

Job Training Partnership Act: new help for the unemployed

*A result of broad bipartisan support,
the law that replaces CETA is designed
to encourage business and State and
local governments to work together
to train disadvantaged or dislocated workers
for employment in the private sector*

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The enactment of the Job Training Partnership Act, which takes effect October 1, comes just 21 years after passage of the first "manpower" (currently called "job training") program of the modern era in the Area Redevelopment Act.

From that modest beginning in 1961, statute succeeded statute and amendment succeeded amendment. The Manpower Development and Training Act was enacted in 1962 and was constantly amended until its repeal by the Comprehensive Employment and Training Act (CETA) in 1973.¹ In the same decade, the Economic Opportunity Act of 1964 began a series of manpower programs which were also steadily revised prior to their repeal by CETA. While the enactment of CETA was a major restructuring of the numerous manpower programs that had resulted from this spate of legislation, the CETA program had no more stability than its predecessors.

In its brief history, from 1973 to 1982, CETA was amended eight times and proliferated 12 separate programmatic titles, parts, and subparts. The instability of program design resulting from the constant legislative changes was exacerbated by even more severe funding instabilities. In 8 fiscal years, there were 26 separate appropriations for the program including regular, supple-

mental, and emergency appropriations, plus a plethora of continuing resolutions, that culminated with the enactment of the Job Training Partnership Act. It will be interesting to see whether, on the 21st anniversary of these programs, a new era of stability and maturity has been ushered in.

The constant revision of manpower programs was largely caused by the diversity of goals and objectives that have been sought to be achieved through these programs. They have, at various times, been designed to retrain the experienced labor force, to remedy the adverse effects of automation, to relieve poverty, to create jobs, to serve as a backstop for income maintenance programs, to encourage high school completion, to reduce juvenile delinquency, to convert welfare recipients into wage earners and to conserve natural resources. Virtually all worthwhile social goals have at some time been an objective of manpower policy.

Combined with this unrelenting redirection of the objectives of manpower policy has been an incessant power struggle. The original Manpower Development and Training Act was described as a careful treaty between the Employment Service and the vocational education system. Since then, new contenders for control have included community action agencies, counties, cities, States, and the business community. The major issues in the development of manpower programs, from the Manpower Development and Training Act of 1962 up to and

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including the Job Training Partnership Act, have been as much the power relationships among these contending parties as the program's substance itself.

In an article following the enactment of CETA, I wrote that "though all agreed on the need to decentralize not all agreed on who would control under decentralization." That statement is just as applicable to the development of the Job Training Partnership Act. The broad objectives of decategorization and decentralization, which were the agreed-upon parameters of the CETA legislation, were also those of the Job Training Partnership Act. Thus, the issues that needed to be resolved in 1973 also needed to be resolved in 1982.

In the development of the new act, there were three basic issues: first, the appropriate relationship among Federal, State, and local government; second, the appropriate relationship between the business sector and local government in the planning and administration of training programs; and third, the appropriate relationship between training and income and other support.

Intergovernmental relations

In the development of CETA, everyone agreed on the need to decentralize, but there was an unremitting controversy as to whom it should be decentralized to. There were several major contenders but, ultimately, the struggle was one between local and State governments. Resolution came through the definition of the term "prime sponsor," who was the direct recipient of Federal grants with basic programmatic responsibility. Local governments were "prime sponsors" and received direct grants from the Federal Government for all major urbanized areas, that is, for cities and counties with populations of 100,000 or more, and the State was defined as the "prime sponsor" for all other areas. Thus, State and local governments were both "prime sponsors" with identical functions. The distinction between them was geographical, not functional. In essence, the Governor was treated as the local government for rural areas and, as a result, received approximately one-third of basic grant funds for the so-called "balance-of-State." Therefore, local government played barely any role in the balance-of-State, and the State played hardly any role in the areas where prime sponsors were local governments.

