

108TH CONGRESS
1ST SESSION

H. R. 1261

AN ACT

To enhance the workforce investment system of the Nation by strengthening one-stop career centers, providing for more effective governance arrangements, promoting access to a more comprehensive array of employment, training, and related services, establishing a targeted approach to serving youth, and improving performance accountability, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Workforce Reinvest-
 5 ment and Adult Education Act of 2003”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. References.

TITLE I—AMENDMENTS TO TITLE I OF THE WORKFORCE
 INVESTMENT ACT OF 1998

- Sec. 101. Definitions.
- Sec. 102. Purpose.
- Sec. 103. State workforce investment boards.
- Sec. 104. State plan.
- Sec. 105. Local workforce investment areas.
- Sec. 106. Local workforce investment boards.
- Sec. 107. Local plan.
- Sec. 108. Establishment of one-stop delivery systems.
- Sec. 109. Eligible providers of training services.
- Sec. 110. Eligible providers of youth activities.
- Sec. 111. Youth activities.
- Sec. 112. Comprehensive program for adults.
- Sec. 113. Performance accountability system.
- Sec. 114. Authorization of appropriations.
- Sec. 115. Job Corps.
- Sec. 116. Native American programs.
- Sec. 117. Youth challenge grants.
- Sec. 118. Technical assistance.
- Sec. 119. Demonstration, pilot, multiservice, research and multistate projects.
- Sec. 120. Evaluations.
- Sec. 121. Authorization of appropriations for national activities.
- Sec. 122. Requirements and restrictions.
- Sec. 123. Nondiscrimination.
- Sec. 124. Administrative provisions.
- Sec. 125. General program requirements.

TITLE II—ADULT EDUCATION

PART A—ADULT BASIC SKILLS AND FAMILY LITERACY EDUCATION

- Sec. 201. Table of contents.
- Sec. 202. Amendment.

PART B—NATIONAL INSTITUTE FOR LITERACY

- Sec. 211. Short title; purpose.
- Sec. 212. Establishment.
- Sec. 213. Administration.
- Sec. 214. Duties.
- Sec. 215. Leadership in scientifically based reading instruction.
- Sec. 216. National Institute for Literacy Advisory Board.
- Sec. 217. Gifts, bequests, and devises.
- Sec. 218. Mails.
- Sec. 219. Applicability of certain civil service laws.
- Sec. 220. Experts and consultants.
- Sec. 221. Report.
- Sec. 222. Definitions.
- Sec. 223. Authorization of appropriations.
- Sec. 224. Reservation.
- Sec. 225. Authority to publish.

PART C—GENERAL PROVISIONS

- Sec. 241. Transition.

TITLE III—AMENDMENTS TO THE WAGNER-PEYSER ACT

- Sec. 301. Amendments to the Wagner-Peyser Act.

TITLE IV—AMENDMENTS TO THE REHABILITATION ACT OF 1973

- Sec. 401. Chairperson.
- Sec. 402. Rehabilitation Services Administration.
- Sec. 403. Director.
- Sec. 404. State goals.
- Sec. 405. Authorizations of appropriations.
- Sec. 406. Helen Keller National Center Act.

TITLE V—TRANSITION AND EFFECTIVE DATE

- Sec. 501. Transition provisions.
- Sec. 502. Effective date.

1 **SEC. 3. REFERENCES.**

2 Except as otherwise expressly provided, wherever in
3 this Act an amendment or repeal is expressed in terms
4 of an amendment to, or repeal of, a section or other provi-
5 sion, the amendment or repeal shall be considered to be
6 made to a section or other provision of the Workforce In-
7 vestment Act of 1998 (20 U.S.C. 9201 et seq.).

1 **TITLE I—AMENDMENTS TO**
2 **TITLE I OF THE WORKFORCE**
3 **INVESTMENT ACT OF 1998**

4 **SEC. 101. DEFINITIONS.**

5 Section 101 (29 U.S.C. 2801) is amended—

6 (1) in paragraph (8)(C), by striking “not less
7 than 50 percent of the cost of the training” and in-
8 serting “a significant portion of the cost of training,
9 as determined by the local board”;

10 (2) by striking paragraph (13) and redesignig-
11 nating paragraphs (1) through (12) as paragraphs
12 (2) through (13) respectively;

13 (3) by inserting the following new paragraph
14 after “In this title.”:

15 “(1) ACCRUED EXPENDITURES.—The term ‘ac-
16 crued expenditures’ includes the sum of actual cash
17 disbursements for direct charges for goods and serv-
18 ices, the net increase or decrease in the amounts
19 owed by recipients, goods and other property re-
20 ceived for services performed by employees, contrac-
21 tors, subgrantees, or other payees, and other
22 amounts becoming owned for which no current serv-
23 ice or performance is required.”;

1 (4) by striking paragraph (24) and redesignating paragraphs (25) through (32) as paragraphs (24) through (31), respectively;

2 (5) in paragraph (24) (as so redesignated)—

3 (A) in subparagraph (B), by striking “higher of—” and all that follows through such subparagraph and inserting “poverty line for an equivalent period;”; and

4 (B) by redesignating subparagraphs (D) through (F) as subparagraph (E) through (G), respectively, and inserting after subparagraph (C) the following:

5 “(D) receives or is eligible to receive free or reduced price lunch;”; and

6 (6) by striking paragraph (33) and redesignating paragraphs (34) through (53) as paragraphs (32) through (51), respectively.

