

THE WHITE HOUSE

WASHINGTON

June 30, 1993

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF THE TREASURY
THE SECRETARY OF COMMERCE
THE SECRETARY OF LABOR
THE SECRETARY OF EDUCATION
THE SECRETARY OF HEALTH AND HUMAN SERVICES
THE DIRECTOR OF THE OFFICE OF MANAGEMENT
AND BUDGET
THE CHAIR OF THE COUNCIL OF ECONOMIC ADVISERS
THE ASSISTANT TO THE PRESIDENT FOR DOMESTIC POLICY
THE ADMINISTRATOR OF THE
SMALL BUSINESS ADMINISTRATION
THE CHIEF OF STAFF
THE COUNSELLOR TO THE PRESIDENT
THE SENIOR ADVISER TO THE PRESIDENT ON
POLICY AND STRATEGY
THE ASSISTANT TO THE PRESIDENT FOR
LEGISLATIVE AFFAIRS
THE COMMUNICATIONS DIRECTOR
THE ASSISTANT TO THE PRESIDENT AND STAFF SECRETARY

FROM:

ROBERT E. RUBIN 

SUBJECT:

NEC Meeting Regarding the School to Work
Initiative

There will be an NEC meeting regarding the School to Work initiative tomorrow, July 1, 8:30-9:30 a.m., in the Indian Treaty Room (Room 474) of the OEOB. This meeting is for principals, plus one. The Secretary of Labor will be providing background material for the meeting.

Departmental staff needing clearance to the White House complex should provide names and birthdates to Liz Lindemuth (fax 456-1605).

June 30, 1993

MEMORANDUM FOR THE VICE PRESIDENT

**THE SECRETARY OF THE TREASURY
THE SECRETARY OF COMMERCE
THE SECRETARY OF HEALTH AND HUMAN SERVICES
THE DIRECTOR OF THE OFFICE OF MANAGEMENT
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THE CHAIR OF THE NATIONAL ECONOMIC COUNCIL
THE CHAIR OF THE COUNCIL OF ECONOMIC ADVISERS
THE ASSISTANT TO THE PRESIDENT FOR DOMESTIC POLICY
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SMALL BUSINESS ADMINISTRATION
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FOR LEGISLATIVE AFFAIRS
THE COMMUNICATIONS DIRECTOR
THE ASSISTANT TO THE PRESIDENT AND STAFF SECRETARY**

FROM:

ROBERT B. REICH
Secretary of Labor

RICHARD W. RILEY
Secretary of Education

RE:

NEC Meeting Regarding the School-to-Work Initiative

Attached are materials for the NEC meeting regarding the School-to-Work Initiative to be held tomorrow morning at 8:30 - 9:30 am in the Indian Treaty Room (Room 474) of the OEOB.

EXECUTIVE SUMMARY SCHOOL-TO-WORK INITIATIVE

- This initiative will create a high quality, universal school-to-work system by:
 - ▶ establishing criteria for a national school-to-work system,
 - ▶ providing funding for all States immediately in FY 94 to begin developing such a system,
 - ▶ providing waivers to other Federal job training and education programs for States to assist in the start-up of new school-to-work systems, and
 - ▶ providing "venture capital" over the next four years in grants to States for implementation. Ready-to-go States can win five-year grants; all States will get these grants eventually.
- While leaving substantial room for flexible program design, every participant in an approved school-to-work program will receive:
 - ▶ paid work experience, with structured training and mentoring included;
 - ▶ a program of instruction that integrates classroom and work-based learning and is benchmarked to high academic and skill standards as proposed in the Administration's "Goals 2000: Educate America Act;" and
 - ▶ a skills certificate in addition to a high school diploma.
- In approved school-to-work programs, schools, employers, and communities will work together to provide their youth with the skills and employment opportunities needed for high skill, high wage careers.
- There is widespread support for a school-to-work initiative, including bipartisan Congressional advocates and a broad-based coalition of key parties (including educators, employers, individual businesses and trade associations, and community-based organizations) which seek Federal leadership in designing a national framework. There is also growing media interest (recent profiles of youth apprenticeship have appeared in The New York Times, The Wall Street Journal and on NBC's Evening News).