The solution to the State and local government conflict resolved one of the major issues between the Democratic Congress and the Republican Administration concerning the implementation of "special revenue sharing." The legislative history is unclear as to whether CETA should have been considered a special revenue sharing program, but it is clear that it was a form of decentralization that left no role for State government in those areas where Federal grants were made directly to local government.

The development of the relative roles of State and local governments in the Job Training Partnership Act is quite different. One of the major program goals of the current Administration is the development of a "New Federalism." Whether the Job Training Partnership Act is indeed the first example of new federalism in action remains to be seen, but it is clear that the intergovernmental relationships contemplated by this act are vastly different from those under CETA.

Under the Job Training Partnership Act, the distinction between the role of local and State governments is not based on geography but rather on function. The Governor has the same role with respect to all areas of the State instead of having a commanding voice in rural areas and none in urban. Under the act, Federal grants are made to the States with a mandatory suballocation formula to the service delivery area into which the State is divided. The basic design and administration of job training programs occurs at the local (service delivery area) level through a partnership between local government and business organizations.

The State's role is *not* that of the design and implementation of the details of the training programs; but is coordination, supervision, review, monitoring and assignment of performance goals and sanctions for non-performance. The basic role of the State in this act has not been achieved by transfer of functions from the local government, rather it has been accomplished by transfer of functions in the Federal Government.

The basic functions of the State are the designation of service delivery areas, approval of local plans, fiscal and management controls, application and enforcement of performance standards, and coordination of programs. A word should be said about the first and last of these. Federal legislation no longer mandates service delivery areas, but instead gives the Governor considerable discretion to relate service delivery areas to the economic realities in his or her State or to areas in which related services are performed. Of course, there are substantial limits to the Governor's discretion because localities with populations of 200,000 or more do have a statutory right to form service delivery areas on their own. However, one may hope that, in the long run, the advantages of rationalizing the Governor's areas will discourage this choice.

Another major and new role at the State level is the authority to achieve coordination among job training programs. Prior attempts to mandate coordination at the local level have not been generally effective, while coordination at the Federal level has been no more successful. The State government seems the most logical place to bring the variety of interrelated programs together and thus, under the Job Training Partnership Act, the State is authorized to prescribe coordination criteria which are mandatory on the local delivery sys-

tems. It should also be noted that the act also amends the Wagner-Peyser Act, which had for practical purposes remained unamended since its enactment 50 years ago, with the major objective of promoting coordination between the training and the Employment Service systems.

It should be emphasized that the act also leaves a strong and, one would hope, more effective role for the Federal Government. In past training programs, the Federal role has been substantial, but it has focused on methods of achieving goals rather than on execution. The new training act removes that detailed regulatory authority from the Labor Department. The department is also removed from day-to-day oversight and instead is given the primary function of prescribing effective and enforceable performance goals, though retaining functions related to the appropriate expenditure of funds. However, the whole thrust of the new Federal, State, and local relationship is to give appropriate functions to each governmental level. The Federal Government provides the definition of the objectives, that is, increased earnings, employment, and reduction of welfare dependency; the State government has the basic managerial and coordinating functions, and the design and implementation of programs is placed at the local level.

Business and local government's relations

The original CETA did not give any statutory recognition to the role of the business community. Though it has always been known that most graduates of the training programs are destined to be hired by the private sector, business was not given any statutory role in the design or implementation of programs. This vacuum was occasionally addressed by administrative initiatives, such as the jobs program during the Johnson Administration, and various other attempts to promote coordination and interlocking between the public training system and the private sector. The first statutory move in that direction, though, came in 1978 with the Title VII amendment to CETA, which provided for a private industry council. However, the role of the council was seen by many business people as too weak, both because Title VII was a fairly small part of the total appropriation under the act and because the council was effectively under the domination of the chief elected official, who appointed and could dismiss members.

