

103^D CONGRESS
2^D SESSION

H. R. 4222

To amend the Job Training Partnership Act to establish a workforce skills and development loan program to provide grants to States to guarantee loans made to employers, representatives of employees, and other entities to provide skills upgrading for non-managerial employees, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 14, 1994

Mr. GUNDERSON (for himself, Mr. GOODLING, Mr. PETRI, Mr. CASTLE, Mr. HOBSON, Mr. SHAYS, Mr. JOHNSTON of Florida, and Mr. POSHARD) introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To amend the Job Training Partnership Act to establish a workforce skills and development loan program to provide grants to States to guarantee loans made to employers, representatives of employees, and other entities to provide skills upgrading for non-managerial employees, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. ESTABLISHMENT OF WORKFORCE SKILLS AND**
2 **DEVELOPMENT LOAN PROGRAM.**

3 (a) IN GENERAL.—Part B of title III of the Job
4 Training Partnership Act (29 U.S.C. 1662 et seq.) is
5 amended by adding at the end the following new section:

6 **“SEC. 327. WORKFORCE SKILLS AND DEVELOPMENT LOAN**
7 **PROGRAM.**

8 “(a) FINDINGS AND PURPOSES.—

9 “(1) FINDINGS.—The Congress finds that—

10 “(A) the changing nature of the workforce
11 in the United States is forcing more and more
12 workers to obtain skills upgrading to keep pace;

13 “(B) employees who receive formal skills
14 upgrading enjoy earning advantages of 25 per-
15 cent or more over those with no such upgrad-
16 ing;

17 “(C) the return on investment from formal
18 training through increased productivity is equiv-
19 alent to 3 times the cost of such training;

20 “(D) approximately 40 percent of business
21 executives say they cannot modernize their
22 equipment due to worker skill deficiencies;

23 “(E) companies cite the lack of funds as a
24 major reason for failure to establish and carry
25 out workforce skills upgrading programs;

1 “(F) although the training of the
2 workforce in the United States is a national
3 concern of utmost importance, limited resources
4 at the Federal level make it infeasible to effec-
5 tively and efficiently address this concern alone;
6 and

7 “(G) States, employers, and representa-
8 tives of employees need to share the responsibil-
9 ity in providing skills upgrading for employees.

10 “(2) PURPOSES.—The purposes of this section
11 are—

12 “(A) to encourage industry-based invest-
13 ment in human resource development that pro-
14 motes the competitiveness of the Nation’s in-
15 dustries through productivity and product qual-
16 ity enhancement;

17 “(B) to ensure secure jobs for those who
18 successfully complete skills upgrading; and

19 “(C) to supplement, and not supplant,
20 funds available through existing skills upgrad-
21 ing programs conducted by employers, employee
22 representatives, and the government; and

23 “(D) to establish programs which will not
24 replace, parallel, supplant, compete with, or du-

1 plicate in any way existing skills upgrading pro-
2 grams.

3 “(b) AUTHORIZATION.—

4 “(1) IN GENERAL.—From amounts reserved
5 under section 302(a)(2) for any fiscal year, the Sec-
6 retary may use not less than 5 percent, but not
7 more than 10 percent, of such amounts to provide
8 grants to States to provide loans to eligible entities
9 described in paragraph (2) to assist such entities in
10 providing skills upgrading for non-managerial em-
11 ployees.

12 “(2) ELIGIBLE ENTITIES.—An eligible entity
13 described in this paragraph is—

14 “(A) an employer;

15 “(B) a representative of employees;

16 “(C) a business association;

17 “(D) a trade organization; or

18 “(E) a consortium consisting of—

19 “(i) more than 1 of the entities de-
20 scribed in subparagraphs (A) through (D);

21 or

22 “(ii) an institution of higher education
23 (as such term is defined in section 481 of
24 the Higher Education Act of 1965 (20
25 U.S.C. 1088) which continues to meet the

1 eligibility and certification requirements
2 under section 498 of such Act) and 1 or
3 more of the entities described in subpara-
4 graphs (A) through (D).

