



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 12, 2004

H.R. 4496

Vocational and Technical Education for the Future Act

*As ordered reported by the House Committee on Education and the Workforce
on July 21, 2004*

SUMMARY

H.R. 4496 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. These programs are currently authorized through 2004 by the General Education Provisions Act (GEPA). The bill would authorize appropriations of \$1.3 billion for these purposes for fiscal year 2005 and an estimated \$10 billion for fiscal years 2005 through 2011, assuming adjustments for inflation. Assuming the appropriation of the necessary funds, the resulting outlays would total \$67 million for 2005 and \$7.4 billion for the seven-year period. The bill would not affect direct spending or revenues.

H.R. 4496 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 state grant program. A “hold harmless” provision would ensure that states receive the same amount of funding for Tech-Prep programs in fiscal year 2005 as they did in the previous year, and Tech-Prep would be added to the list of local uses for the reserve fund.

H.R. 4496 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. 4496 is shown 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

	2004	2005	2006	2007	2008	2009	2010	2011
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SPENDING SUBJECT TO APPROPRIATION

Spending Under Current Law
for Vocational Education

Budget Authority ^a	1,335	0	0	0	0	0	0	0
Estimated Outlays	1,326	1,294	334	67	0	0	0	0

Proposed Changes:

Section 5 - State Grants

Estimated Authorization Level	0	1,307	1,333	1,361	1,389	1,420	1,451	1,483
Estimated Outlays	0	39	981	1,262	1,354	1,382	1,412	1,443

Section 9 - National Activities

Estimated Authorization Level	0	12	12	12	13	13	13	14
Estimated Outlays	0	*	9	12	12	13	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	8	8

Section 10 - Occupational and
Employment Information

Estimated Authorization Level	0	9	9	9	10	10	10	10
Estimated Outlays	0	*	7	9	9	10	10	10

Total Changes

Estimated Authorization Level	0	1,335	1,361	1,390	1,419	1,451	1,482	1,515
Estimated Outlays	0	40	1,002	1,289	1,383	1,411	1,442	1,474

Spending under H.R. 4496
for Vocational Education

Estimated Authorization Level ^a	1,335	1,335	1,361	1,390	1,419	1,451	1,482	1,515
Estimated Outlays	1,326	1,334	1,336	1,356	1,383	1,411	1,442	1,474

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

* = Less than \$500,000.

a. The 2004 amount is the total appropriated that year for vocational and technical education.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 4496 will be enacted this fall and that the necessary amounts will be appropriated for each year. Estimated outlays are based on the historical spending of programs authorized by the Carl D. Perkins Vocational Education Act.

State Grants

Section 5 of H.R. 4496 would authorize \$1.3 billion for state grants for fiscal year 2005 and such sums as may be necessary for fiscal years 2006 through 2011. CBO estimates that this provision would authorize \$9.7 billion for fiscal years 2005 through 2011. Appropriations for state grants totaled \$1.2 billion in 2004.

These formula grants would be used for vocational programs in high schools, technical schools, and community colleges. The 2005 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. 4496 would repeal that title of the Carl D. Perkins Vocational and Technical Education Act of 1998.) Under H.R. 4496, states would still receive the same level of appropriations for Tech-Prep programs in fiscal year 2005 that they received in 2004.

The bill also would alter the formula for allotment of the state reserve fund established with funding from the state grants. H.R. 4496 would reduce state reserve funds for vocational education assistance for outlying areas such as Guam and American Samoa (from 0.2 percent of appropriations of state grants to 0.12 percent). It would allot 0.54 percent of appropriations to incentive grants for agencies that exceed state performance measures on vocational education. Previously, these reserve funds had been used for incentive grants under the Workforce Investment Act of 1998.

In addition, H.R. 4496 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 the funds provided to states to administer the program.

National Activities

Section 9 would authorize such sums as may be necessary for fiscal years 2005 through 2011 to collect data on vocational education performance and to support research on the effectiveness of vocational and technical education. CBO estimates that this section would authorize \$12 million in fiscal year 2005 and \$89 million over the seven-year period. This

estimate is based on previous appropriations for National Activities, which received \$12 million in 2004. This section of H.R. 4496 also would eliminate the Demonstration Partnership, which has never received funding.

Tribally Controlled Postsecondary Vocational and Technical Institutions

Section 10 of H.R. 4496 would authorize the appropriation of such sums as may be necessary for fiscal years 2005 through 2011 to fund tribally controlled postsecondary vocational and technical institutions. Based on historical funding levels for these activities, CBO estimates this section would authorize \$7 million in funding for fiscal year 2005 and an additional \$45 million for fiscal years 2006 through 2011. Tribally controlled postsecondary vocational and technical institutions received \$7 million in fiscal year 2004.

Occupational and Employment Information

Section 10 also would authorize the appropriation of such sums as may be necessary for fiscal years 2005 through 2011 to improve vocational education counseling services and career guidance. CBO estimates an authorization level of \$9 million for fiscal year 2005, similar to the funding provided in 2004, and a total of \$67 million for the entire seven-year period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4496 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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