There was a surprising degree of unanimity during the development of the new statute that effective training programs require business and local government to work in partnership. The Senate bill gave the private industry council a lead role in planning and administering job training programs, but the plan required the concurrence of the local official. If such concurrence could not be reached, the Governor was to be arbitrator. The

House bill gave the lead role to the local government officials but again with the concurrence of private industry required, and disputes were to be resolved by the Secretary. In the conference committee, it was agreed that the partnership in each of the bills was not equal, and it was further agreed that there was to be a true and equal partnership between local government and the business community. That agreement was translated into legislation as follows: a private industry council is to be established for each service delivery area based on nominations from general-purpose business and government so as to ensure that the elected official chooses truly representative persons of the business community. However, nominations are required to be in excess of the number of vacancies to provide some choice to the local government. After a council is established, it is given a planning grant from the Department of Labor so that it can deal on an equal basis with the local government, which, of course, has an available staff. The conference report describes the relationship as follows:

After the PIC is certified and has its first meeting convened by the chief elected official, it will elect its chairperson, provide for operational rules, and select necessary staff to assist it in determining how to exercise its functions. After the PIC has had an opportunity to review the operation of current training programs in the area and to formulate its general policy positions, it will then enter into negotiations with the appropriate local government officials for the agreements specified in the bill. The first such subject of negotiations will concern the method for developing the plan, which may be an agreement to have the PIC or the local government or such other method or institutions specified in the agreement prepare the plan. Further, either as part of the same agreement or in a later one, the PIC and local governments will decide on the grant recipient and administrator of programs in the area. The conference agreement makes plain that these may be the same or separate entities and that either or both may be the PIC, the local government or any other entity or entities provided in the agreement.

The above clarifies that business communities and local government are free to negotiate the terms of any agreement they see fit. They are brought to the bargaining table as equal partners and thereafter their decisions will be influenced by the needs of the locality and the degree of involvement that each of the parties wants. It is, perhaps, one of the most complete forms of decentralization in Federal legislation in terms of local administrative and planning requirements.

Programmatic issues

It is a surprising fact that, throughout the consideration of manpower training programs from the early 1960's through the early 1980's, there has been remarkably little controversy about the substance of training programs. Legislation has continued to authorize the basic forms of institutional and on-the-job training,

placing remarkably few Federal mandates on how these services are to be performed. There have been expansions of the kinds of training activities authorized for youth, but it is fair to say that the core of the argument has related more to who shall deliver the services and what level of government shall be involved rather than to the specifications of the kinds of training. This was true in the development of CETA, which, in essence, merely reauthorized all the forms of training that had been permitted under predecessor legislation. The "deategorization" that was the hallmark of CETA did not eliminate the previous categorical programs. Instead, it meant that the prime sponsor, rather than the Federal Government, chose the mix of categorical programs within its local area. However, in the case of CETA there was one major argument concerning programmatic issues and that concerned public service employment. Likewise, during the development of the new bill, there was one major programmatic issue; and that was the relation between training and income and other support.

In a sense, this was an update of the public service employment issue of 1973. Public service employment is probably the extreme example of income support to participants in training programs. Once public service employment was labeled as "transitional" it acquired, at least in theory, a characteristic of a training program because it was designed to lead from the subsidized public service employment jobs to a regular job, thus promoting the same objectives as training programs. However, while participating in the public service employment programs, the individual received income through the wage payment far in excess of the support available under any other training program. Also included in the income available under CETA were the mandatory allowance payments to persons who were in institutional training and the wage payments made in work experience programs, which encompassed a wide variety of programs from those with heavy training components to others which were little more than a disguised form of income maintenance.

Under the Job Training Partnership Act, it was agreed upon early that there would be no public service employment. Proponents of public service employment programs made no concession on the merits of such programs, but agreed they would fight the battle on a separate piece of legislation, rather than endanger the passage of a bill authorizing training programs. However, the availability of wages under work experience programs and allowances and supportive services for persons in other training programs remained a major issue throughout the consideration of the bill. The Administration bill prohibited all wage and allowance payments to participants and limited the combined costs of administration and supportive services to 30

percent, with the remaining 70 percent required to be spent for training. This proposal was not adopted in full in either the House or the Senate bill, but each bill did provide that 70 percent of the funds should be spent for "training."