7 **SEC. 102. PURPOSE.**

8 Section 106 (29 U.S.C. 2811) is amended by inserting at the end the following: “It is also the purpose of this subtitle to provide workforce investment activities in a manner that promotes the informed choice of participants and actively involves participants in decisions affecting their participation in such activities.”.

1 **SEC. 103. STATE WORKFORCE INVESTMENT BOARDS.**

2 (a) MEMBERSHIP.—

3 (1) IN GENERAL.—Section 111(b) (29 U.S.C.
4 2821(b)) is amended—

5 (A) by amending paragraph (1)(C) to read
6 as follows:

7 “(C) representatives appointed by the Gov-
8 ernor, who are—

9 “(i)(I) the lead State agency officials
10 with responsibility for the programs and
11 activities that are described in section
12 121(b) and carried out by one-stop part-
13 ners;

14 “(II) in any case in which no lead
15 State agency official has responsibility for
16 such a program or activity, a representa-
17 tive in the State with expertise relating to
18 such program or activity; and

19 “(III) if not included under subclause
20 (I), the director of the State unit, defined
21 in section 7(8)(B) of the Rehabilitation
22 Act of 1973 (29 U.S.C. 705(8)(B)) except
23 that in a State that has established 2 or
24 more designated State units to administer
25 the vocational rehabilitation program, the
26 board representative shall be the director

1 of the designated State unit that serves the
2 most individuals with disabilities in the
3 State;

4 “(ii) the State agency officials respon-
5 sible for economic development;

6 “(iii) representatives of business in
7 the State who—

8 “(I) are owners of businesses,
9 chief executive or operating officers of
10 businesses, and other business execu-
11 tives or employers with optimum pol-
12 icy making or hiring authority, includ-
13 ing members of local boards described
14 in section 117(b)(2)(A)(i);

15 “(II) represent businesses with
16 employment opportunities that reflect
17 employment opportunities in the
18 State; and

19 “(III) are appointed from among
20 individuals nominated by State busi-
21 ness organizations and business trade
22 associations;

23 “(iv) chief elected officials (rep-
24 resenting both cities and counties, where
25 appropriate);

1 “(v) representatives of labor organiza-
2 tions, who have been nominated by State
3 labor federations; and

4 “(vi) such other representatives and
5 State agency officials as the Governor may
6 designate.”; and

7 (B) in paragraph (3), by striking “para-
8 graph (1)(C)(i)” and inserting “paragraph
9 (1)(C)(iii)”.

10 (2) CONFORMING AMENDMENT.—Section
11 111(c) (29 U.S.C 2811(c)) is amended by striking
12 “subsection (b)(1)(C)(i)” and inserting “subsection
13 (b)(1)(C)(iii)”.

14 (b) FUNCTIONS.—Section 111(d) (29 U.S.C.
15 2811(d)) is amended—

16 (1) by amending paragraph (3) to read as fol-
17 lows:

18 “(3) development and review of statewide poli-
19 cies affecting the integrated provision of services
20 through the one-stop delivery system described in
21 section 121, including—

22 “(A) the development of criteria for, and
23 the issuance of, certifications of one-stop cen-
24 ters;

1 “(B) the criteria for the allocation of one-
2 stop center infrastructure funding under section
3 121(h), and oversight of the use of such funds;

4 “(C) approaches to facilitating equitable
5 and efficient cost allocation in one-stop delivery
6 systems; and

7 “(D) such other matters that may promote
8 statewide objectives for, and enhance the per-
9 formance of, one-stop delivery systems within
10 the State;”;

11 (2) in paragraph (4), by inserting “and the de-
12 velopment of State criteria relating to the appoint-
13 ment and certification of local boards under section
14 117” after “section 116”;

15 (3) in paragraph (5), by striking “sections
16 128(b)(3)(B) and 133(b)(3)(B)” and inserting “sec-
17 tions 128(b)(3) and 133(b)(3)”;

18 (4) in paragraph (9), by striking “section 503”
19 and inserting “section 136(i)”.

20 (c) ELIMINATION OF ALTERNATIVE ENTITY AND
21 PROVISION OF AUTHORITY TO HIRE STAFF.—Section
22 111(e) (29 U.S.C. 2821(e)) is amended to read as follows:

23 “(e) AUTHORITY TO HIRE STAFF.—The State board
24 may hire staff to assist in carrying out the functions de-
25 scribed in subsection (d).”.

