

with the details of the bill that you are referring to, but if it were in this direction, and it set adequate standards, then I would think that it would be a constructive approach.

Representative RUMSFELD. Mr. Chairman, I ask permission to insert a summary of the Human Investment Act in the record at this point.

Chairman PROXMIRE. Without objection.
(The material referred to follows:)

THE HUMAN INVESTMENT ACT, 90TH CONGRESS

Purpose.—"To provide an incentive to American business to invest in the improvement of the Nation's human resources by hiring, training, and employing presently unemployed workers lacking needed job skills, and by upgrading the job skills of and providing new job opportunities for workers presently employed."

Method.—The Act offers employers a tax credit toward certain specified expenses of programs designed to train prospective employees for jobs with the company or retrain current employees for more demanding jobs with the company.

Amount of tax credit.—10% of the allowable employee training expenses with a maximum of \$25,000 plus 50% of the taxpayer's tax liability in excess of \$25,000. This credit would be in addition to credits provided for by other sections of the tax code, and in addition to the regular deduction as a trade or business expense under section 162 of the code.

Allowable employee training expenses:

1. Wages and salaries of registered apprentices.
2. Wages and salaries of enrollees in On-the-Job Training programs under the Manpower Development and Training Act.
3. Wages and salaries of employees participating in cooperative education programs.
4. Tuition and course fees paid or reimbursed by the taxpayer to a college, business, trade or vocational school.
5. Home study course fees paid to or reimbursed by the taxpayer to a college or an accredited home study school.
6. Expenses to the taxpayer of his organized job training programs.
7. Expenses to the taxpayer of organized job training programs contracted by him to another taxpayer.
8. Expenses to the taxpayer of organized job training programs conducted by a trade association, joint labor-management apprenticeship committee, or other similar group.

Other provisions:

1. Allowable expenses must be tax deductible under section 162 of the Tax Code.
2. The tax credit may be carried back three years and carried forward seven years.
3. No credit is allowed for the training of managerial, professional, or advanced scientific employees; or for reimbursable expenses; or for avocational or recreational courses.

The intent of the Act is to help workers advance up the "skill ladder", thus opening vacancies at the bottom for the presently unskilled and unemployed. Its major premise is that private business has, over the years, learned how to obtain the most results per training dollar, and should now be encouraged to expand its training programs to meet the national demand for labor skills. In addition, the Act seeks to encourage training by business because, unlike so much institutional training, training by business leads directly to a better job for the trainee.

Legislative history.—The original Human Investment Act was introduced on February 17, 1965 by Senator Winston Prouty (R.-Vt.) The second-generation version was introduced by Senator Prouty and Rep. Thomas B. Curtis (R.-Mo.) on September 9, 1965, and eventually claimed 109 Congressional sponsors. The present bill is a refined third-generation version, a product of over a year of research and consultation with businessmen, labor leaders, economists, and tax lawyers.