The Administration's proposal directly raised a major question, could work experience programs legitimately be classified as "training?" While all the conferees recognized the need to concentrate funds on training, they differed philosophically on what constituted training, thus making the resolution of this issue one of the most difficult faced by the conference.

The outcome is instructive: it is a compromise that all sides could live with, though perhaps difficult to defend philosophically. The new act excludes the summer youth program from the 70-30 restriction altogether, treats the costs of tryout employment and 50 percent of the costs of a training-related work experience program as training costs (thus counting as part of the 70 rather than 30), and permits localities to exceed the 30 percent limitation when specified conditions are met. Thus, it provides for a concentration of funds on training without sacrificing local flexibility or making it impossible to meet the needs of those who cannot participate in training without income support.

Conclusion

I have sketched very briefly, the major issues that were in dispute, their historical development, and the method of their resolution in the Job Training Partnership Act. However, I think it is important to point out that there were several issues that were not in dispute but that may be of more long-run significance than the matters discussed so far. I want to mention three in particular. First, the act contains a permanent authorization, thus relieving the program of the constant reexamination which was required by the limited duration of authorizations in past legislation. Second, it provides for advance funding which may relieve the program from the burden of receiving allocations only after the start of the program year. Third, the act relies on performance standards rather than on process requirements. With these reforms in place, the training programs have an opportunity for rational planning and for evaluation that may give them the stability previously lacking.

The development of the Job Training Partnership Act was a broad bipartisan effort. On the Senate side, S.2036 was introduced by Senator Dan Quayle and cosponsored by Senators Edward Kennedy, Paula Hawkins, and Claiborne Pell. On the House side, H.R. 5320 was introduced by Representative Augustus Hawkins and was cosponsored by a large bipartisan group, including Representative James Jeffords, the ranking minority member of the subcommittee. Yet de-

spite this effort, the Act's passage was in doubt throughout the process because the pressures for divisiveness were almost as great as those for consensus. The fact that both Speaker Thomas O'Neill and President Ronald Reagan held signing ceremonies, in which each claimed credit for the bill and accused the opposite party of obstructionism, shows both the consensus on the substance and the political confrontation.

The reasons for this combination of consensus and confrontation are lengthy, but a word on the context in which the act was developed is important to its understanding. It was a time when the prior program (CETA) had become a political symbol and even the need to change the title of the program was a matter of intense, and largely partisan, dispute while public service em-

ployment had only ardent advocates and harsh critics. The intense feeling surrounding the prior program was exacerbated by the political heat arising from the implementation of major budget reductions through the reconciliation process period and the increase of unemployment to its postwar peak. Thus, the factors making for confrontation were numerous—though insufficient to overcome the basic consensus that the Federal Government has the obligation to provide for training of the disadvantaged in order to enable them to enter the mainstream of the American economy. □

—FOOTNOTE—

¹ See Robert Guttman, "Intergovernmental relations under the new manpower act," *Monthly Labor Review*, June 1974, pp. 10-16.

APPENDIX: A Summary of the Job Training Partnership Act

The act provides for an open-ended authorization for the basic program for the economically disadvantaged (Title II.A) and the Federally administered programs (Title IV, excluding Job Corps). There are also separate, open-ended authorizations for the Summer Youth Program (Title II.B) and the Dislocated Workers Program (Title III). For Job Corps (Title IV.B), there are authorized to be appropriated \$618 million, in fiscal year 1983, and such sums as may be necessary for each succeeding fiscal year.

Not more than 7 percent of the total amount appropriated for the Act shall be available to the Secretary for Federally administered programs. (Of that amount, 5 percent shall be available for Veterans' Employment Programs.)

Title I. Job Training Partnership

Service delivery system. After receiving the proposal of the State Job Training Coordinating Council, the Governor will publish proposed service delivery areas for the State. The Governor must approve any request to be a service delivery area from: 1) any unit of general local government with a population of 200,000 or more and 2) any consortium of contiguous units of general local government, with an aggregate population of 200,000 or more. After reviewing comments from local government, business organizations, and other affected groups, the Governor will make a final designation of service delivery areas.