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT B. REICH
RICHARD RILEY

SUBJECT: SCHOOL-TO-WORK TRANSITION LEGISLATION

I. INTRODUCTION

A. The Challenge

Three-fourths of America's young people enter the workforce without college degrees. Many of them do not possess the basic academic and occupational skills necessary for the changing workplace or further education. And many cannot find stable, career-track jobs for a good five to 10 years after graduating from high school. As a result the wages, benefits, and working conditions of Americans without college degrees are eroding rapidly. In the 1980's the gap in earnings between high school and college graduates doubled; for those without high school degrees, the gap grew even wider.

The reasons are complex, but two factors stand out:

- the lack of a comprehensive and formal system to prepare youth for high skill, high wage jobs; and
- the shift in demand in favor of workers with skills and against workers without them.

While our major international competitors are refining and improving their school-to-work transition systems, the United States has yet to develop one. In practical terms, this means that, unlike their peers in Japan or Germany, for example, young Americans entering the workforce after high school make their way into their first jobs with little guidance, direction, or support.

Meanwhile, American employers are unable to hire entry-level workers with high academic and occupational skills and meaningful work experience, thereby harming the ability of these employers to compete successfully against the global enterprises that are increasingly transforming themselves into high performance work organizations.

B. The Foundation

Efforts by the Department of Education and the Department of Labor to design a school-to-work initiative result from: (1) your commitment to expand the youth apprenticeship program that you initiated in Arkansas, and (2) a broad-based coalition supporting the creation of a system that prepares all young Americans for high skill, high wage careers. We also want to build on various States' significant work that preceded our efforts or is

currently underway:

- Three major Commission reports issued in the past six years -- Workforce 2000, The Forgotten Half, and America's Choice: High Skills or Low Wages -- have helped to raise public awareness of the problems faced by students not going on to college (or not completing college). These reports and the America's Choice Coalition, which was formed after the release of its report (and with whom we are working) have been instrumental in bringing about consensus on policy options.
- Numerous States and localities are rapidly developing innovative school-to-work programs which combine academic and occupational learning and use a rapidly growing network of community and technical colleges. Twenty States have joined a multi-state youth apprenticeship network (see Appendix 1); many also have introduced or enacted school-to-work legislation.
- Elements of the youth apprenticeship model already are embedded in other, larger programs -- such as Tech-Prep, Co-op education, Career Academies, and School-to-Registered Apprenticeship (see Appendix 5).
- The movement to develop voluntary occupational skill standards and certifications, captured in the Administration's "Goals 2000" legislation, will drive a world-class education and training system -- benefiting employers, students, and entry-level workers.

C. The Support

The concept of school-to-work legislation currently has bipartisan Congressional support led by the authorizing Committees' leadership. Some key sponsors of legislation in the past year include: Senators Kennedy, Simon, Breaux, Jeffords, Hatfield, Thurmond, and Hatch; and Representatives Gephardt, McCurdy, Goodling, and Gunderson (see Appendix 2 for complete listing).

Individual businesses and trade associations strongly support the prospects of school-to-work legislation. Among those working with us already are Proctor & Gamble, Siemens, McDonald's, UNUM Life Insurance, Textron, National Association of Manufacturers, and the National Tooling & Machining Association (see Appendix 3 for listing of businesses involved in school-to-work activities). We expect to collect many corporate endorsements of the Administration's proposal by the time of its announcement. In addition, more than 75 national organizations representing education, labor, business, community interests, civil rights,

and women's issues, have provided us with comments on the school-to-work legislation.

Finally, there is considerable media interest in this issue. Articles have appeared in The New York Times, The Wall Street Journal, and The National Journal, and, most recently, an NBC Evening News Special Report with Tom Brokaw did a segment on the Oregon youth apprenticeship program.

All the above items lead us to believe that we have the broad-based political support necessary to facilitate enactment this legislative year.

II. ACTION FORCING EVENTS

This initiative needs to get underway quickly for two key reasons. First, there is a fairly long lead-time needed to get quality programs up and running. We need to secure the committed involvement of a wide range of parties in planning, program development, and curricula design. The employer role in providing work-based learning opportunities is particularly important. Second, the effort needed to bring this initiative to significant scale will take national leadership. For example, although many recent State initiatives are exciting and have generated much interest, they are small in numbers (e.g., approximately 3,000 students are enrolled nationwide in youth apprenticeship programs).