5 “(c) APPLICATION.—The Secretary may provide a
6 grant to a State under subsection (b) only if such State
7 submits to the Secretary an application which contains
8 such information as the Secretary may reasonably require.

9 “(d) PRIORITY.—In providing grants under sub-
10 section (b), the Secretary shall give priority to States that
11 have demonstrated the ability to expeditiously establish
12 and carry out loan guarantee programs described in sub-
13 section (f).

14 “(e) LIMITATIONS.—

15 “(1) MAXIMUM ANNUAL GRANT AMOUNT.—The
16 amount of a grant provided to a State under sub-
17 section (b) for any fiscal year shall not exceed
18 \$2,000,000.

19 “(2) MAXIMUM TOTAL GRANT AMOUNT.—The
20 total amount of grants provided to a State under
21 subsection (b) shall not exceed \$5,000,000.

22 “(f) USE OF AMOUNTS.—A State shall use amounts
23 received from a grant under subsection (b) to establish
24 a loan guarantee program to assist eligible entities de-
25 scribed in subsection (b)(2) to provide skills upgrading for

1 non-managerial employees. In carrying out such program,
2 the State shall meet the following requirements:

3 “(1) ESTABLISHMENT OF RESERVE FUND FOR
4 LOAN GUARANTEES.—The State shall establish a re-
5 serve fund from amounts received from such grant
6 for the purpose of making commitments to guaran-
7 tee the payment of principal and interest on loans
8 made by financial institutions to such eligible enti-
9 ties to provide skills upgrading for non-managerial
10 employees.

11 “(2) CRITERIA FOR LOAN GUARANTEES.—The
12 State, in conjunction with appropriate financial in-
13 stitutions, shall establish and publish criteria for
14 providing loan guarantees to eligible entities under
15 the program, including criteria that provides for the
16 following:

17 “(A) A loan guarantee may be issued
18 under the program only if, at the time such
19 guarantee is issued the eligible entity agrees to
20 pay as an insurance premium an amount equal
21 to 1 percent of the principal received by such
22 entity under the loan to the State’s reserve
23 fund.

24 “(B)(i) Subject to clause (ii), the eligible
25 entity will use amounts received from the loan

1 to provide skills upgrading for mid- and lower-
2 level employees, which may include (but is not
3 limited to)—

4 “(I) training in total quality manage-
5 ment, statistical process control, produc-
6 tion techniques, office automation, mate-
7 rials resource planning; and

8 “(II) training to improve basic skills,
9 including reading, writing, and arithmetic.

10 “(ii) In providing such skills upgrading,
11 the eligible entity shall give priority to non-
12 managerial employees who—

13 “(I) directly produce or deliver goods
14 or services; or

15 “(II) are in danger of being termi-
16 nated or laid off as a result of moderniza-
17 tion in the workplace, corporate
18 downsizing, foreign or domestic competi-
19 tion, or Federal policies adversely affecting
20 1 or more industries.

21 “(C) Amounts from a loan shall not be
22 used to pay the wages or other benefits of any
23 employee receiving assistance under the pro-
24 gram.

1 “(3) PAYMENT BY STATE TO FINANCIAL INSTI-
2 TUTIONS IN CASES OF DEFAULT.—

3 “(A) IN GENERAL.—In accordance with
4 criteria developed by the Secretary, the State
5 shall make payments from the State’s reserve
6 fund to financial institutions that have provided
7 loans to eligible entities that have defaulted on
8 such loans for the purpose of reimbursing such
9 institutions for the amount of principal and in-
10 terest remaining unpaid to the institutions by
11 reason of such default.

12 “(B) NO FULL FAITH AND CREDIT OF THE
13 UNITED STATES.—Loans provided by financial
14 institutions to eligible entities under loan guar-
15 antee programs under this section shall not be
16 obligations of, or guaranteed in any respect by,
17 the United States.