Establishment of private industry council. There will be a private industry council for each service delivery area. The majority of the membership will be representative of the private sector, one of whom will be selected to be chairperson. The remaining members will be representatives of educational agencies, organized labor, rehabilitation agencies, community-based organizations, economic development agencies, and the Employment Service. After the members have been appointed by the

chief local elected official, the Governor will certify the private industry council.

Functions of the private industry council. The private industry council will provide policy guidance for, and exercise oversight with respect to, activities under the job training plan for the service delivery area, in partnership with the appropriate local official. The private industry council, in accordance with agreements with the local official, shall determine the procedures for the development of the plan and select the administrative entity. After the plan is approved by the private industry council and the local official, it must be jointly submitted to the Governor.

Job training plan. The job training plan is for 2 program years and must include: 1) identification of the administrative entity, 2) a description of services to be provided, 3) procedures for identifying and selecting participants and for eligibility determination, 4) performance goals, 5) procedures for selecting service providers, 6) the budget for the program years, 7) a description of methods of complying with the Governor's coordination and special services plan, 8) coordination provisions, if there is more than one service delivery area in a single labor market area, 9) fiscal control, accounting, audit, and debt collection procedures, and 10) procedures for preparation of submission of an annual report to the Governor. Modifications of the plan may be submitted when required.

Review and approval of plan. At least 4 months prior to the beginning of the first 2 program years covered by the job training plan, the proposed plan, or a summary of it, must be published and made available to the State legislature, local educational and other public agencies, and labor organizations. The final plan, or a summary of it, must be published and submitted to the Governor for approval, not less than 80 days before the beginning

of the first 2 program years. The Governor will approve the plan unless he or she finds that it does not comply with the following criteria, which are specified in the act: (1) corrective measures for deficiencies found in audits or in meeting performance standards from previous years have not been taken or are not acceptably underway, (2) the entity proposed to administer the program does not have the capacity to administer the funds, (3) there are inadequate safeguards for the protection of funds, (4) the plan does not comply with a particular provision of the act or of regulations of the Secretary, or (5) the plan does not comply with the Governor's Coordination and Special Services Plan. Any disapproval by the Governor may be appealed to the Secretary, who shall make a final decision within 45 days after receipt of the appeal.

In order to receive funds for planning and operating job training programs, the Governor must submit to the Secretary a Governor's Coordination and Special Services Plan for 2 program years. The Secretary will approve the plan unless he or she determines that the plan does not comply with specific provisions of the act.

State Job Training Coordinating Council. The State Job Training Coordinating Council will be appointed by the Governor, who will designate one nongovernmental member to be chairperson. One-third of the membership will be representatives of the private sector and no less than 20 percent of the members must be representatives from each of the following categories: State agencies; local governments; and others, including labor, education, community-based organizations, and the general public.

State education coordination grants. Funds are available to the Governors to provide financial assistance to any State education agency responsible for education and training, to be used for eligible participants and to promote coordination, through cooperative agreements between State education agencies and administrative entities.

At least 80 percent of the funds available for cooperative agreements must be used to provide services for eligible participants and these funds must be equally matched from other resources. At least 75 percent of the funds must be used for activities for the economically disadvantaged.

Training programs for older individuals. Funds are available to the Governor to be used for job training programs for older workers. Individuals eligible to participate must be economically disadvantaged and be age 55 or older.

Program year. Beginning in fiscal year 1984, the program year will be from July 1 to June 30, rather than the current program year which is October 1 to September 30. Funds obligated for any program year may be expended during that program year and the 2 succeeding program years.

If a private industry council and the local elected official fail to reach agreement on a job training plan,

and, as a consequence, funds are not available to the service delivery area, the Governor shall redesignate the service delivery areas in the State. The Governor may merge the affected area into one or more other service delivery areas, in order to promote the reaching of agreement.