III. STRATEGY FOR CHANGE

Our goal is to create a high-quality universal system for assisting students in making the transition from school to meaningful employment. We intend to get there by employing a number of key strategic steps:

- The program provides "venture capital" for States and localities to build a school-to-work system, and funding will decline substantially as these local systems get up and running. Our goal is to promote ongoing community ownership of and responsibility for bettering young Americans' career opportunities, not to create another top-down, permanent Federal program.
- Implementation of the school-to-work system will come in "waves" -- starting with the States that are already set for reform and ending with the least organized or most reluctant States (see Appendix 4 for timetable). This way, limited Federal funds will go first to where they can make the most difference, and we will use more advanced States and communities to generate and test new ideas.
- For States that prefer to start "bottom-up" instead of "top-

down," local grants, waivers, and existing funds can be used to begin building school-to-work opportunities. Within the first few years, every State can have model programs and a plan for a State-wide system.

- By design, we are leaving considerable room for experimentation and local diversity, and the legislation does not require adherence to a single model. Nevertheless there are some key unifying elements that every participant will receive:
 - ▶ a work-based learning experience,
 - ▶ an integrated curriculum of academic and occupational learning,
 - ▶ a high school diploma enabling attainment of a college degree, and
 - ▶ an occupational skills certificate, enabling entry into a first job on a career path.
- This initiative will both expand youth apprenticeship and integrate key features of the youth apprenticeship approach with other, larger programs -- like Co-op education, Career Academies, and Tech-Prep -- to maximize the model's leverage and the pace of national reform.

IV. FUNDING AND LEGISLATION

In order to jump start our efforts on a school-to-work transition strategy this year, the Departments are proceeding on two fronts: starting the initiative under current legislative authority, and developing a new legislative proposal.

- Laying the Groundwork in 1994 Under Current Law

We will use the requested new FY 1994 funds, under the current legislative authority in the Job Training Partnership Act (JTPA) and the Carl D. Perkins Vocational Education and Applied Technology Act, to give all States the opportunity to get started as soon as possible. We will assist all States in designing a comprehensive strategy for building a school-to-work system and allow for a period of experimentation among a handful of States and communities poised to implement systemic reform. The funds would be spent under a joint plan designed and administered by the two Departments. Chairman Natcher has agreed to this approach and has put start-up funding for the initiative in both Departments' budgets for FY 1994. The Senate has indicated it will also provide funding.

- School-to-Work Transition Legislation in 1995

Secondly, we are developing legislation that provides for

nationwide systemic reform beginning in FY 1995. The legislation would establish the basic program components of a national school-to-work system and authorize the two Departments to jointly administer a program of grants and waivers to accelerate the creation of a comprehensive school-to-work system in all States.

The proposed legislation will define the broad guidelines and basic elements of a new school-to-work system. Although State and local plans will be reviewed against these basic elements, innovation, experimentation and local diversity will be encouraged. In this manner, States and local communities themselves will determine how best to use limited school-to-work funds.

V. OPPORTUNITIES FOR STATES TO BUILD SCHOOL-TO-WORK SYSTEMS

States will have multiple avenues to build school-to-work systems with Federal support -- through the use of: (1) development grants; (2) implementation grants; and (3) waivers. These various strategies will enable faster start-up and diffusion of school-to-work systems, and more flexible and creative strategies.

All States will receive development grants, which can be used both to produce a comprehensive plan and to begin the developmental work of constructing a system (e.g., gaining business commitments or creating mechanisms for joint school-business activities).

Then, States can submit their plans for Federal approval, which will open the door to funding and waiver opportunities. Any State with a nationally-certified plan may apply for waivers, five-year implementation grants, or both. Thus, while some "leading edge" States will compete successfully for sizeable implementation grants, others will opt for waivers alone. Either way, States can come on line quickly, depending on their state of readiness or chosen strategy.

