quintile on the performance indicators described this Act. Lastly, not later than 12 months after the date of enactment of the SKILLS Act, the Secretary shall close the Job Corps centers that are considered low-performing Job Corps centers by striking the authorization of appropriations and requiring the secretary to close chronically low-performing centers. The legislation adds a new section to restrict the number of new centers to not more than 20 per region.

Other Provisions

The legislation amends Subtitle D of Title I (29 U.S.C. 2911 et seq.) to add a new section 175 to establish Military Transitional Assistance, which provides counseling, assistance in identifying and obtaining employment and training opportunities, and other related services to members of the armed forces who are being separated from active duty and the spouses of such members. The legislation specifies requirements that no funds under this Act shall be used to establish fee-for-service agencies that compete with private sector employment agencies. H.R. 803 amends current law by adding a new section 196 to specify requirements for the secretary to identify and reduce the Department of Labor's workforce by the number of full-time equivalent employees identified as having worked on programs eliminated or consolidated under this Act. The legislation also modifies and adds programs to be included in the unified plan and authorizes the governor to consolidate funds allotted to the identified programs in the Workforce Investment Fund with the exception of the Carl D. Perkins Career and Technical Education Act of 2006 and the Rehabilitation Act of 1973.

The legislation Amends Title II (29 U.S.C. 2901 et seq.) by reducing the secretary's set aside to carry out national activities to 2 percent; requires programs and initiatives funded this title to meet the core indicators of performance outlined in Title I; specifies requirements for state agencies under state leadership activities; encourages coordination and integration of education and occupational skills training among programs and agencies to avoid duplication;

changes 5-year strategic plans to 3-years; specifies requirements for state plans; specifies requirements for local provisions including requiring measurable goals that demonstrate past effectiveness of providers; repeals the National Institute for Literacy; and specifies requirements for national leadership activities to improve performance on core indicators.

The legislation Amends the Wagner-Peyser Act (29 U.S.C. 49 et seq.) by striking Sections 1 through 14. The legislation also amends Section 15 of the Act to require the Secretary of Labor to oversee a nationwide workforce and labor market information system; sets forth provisions with regard to system content, confidentiality of information, system responsibilities, and immunity from legal process; authorizes the secretary to assist in the development of national electronic tools to provide services; and requires the secretary to consult with representatives of state agencies involved in carrying out workforce information strategies.

The legislation Amends the Food and Nutrition Act of 2008 (7 U.S.C. 2012) to specify requirements that employment and training services authorized under section 134 of the Workforce Investment Act must be made available to eligible recipients of supplemental nutrition assistance program benefits; employment and training services shall be provided through the statewide workforce development system; and the responsibility for monitoring both administration and spending of employment and training services shall be in conjunction between both the Secretary of Agriculture and the Secretary of Labor.

The legislation repeals the Youth Conservation Corps Act of 1970 and specified other laws. The legislation amends the Immigration and Nationality Act (INA) with respect to employment and training services for refugees, and the Second Chance Act of 2007 and as well as the Omnibus Crime Control and Safe Streets Act of 1968 with respect to such services through the statewide workforce investment system for federal, state, and local prisoner reentry programs. The legislation amends INA also to require that 15% of importing employer fees deposited into the H-1B Nonimmigrant Petitioner Account be transferred to the Department of Education for gifted and talented grant programs (instead of 50% to job training programs).

The legislation amends the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.) to make the position of Commissioner of the Rehabilitation Services Administration a director appointed by the secretary and to remove the requirement that the position be confirmed by the Senate; applies this change to directors appointed after the date of enactment of the Workforce Investment Improvement Act. The legislation further amends Section 101(a) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)) to allow consultation and technical assistance between the State VR agency and educational agencies to occur through alternative means of meeting participation; to require coordination and collaboration with the state agencies implementing the Assistive Technology Act of 1998; to require the statewide assessment of the rehabilitation needs of individuals with disabilities to include students with disabilities and their needs for transition services and to require a statewide assessment of the transition services provided under the Act; to require the development of strategies for improving and expanding VR services for students with disabilities; and to require states to include in their state plans how they will carry out the Collaboration with Industry grant program and transition services for students with disabilities. Lastly, the legislation amends Section 103 of the Rehabilitation Act of 1973 (29 U.S.C. 723) by specifying the types of transition services to be provided to students with disabilities; to expand

the types of services VR agencies may provide to facilitate the transition of groups of students with disabilities from secondary education to postsecondary education or employment; and to allow state VR agencies to develop assistive technology programs coordinated with services provided under the Assistive Technology Act of 1998 for groups of individuals with disabilities.

Background: According to the Education and Workforce Committee, “roughly 12 million Americans are unemployed and searching for work, yet the Bureau of Labor Statistics reports millions of job openings remain unfilled. One reason for this startling fact is a broken workforce development system. Despite a multi-billion dollar annual taxpayer investment in federal job training programs, employers continue to struggle to find workers with skills necessary to fill in-demand jobs. An unwieldy workforce training system is making it more difficult for workers to access important job skills and assistance, and fails employers who seek a highly trained workforce.”

Committee Action: The legislation was introduced by Rep. Virginia Foxx on February 25, 2013 and referred to the Committee on Education and the Workforce, and in addition to the Committees on the Judiciary, Agriculture, Veterans' Affairs, Energy and Commerce, and Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. The legislation was marked-up by the Committee on Education and the Workforce on March 6, 2013, and reported by the Yeas and Nays: 23-0.

Administration Position: No statement of administration position was available at press time.

Cost to Taxpayers: No CBO report was available at press time, but according to similar bill reported of the Education and Workforce committee during the 112th Congress, [H.R. 4297](#), CBO estimates that mandatory spending would decline by \$115 million in 2013 and by \$1.2 billion over the 2013-2022 periods.

Does the Bill Expand the Size and Scope of the Federal Government? No, the legislation would shrink the size and scope of the federal government through the consolidation and repeal of programs.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: Yes the legislation amends several state and local requirements as it relates to job corps and workforce investment boards.

Does the Bill Contain Any Federal Encroachment into State or Local Authority in Potential Violation of the 10th Amendment?: No.

Does the Bill Delegate Any Legislative Authority to the Executive Branch?: No.

Does the Bill Contain Any Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: An earmarks/revenue benefits statement required under House Rule XXI, Clause 9(a) was not available at press time.

What Is the Constitutional Authority for the Legislation?: According to the constitutional authority statement Congress has the power to enact this legislation pursuant to the following: Article I, section 8 of the Constitution of the United States.

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**After Tuesday, please contact the RSC Policy Director at brett.horton@mail.house.gov for any questions regarding this legislation.