Performance standards. The Secretary of Labor will develop performance standards for evaluating job training programs. The basic measure of performance for adult training programs is the increase in employment and earnings and the reductions in welfare dependency resulting from the program. There will be separate performance standards for youth, based on competencies acquired and on placements and retention in employment. The Secretary will also prescribe variations in performance standards for special populations to be served, including Native Americans, Migrant and Seasonal Farmworkers, and ex-offenders, taking into account their special circumstances.

Each Governor may prescribe, within parameters established by the Secretary, variations in the standards, based upon local conditions. Programs failing to meet performance standards for 2 years, after receiving technical assistance, must be reorganized or replaced.

Limitation on certain costs. Of the funds available to service delivery areas for the basic program for the economically disadvantaged (Title II.A), not more than 30 percent may be spent for the costs of administration, supportive services, needs-based payments to participants, and all costs of work experience. Except that, only 50 percent of the costs of work experience must be counted within the limitation, if the work experience program is combined with training, limited to 6 months duration, and the participant is prohibited from further participation in such a program.

Expenditures in excess of the 30 percent limitation are permissible under certain circumstances, if the private industry council requests such excess, the excess is included in the plan for the service delivery area, and the justification for the excess must meet specific criteria. No funds may be used for public service employment.

Governor's coordination and special services plan. Annually, the Governor will prepare a statement of goals and objectives for job training and placement programs within the State to assist in the preparation of the plans for the service delivery areas and the locally developed plans for the Employment Service.

Title II. Training Services for Disadvantaged

Allotment. The Secretary shall distribute funds available for the basic program (Title II.A) among the States on the basis of the following formula: 33 $\frac{1}{3}$ percent on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment; 33 $\frac{1}{3}$ percent on the basis of the relative excess number of unemployed individuals; and 33 $\frac{1}{3}$ percent on the basis of

the relative number of economically disadvantaged individuals. No State will receive less than one quarter of 1 percent of the amount available for allotment. No State will receive less than 90 percent of its share from the prior year.

Within state allocation. The Governor shall distribute 78 percent of the funds to service delivery areas on the basis of the same formula as the Secretary uses to distribute funds to the States. Of the funds available to each State, 8 percent will be available for State Education Coordination Grants (Sec. 123), 3 percent will be available for Training Programs for Older Workers (Sec. 124), 6 percent will be available for incentive grants for programs exceeding performance standards, and 5 percent will be available to the Governor for program administration and State services.

Eligibility for services. Only economically disadvantaged persons are eligible to participate in the basic program, except that up to 10 percent of the participants may be individuals who are not economically disadvantaged, if such individuals have encountered employment barriers. At least 40 percent of the funds are reserved to serve youth under age 22. Aid to Families with Dependent Children recipients and school dropouts must be served on an equitable basis, taking into account their proportion of economically disadvantaged persons, 16 years of age and over, in the service delivery area. In each service delivery area, the ratio of participants in on-the-job training in the public sector to participants in such training in the private sector shall not exceed the ratio between the civilian government employment and non-government employment in the service delivery area.

Use of funds. Funds may be used for basic and remedial education, institutional and on-the-job training, counseling, occupational training, preparation for work, job search training, supportive services, and other activities designed to prepare the disadvantaged for and place them in unsubsidized jobs. Funds may be used for needs-based payments, necessary for participation in accordance with a locally developed formula or procedure. Although traditional forms of job training activities have been listed, services are not limited to those specified, however, funds may not be used for public service employment.

In addition to the other services for youth, the job training plan may include one or more of the exemplary youth programs described in the act, which may be modified to suit local conditions.

Summer Youth Employment and Training Programs. A Summer Youth Employment and Training Program is authorized under this act and is not subject to the 30-percent cost limitation applicable to the basic program. Participants must be economically disadvantaged and under age 22. Eligible individuals aged 14 or 15 may participate in the Summer Youth Program, if appropriate.