VI. BASIC PROGRAM COMPONENTS

A State or local school-to-work program that is applying for Federal funds must: (1) integrate school-based and work-based learning, (2) integrate academic and vocational learning, and (3) link secondary and postsecondary education. In addition, applicants must incorporate (or show a specific timetable for incorporating) the following basic system components:

- **work-based learning** which includes:
 - ▶ paid work experience;

- ▶ a planned program of job training, including tasks which are to be mastered at increasingly higher skill levels and are relevant to a student's career major;
 - ▶ workplace mentoring; and
 - ▶ instruction in all aspects of an industry or occupation as well in general workplace competencies.
- **school-based learning** which includes:
 - ▶ career exploration and counseling in order to help students identify career interests and goals;
 - ▶ the opportunity to select a career major (a coherent set of courses or field of study that prepares students for employment in broad occupational areas) and can lead to a post-secondary degree;
 - ▶ a program that meets high academic-content standards; and,
 - ▶ periodic evaluations to identify academic strengths and weaknesses and the need for additional learning opportunities to master core academic skills.
 - **connecting activities** to bridge school-based and work-based learning, which would include:
 - ▶ matching students with employers' work-based learning opportunities;
 - ▶ serving as a liaison between the employer, school, parent, and student; and
 - ▶ providing technical assistance and services in designing work-based learning components; case-managing participating students; and training teachers, mentors, and counselors.

Outcomes

Successful completion of the school-to-work program will lead to a high school diploma; a skill certificate; and either a first job on a career-track, college admission, or further training -- such as entry into a registered-apprenticeship program. The skill certificate will be a portable, industry-recognized credential that certifies competency and mastery.

Federal Grants to States and Localities

This initiative allows States and localities to "come on line" at different points in time depending on their readiness to undertake broad-scale change. This approach involves the use of **Development Grants** and **Implementation Grants**.

- **Development grants** will be provided in October 1993 to all States to commence activities that precede actual implementation. The purpose of these grants is to provide start-up funds for States to plan and begin efforts leading to comprehensive State-wide school-to-work systems.
- **Implementation grants** are envisioned for States that are ready to begin operation of a new school-to-work system. These grants are to be awarded on a competitive basis in "waves," starting with the States that already are set for reform. State applications prepared as a result of the development grants will go through an intensive review and approval process to be conducted by teams of government and independent experts and to be modelled after the Statewide Systems Initiative (SSI) administered by the National Science Foundation. In addition, the Federal government would launch an aggressive technical assistance effort to help all States plan and implement comprehensive reform efforts.

In addition to showing how the State will meet the basic program elements and required outcomes, the application must also address how the State will ensure equal opportunity for access to economically disadvantaged students, low-achieving students, dropouts, and students with special needs.

- **Local Program Grants** are for communities that are prepared to undertake a school-to-work transition program, but are in States not yet ready for implementation. Funds will be available to finance a limited number of local programs on a competitive basis until their States begin implementation.
- **High Poverty Grants.** There are substantial challenges and costs in building an effective system in urban and rural areas characterized by high unemployment and poverty. Activities in these areas will be crucial to promoting an equitable and universal system. Therefore, additional resources will be targeted to these high poverty communities and awarded in a separate competitive process.

- **National Programs.** While it is inappropriate for the Federal Government to build a school-to-work system through a top-down Federally-mandated solution, a strong Federal presence can help speed up and improve school-to-work systems across the Nation. For example, the Federal government can help States and localities combine funds from several Federal sources for one crosscutting program, figure out how to help young people gain and keep high quality jobs, share learning across communities to promote better and faster results, and build evaluation and feedback systems.

VII. WAIVERS

Granting waivers to States will provide an additional strategy for more quickly bringing the school-to-work system to a meaningful scale. Therefore, the Departments will grant waivers of provisions in a number of Federal education and job training programs (such as the Job Training Partnership Act, the Carl D. Perkins Vocational Education and Applied Technology Education Act, and the Elementary and Secondary Education Act).

The waivers will encourage States to develop and implement school-to-work programs and coordinate between this new effort and existing programs. For example, it may be beneficial to waive the requirement that now limits JTPA's Summer Youth program to the summer or vacation period and to extend it into the school year. Or, States may want to seek a waiver to local grant application requirements under the Perkins Vocational Education Act to permit more flexibility for Federal vocational education funds to be used on school-to-work activity.