18 “(4) LIMITATIONS ON LOAN GUARANTEES.—
19 The authority of a State to extend loan guarantees
20 under this section shall not at any time exceed an
21 amount equal to 1,000 percent of the aggregate
22 principal amount in the State’s reserve fund.

23 “(5) INTEREST FROM AMOUNTS IN RESERVE
24 FUND.—Any interest earned from amounts in the
25 State’s reserve fund shall be credited to such fund.

1 “(g) ADDITIONAL AMOUNTS.—In addition to
2 amounts received from a grant under subsection (b), the
3 Governor of a State may use not more than 5 percent of
4 the amount reserved under section 302(c) for a fiscal year
5 to establish and carry out the loan guarantee program
6 under subsection (f).

7 “(h) FEDERAL AND STATE SHARE.—

8 “(1) FEDERAL SHARE.—The Federal share
9 under this section may not exceed 50 percent of the
10 total cost of the program established under sub-
11 section (f) for any fiscal year.

12 “(2) STATE SHARE.—

13 “(A) IN GENERAL.—Except as provided in
14 subparagraph (B), the State share shall be pro-
15 vided from non-Federal sources and may be in
16 cash or in-kind, fairly evaluated.

17 “(B) EXCEPTION.—The State share may
18 include amounts reserved in accordance with
19 subsection (g).”.

20 (b) CONFORMING AMENDMENTS.—

21 (1) RESERVATION OF AMOUNTS.—Paragraph
22 (1) of section 302(c) of the Job Training Partner-
23 ship Act (29 U.S.C. 1652(c)(1)) is amended—

1 (A) in subparagraph (D), by striking “pro-
2 gram system; and” and inserting “program sys-
3 tem;”;

4 (B) by striking the period at the end of
5 subparagraph (E) and inserting “; and”; and

6 (C) by adding at the end the following new
7 subparagraph:

8 “(F) establishing and carrying out the loan
9 guarantee program under section 327(f).”.

10 (2) TABLE OF CONTENTS.—The table of con-
11 tents of such Act is amended by inserting after the
12 item relating to section 326 the following new item:

“Sec. 327. Workforce skills and development loan program.”.

13 **SEC. 2. INFORMATION RELATING TO SKILLS UPGRADING**
14 **ACTIVITIES FOR CAPACITY BUILDING AND IN-**
15 **FORMATION AND DISSEMINATION NETWORK.**

16 Section 453(b)(2) of the Job Training Partnership
17 Act (29 U.S.C. 1733(b)(2)) is amended—

18 (1) in subparagraph (C)(ii)(V), by striking the
19 period at the end of such subparagraph and insert-
20 ing “; and”; and

21 (2) by adding at the end the following new sub-
22 paragraph:

23 “(D)(i) collect and disseminate informa-
24 tion—

1 “(I) on successful programs to up-
2 grade the skills of workers carried out pur-
3 suant to section 327;

4 “(II) on research and evaluation con-
5 ducted concerning such programs; and

6 “(III) that will assist employers, rep-
7 resentatives of employees, business associa-
8 tions, trade organizations, and consortia
9 consisting of more than 1 of the preceding
10 entities in designing and implementing the
11 most effective skills upgrading methods
12 available today; and

13 “(ii) facilitate communication and the ex-
14 change of information and ideas among States
15 and the entities described in clause (i)(III) car-
16 rying out such skills upgrading pursuant to sec-
17 tion 327.”.

18 **SEC. 3. AMENDMENT TO HIGHER EDUCATION ACT OF 1965.**

19 Section 439(d)(1) of the Higher Education Act of
20 1965 is amended by adding at the end the following new
21 sentence: “For purposes of this section, loans made pursu-
22 ant to section 327 of the Job Training Partnership Act
23 may be considered to be student loans which are not in-
24 sured or guaranteed as provided for in this subsection.”.

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