



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 16, 2005

H.R. 366

Vocational and Technical Education for the Future Act

*As ordered reported by the House Committee on Education and the Workforce
on March 9, 2005*

SUMMARY

H.R. 366 would amend the Carl D. Perkins Vocational and Technical Education Act of 1998 and reauthorize secondary and postsecondary vocational education programs through fiscal year 2011. Under the General Education Provisions Act (GEPA), these authorizations would automatically be extended for one year, to 2012. The bill would authorize appropriations of \$1.3 billion for these purposes for fiscal year 2006 and an estimated \$9.8 billion for fiscal years 2006 through 2012, assuming adjustments for inflation. Assuming the appropriation of the necessary funds, the resulting outlays would total \$40 million for 2006 and \$8.0 billion over the seven-year period. The bill would not affect direct spending or revenues.

H.R. 366 would repeal title II, the Tech-Prep Education Act, of the Carl D. Perkins Vocational and Technical Education Act of 1998 and merge funding for Tech-Prep programs with the vocational education state grant program. A "hold-harmless" provision would ensure that states receive the same amount of funding for Tech-Prep programs in fiscal year 2006 as they did in the previous year, and Tech-Prep would be added to the list of local uses for the state grant program reserve fund.

H.R. 366 contains no private-sector or intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA), and any costs to state, local, or tribal governments would result from complying with conditions of federal assistance.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated federal budgetary impact of H.R. 366 is presented in the following table. The costs of this legislation fall within budget function 500 (education, training, employment, and social services).

	By Fiscal Year, in Millions of Dollars							
	2005	2006	2007	2008	2009	2010	2011	2012
SPENDING SUBJECT TO APPROPRIATION								
Spending Under Current Law for Vocational Education								
Budget Authority ^a	1,333	791	0	0	0	0	0	0
Estimated Outlays	1,334	1,293	333	67	0	0	0	0
Proposed Changes:								
Section 5--State Grants								
Estimated Authorization Level ^b	0	1,307	1,328	1,352	1,377	1,401	1,427	1,453
Estimated Outlays	0	39	981	1,258	1,346	1,370	1,394	1,420
Section 9--National Activities								
Estimated Authorization Level	0	12	12	12	12	13	13	13
Estimated Outlays	0	*	9	11	12	12	13	13
Section 10--Tribally Controlled Postsecondary Vocational Institutions								
Estimated Authorization Level	0	7	7	7	7	8	8	8
Estimated Outlays	0	*	5	7	7	7	7	8
Section 10--Occupational and Employment Information								
Estimated Authorization Level	0	9	9	9	9	10	10	10
Estimated Outlays	0	*	7	9	9	9	10	10
Total Changes								
Estimated Authorization Level	0	1,335	1,356	1,381	1,406	1,431	1,457	1,483
Estimated Outlays	0	40	1,002	1,285	1,374	1,399	1,424	1,450
Total Spending Under H.R. 366 for Vocational Education								
Estimated Authorization Level	1,333	2,126	1,356	1,381	1,406	1,431	1,457	1,483
Estimated Outlays	1,334	1,333	1,335	1,351	1,374	1,399	1,424	1,450

NOTES: Components may not sum to totals because of rounding.

* = less than \$500,000.

a. The 2005 and 2006 amounts are the totals appropriated for those years.

b. Authorization levels do not assume any advance appropriations.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 366 will be enacted this year and that the necessary amounts will be appropriated for each year. Estimated outlays are based on the historical spending rates for programs authorized by the Carl D. Perkins Vocational Education Act.

State Grants

Section 5 of H.R. 366 would authorize appropriations totaling \$1.3 billion for state grants for fiscal year 2006 and such sums as may be necessary for fiscal years 2007 through 2012. Assuming that appropriations in subsequent years would equal the amounts authorized for 2006 adjusted for inflation, CBO estimates that this provision would authorize \$9.6 billion for fiscal years 2006 through 2012. Assuming appropriation of the authorized amounts, the resulting outlays would total \$7.8 billion over the same period. Appropriations for state grants totaled \$1.2 billion in 2005.

These formula grants would be used to support vocational programs in high schools, technical schools, and community colleges. The 2006 authorization level would include funding for Tech-Prep Education, which is currently authorized under title II of the Carl D. Perkins Vocational and Technical Education Act of 1998. (Section 19 of H.R. 366 would repeal that title.) Under H.R. 366, states would still receive the same amount of funding for Tech-Prep programs in fiscal year 2006 that they did in 2005.

The bill would also allot 0.54 percent of appropriations to incentive grants for agencies that exceed state performance measures for vocational education. (Those reserve funds have been used for incentive grants under the Workforce Investment Act of 1998.) In addition, H.R. 366 would increase from 85 percent to 88 percent the minimum amount of the state grant funds to be distributed to localities and would reduce from 5 percent to 2 percent funds allocated for state administration.

National Activities

Section 9 would authorize such sums as may be necessary for fiscal years 2006 through 2012 to collect vocational education performance data and to support research on the effectiveness of vocational and technical education. CBO estimates that this section would authorize \$12 million in fiscal year 2006 and \$87 million over the seven-year period. This estimate is based on previous appropriations for national activities, which received \$12 million in 2005.

Tribally Controlled Postsecondary Vocational and Technical Institutions

Section 10 would authorize such sums as may be necessary for fiscal years 2006 through 2012 to fund tribally controlled postsecondary vocational and technical institutions. Based on historical appropriations for these activities, CBO estimates this section would authorize \$7 million in funding for fiscal year 2006 and an additional \$45 million for fiscal years 2007 through 2012. Tribally controlled postsecondary vocational and technical institutions received \$7 million in fiscal year 2005.

Occupational and Employment Information

Section 10 also would authorize the appropriation of such sums as may be necessary for fiscal years 2006 through 2012 to improve vocational education counseling services and career guidance. Authorizations of appropriations are estimated to be \$9 million in fiscal year 2006, similar to the funding provided in 2005, and to total \$66 million for the entire seven-year period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 366 contains no private-sector or intergovernmental mandates as defined in UMRA, and any costs to state, local, or tribal governments would result from complying with conditions of federal assistance.

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