States will be required to identify statutory provisions in the relevant legislation that impede their abilities to implement the school-to-work system. Waivers will not be granted to any provision affecting a program's essential purposes/goals, eligibility, allocation of funds, or safeguards. All States will have the opportunity to apply for waivers; the Departments may grant a waiver if they are satisfied that a State is making progress towards starting an approved school-to-work system (see Attachment 6 for additional information on waivers).

Attachments

cc: Robert Rubin
Leon Panetta
Carol H. Rasco
David Gergen
George Stephanopoulos
Howard Paster

STATE YOUTH APPRENTICESHIP CONSORTIUM MEMBERS

Arkansas
California
Georgia
Illinois
Indiana
Iowa
Kansas
Maine
Michigan
Minnesota
New Jersey
New York
Oklahoma
Oregon
Pennsylvania
South Carolina
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SCHOOL-TO-WORK LEGISLATION**

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**BUSINESSES
INVOLVED IN SCHOOL-TO-WORK ACTIVITIES**

Arkansas

Tyson Foods Inc.
Washington Regional Medical Center
Metalworking Connection, Inc.
Baldor Electric
Baptist Medical Center
Poulan Weed Eater
SMI Steel of Arkansas
Great Lakes Chemical
Arquest Inc.

California

Kaiser Permanente
Pacific Telesis Group
Apple Computers
Sutter Health
California Offset Printers
Green Light Productions
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Illinois

Ingersoll Milling Machine Company
Sears, Roebuck & Co.
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Kentucky

Kroger Food Stores

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Liberty National Bank

Maine

UNUM Life Insurance

Massachusetts

New England Medical Center
Brigham and Women's Hospital Center
Massachusetts General Hospital
Polaroid Corporation
The Bank of Boston
State Street Bank
Fleet Bank Massachusetts
John Hancock Insurance
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Federal Reserve Bank of Boston

Michigan

Bronson Hospital
Borgess Medical Center
General Motors
Liberty Mold
Upjohn Company
Radisson Plaza Hotel

Minnesota

Precision Tools

New York

IBM

Ohio

Ort Tool & Die Company
Midwest Fluid Power Company
Kolb Welding
Fluid Concepts Inc.
City of Toledo Traffic Engineering
Intelicon Company

Oklahoma

Hilti Inc.
American Airlines
Baker Oil Tools

Oregon

Wacker Siltronic
First Interstate Bank
Marriott Hotel
Nationwide Insurance

Pennsylvania

Textron-Lycoming
Cook Specialty
USX Corporation
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Aluminum Company of America
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Grumman

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West Virginia Water Company
Pacific Encore
Appalachian Log Structure
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Compton Construction Company
Princeton Community Hospital

Wisconsin

Serigraph
Banta Corporation
Mennasha Corporation - Mid American Division

EXISTING SCHOOL-TO-WORK PROGRAMS

Youth Apprenticeship

Youth apprenticeship programs link school and work-related learning by integrating academic instruction with work-based learning and work experience. In addition to teaching skills for a specific job and general "employability skills," youth apprenticeships aim to enhance academic learning and foster positive attitudes toward work -- including working as an adult in an adult workplace. Adult mentors guide students' experiences on the job, and students often rotate from job to job at the worksite to obtain a broad view of related occupations and skills.

Youth apprenticeships have strong employer involvement and formal worksite learning, usually provide an employer-based certificate of occupational skills mastery, and integrate academic and vocational education.

Approximately 3,000 students are participating in such programs.

Tech-Prep

In 1990, Congress created the Tech-Prep program as part of the reauthorization of the Carl D. Perkins Vocational and Applied Technology Education Act. Tech-Prep programs have the following characteristics:

- A Tech-Prep program is typically a four-year program of study that links the last two years of high school with two years of postsecondary education (usually provided by a community or technical college) or with at least two years of apprenticeship.
- It involves a planned sequence of study in a technical field and requires a formal agreement between the secondary and postsecondary education institutions involved in the program.
- Integration of academic and occupational learning is central to the program.
- Students completing the program receive either an Associate degree or an occupational certificate.

Tech-Prep education differs from youth apprenticeship in that employer involvement and work-based learning are not requirements of Tech-Prep education.

There are about 100,000 students in 1,200 programs in all the States.

Co-op Education

Cooperative education (Co-op) is a longstanding program in both high school and postsecondary education. Like youth apprenticeship programs, Co-op education provides paid work experience linked to the occupational education programs students are pursuing. As with youth apprenticeship, the student works on the job part-time and attends classes the remainder of the week.