Title III. Assistance for Dislocated Workers

There is an open-ended authorization for a program to identify displaced workers, job opportunities, and training available. The program will match the worker with the training and ultimately with the job. The Secretary shall distribute funds to the States for the Dislocated Workers Program according to the following formula: one-third on the basis of the relative number of unemployed individuals, one-third on the basis of the relative excess number of unemployed individuals, and one-third on the relative number of individuals who have been unemployed for 15 weeks or more. Funds may be used to pay 50 percent of the program's cost and the remaining 50 percent must consist of non-Federal matching, with a smaller matching requirement for States with above average unemployment. Unemployment insurance benefits, paid by the State to participants, may be credited for up to 50 percent of the matching requirement.

Title IV. Federally Administered Programs

The Native American Program, the Migrant and Seasonal Farmworker Program, Job Corps, and the National Commission for Employment Policy are all retained under this act.

In addition, a new Veterans' Employment Program has been added which will be administered by the Assistant Secretary for Veterans' Employment. Eligible individuals include service-connected disabled veterans, veterans of the Vietnam era, and veterans who are recently separated from military service.

National activities. The Secretary is authorized to conduct Multi-State Programs which are job training programs or services that are most appropriately administered at the national level and are operated in more than one State.

In addition, the Secretary is authorized to conduct research and demonstration activities, pilot projects, evaluations, and to provide training and technical assistance.

Affirmative action. Contracts subject to affirmative action obligations under Executive Order 11246 may establish or participate in training programs for eligible participants under this act designed to assist in the training and placement of eligible participants. If such programs meet the criteria established in the act as well as criteria established for such programs by the Office of Federal Contract Compliance Programs, the contractor may maintain an abbreviated affirmative action plan and the successful performance of such a contractor's training program shall create a presumption of good-faith effort by such contractor to meet the affirmative action obligations.

Title V. Miscellaneous Provisions

Amendments to the Wagner-Peyser Act. The Employment Service will develop jointly, with the private in-

dustry council and the local official for each service delivery area, those components of the plan which are applicable to the area. The plan will be submitted to the State Job Training Coordination Council, which will certify the plan if it determines that the plan has been agreed upon by those officials affected and the plan is consistent with the Governor's Coordination and Special Services Plan. If the plan is not certified, the Employment Service will be given an opportunity to modify it. If agreement cannot be reached, the plan will be transmitted to the Secretary along with modifications

recommended by the officials concerned, including the Governor.

Funds available to the Secretary for the Employment Service will be distributed according to this formula: two-thirds on the basis of the relative number of individuals in the civilian labor force and one-third on the basis of the relative number of unemployed individuals. There is a 90-percent hold-harmless provision that will bring each State's share up to 90 percent of the portion it received during the prior year. No State will receive less than 0.28 percent of the total amount available.

Innovative bargaining aids productivity

We most frequently speak of competition as being between countries or between domestic companies. In a larger sense, however, American workers are in competition with foreign workers for jobs: jobs in steel, electronics, auto, and every other product which can be produced abroad and sold here. By this, I don't mean that they must work for wages that are strictly competitive. I do mean that they should be given the opportunity (and to use the opportunity) to work smarter. If workers are to succeed in this global competition, they must have the opportunity of making greater cognitive contribution relating to achieving price and quality superiority of the products they are engaged in producing as well as over their own job opportunities in the domestic job market.

There is already evidence of such joint efforts accomplished through the negotiating process. The steel industry and the Steelworkers have acknowledged workers as a valuable resource for years. Most recently, the parties have negotiated inplant participation teams to work on improving product quality, unit performance, and employee morale. Bell Telephone and the Communications Workers have also understood the collaborative role that management and labor can play. They have tailored a negotiated quality of work-life process in their most recent contract to meet goals of economic efficiency and human satisfaction and have carefully and cautiously moved towards its implementation. In the process, they have overcome elements of distrust that were undermining the relationship.

These innovative approaches, each different, bring management and labor into the kind of partnership of common need that potentially serves the goals of productivity improvement and those of increasing the worker's contribution toward his own job security.

—MALCOLM R. LOVELL, JR.

"A Reagan Official Views a Changing Labor Management Relationship,"

Speech before the Thirty-Fifth Annual Meeting of the Industrial Relations Research Association, December 1982.