Several features of exemplary youth cooperative education programs have been identified, which also typify outstanding apprenticeship programs:

- Agreement among employers, students, and schools on specific training plans that detail general and specific skills Co-op students are to acquire;
- Selection of employers who can provide training in fields with potential for career advancement; and
- School staff's close supervision of students at work sites.

Co-op education typically has strong employer involvement and integration of academic and vocational education, but little technical focus. High school Co-op programs generally have no connection to postsecondary education.

Approximately 430,000 students are involved in such programs.

Career Academies

Career academies are "schools within schools" that blend applied academics, workplace exposure, career counseling, and vocational courses in a highly-structured program with an occupational focus.

Career academies typically have strong employer involvement, offer a good model of the integration of academic and vocational education, and prepare students for further postsecondary education, but have little formal work-based learning and do not lead to certification or to an associate degree.

There are approximately 8,000 students enrolled in career academies.

School-to-Apprenticeship

These programs involve high school seniors in formal, paid on-the-job training and in related classroom instruction. Upon graduation, students enter full-time, paid, registered

apprenticeships and typically do not pursue postsecondary education. In many cases, students gain advanced standing toward their journeyman level by entering their registered-apprenticeship program while still in high school.

There are 2,500 students participating in over 400 school-to-apprenticeship programs.

WAIVERS

Background

Funds which are appropriated under the school-to-work legislation will be considered "venture capital." They will decrease over a period of years, and are relatively small when compared with amounts spent annually on education and training. Therefore, widespread implementation of the school-to-work initiative will require that States and localities identify and utilize other funds to support school-to-work programs. -- Federal funds other than those appropriated for the school-to-work legislation, as well as State and local resources.

Waiver Provisions in Current Draft of Legislative Proposal

To facilitate the use of Federal funds in the implementation of school-to-work programs, waivers of certain statutory and regulatory requirements will be permitted under certain circumstances.

The draft bill does the following:

- lists the programs that are subject to the waiver authority (selected programs under the Elementary and Secondary Education Act, the Carl Perkins Vocational Education and Applied Technology Act, and the Job Training Partnership Act).
- permits the appropriate Secretary to issue waivers to States that will accelerate their school-to-work plans.
- describes the conditions that must be met for a waiver to be approved, including:
 - Secretary's determination that a program provision impedes a State's ability to carry out the purposes of school-to-work legislation,
 - State waiver, or agreement to waive, similar requirements in State law, and
 - State must offer to the local partnership (and, in the case of a Department of Education waiver, to local educational agencies) an opportunity to comment on the proposed waiver.
- provides that waivers will not be permitted for the following requirements related to certain basic principles of the affected programs:

For the Department of Education, requirements related to the distribution of funds to the State or to local education agencies; maintenance of effort; comparability of services; and the equitable participation of students attending private schools.

For the Department of Labor, requirements related to purposes of the affected program, eligibility of an individual for participation; allocation of funds; prohibitions on construction of buildings; and maintenance of effort.

- allows waivers for a five-year period.
- permits termination of a waiver if the appropriate Secretary finds that performance affected by the waiver does not justify continuation.

Examples of Potential Waivers

Department of Labor

- JTPA Summer Youth Employment and Training Program: The Act limits summer youth funds to the summer or vacation period. A waiver of this time-limit requirement would provide greater flexibility for these funds to be used during the school year in school-to-work programs.
- JTPA State Set-aside for Education Coordination: This provision provides that 80 percent of a State's set-aside funds for education must be used for participants and 20 percent may be used for coordination activities. In the initial stages of a school-to-work initiative, more than 20 percent of these funds might be needed for coordination and development. A waiver could help achieve this.

Department of Education

- Perkins Act Tech-Prep Education Program: A waiver to the consortia requirement would permit States to require that employers, labor organizations, and other appropriate parties be added as equal partners with secondary and postsecondary education to consortia eligible to receive Tech-Prep funds. This would make it possible for a Tech-Prep consortium to serve as the school-to-work partnership.
- Perkins Act Local Applications: Waiving some of the requirements for local grant applications would permit more flexibility for funds to be used on school-to-work activities.