1 **SEC. 104. STATE PLAN.**

2 (a) **PLANNING CYCLE.**—Section 112(a) (29 U.S.C.
3 2822(a)) is amended by striking “5-year strategy” and in-
4 serting “2-year strategy”.

5 (b) **CONTENTS.**—Section 112(b)(17)(A) (29 U.S.C.
6 2822(b)(17)(A)) is amended—

7 (1) in clause (iii) by striking “and”;

8 (2) by amending clause (iv) to read as follows:

9 “(iv) how the State will serve the em-
10 ployment and training needs of dislocated
11 workers (including displaced homemakers
12 and formerly self-employed and
13 transitioning farmers, ranchers, and fisher-
14 man) low income individuals (including re-
15 cipients of public assistance), homeless in-
16 dividuals, ex-offenders, individuals training
17 for nontraditional employment, and other
18 individuals with multiple barriers to em-
19 ployment (including older individuals);”;
20 and

21 (3) by adding the following new clause after
22 clause (iv):

23 “(v) how the State will serve the em-
24 ployment and training needs of individuals
25 with disabilities, consistent with section
26 188 and Executive Order 13217 (relating

1 to community-based alternatives for indi-
2 viduals with disabilities) including the pro-
3 vision of outreach, intake, assessments,
4 and service delivery, the development of
5 performance measures, and the training of
6 staff; and”.

7 (c) MODIFICATION TO PLAN.—Section 112(d) (29
8 U.S.C. 2822(d)) is amended by striking “5-year period”
9 and inserting “2-year period”.

10 **SEC. 105. LOCAL WORKFORCE INVESTMENT AREAS.**

11 (a) DESIGNATION OF AREAS.—

12 (1) CONSIDERATIONS.—Section 116(a)(1)(B)
13 (29 U.S.C. 2831(a)(1)(B)) is amended by adding at
14 the end the following clause:

15 “(vi) The extent to which such local
16 areas will promote efficiency in the admin-
17 istration and provision of services.”.

18 (2) AUTOMATIC DESIGNATION.—Section
19 116(a)(2) (29 U.S.C. 2831(a)(2)) is amended to
20 read as follows:

21 “(2) AUTOMATIC DESIGNATION.—

22 “(A) IN GENERAL.—Except as provided in
23 subparagraph (B) of this paragraph and sub-
24 section (b), the Governor shall approve a re-
25 quest for designation as a local area from—

1 “(i) any unit of general local govern-
2 ment with a population of 500,000 or
3 more; and

4 “(ii) an area served by a rural con-
5 centrated employment program grant re-
6 cipient that served as a service delivery
7 area or substate area under the Job train-
8 ing Partnership Act (29 U.S.C. 1501 et
9 seq.),

10 for the 2-year period covered by a State plan
11 under section 112 if such request is made not
12 later than the date of the submission of the
13 State plan.

14 “(B) CONTINUED DESIGNATION BASED ON
15 PERFORMANCE.—The Governor may deny a re-
16 quest for designation submitted pursuant to
17 subparagraph (A) if such unit of government
18 was designated as a local area for the preceding
19 2-year period covered by a State plan and the
20 Governor determines that such local area did
21 not perform successfully during such period.”.

22 (b) REGIONAL PLANNING.—Section 116(c)(1) (29
23 U.S.C. 2831(c)(1)) is amended by adding at the end the
24 following: “The State may require the local boards for the
25 designated region to prepare a single regional plan that

1 incorporates the elements of the local plan under section
2 118 and that is submitted and approved in lieu of separate
3 local plans under such section.”.

4 **SEC. 106. LOCAL WORKFORCE INVESTMENT BOARDS.**

5 (a) COMPOSITION.—Section 117(b)(2)(A) (29 U.S.C.
6 2832(b)(2)(A)) is amended—

7 (1) in clause (i)(II), by inserting “, businesses
8 that are in the leading industries in the local area,
9 and large and small businesses in the local area”
10 after “local area”;

11 (2) by amending clause (ii) to read as follows:

12 “(ii) superintendents of the local sec-
13 ondary school systems, administrators of
14 entities providing adult education and lit-
15 eracy activities, and the presidents or chief
16 executive officers of postsecondary edu-
17 cational institutions (including community
18 colleges, where such entities exist);”;

19 (3) in clause (iv), by striking the semicolon and
20 inserting “and faith-based organizations; and”;

21 (4) by striking clause (vi).

22 (b) AUTHORITY OF BOARD MEMBERS.—Section
23 117(b)(3) (29 U.S.C. 2832(b)) is amended—

24 (1) in the heading, by inserting “AND REP-
25 RESENTATION” after “MEMBERS”; and

1 (2) by adding at the end the following: “The
2 members of the board shall represent diverse geo-
3 graphic sections within the local area.”.

4 (c) FUNCTIONS.—Section 117(d) (29 U.S.C.
5 2832(d)) is amended—

6 (1) in paragraph (2)(B), by striking “local
7 area” and all that follows and inserting “local
8 area.”; and

9 (2) in paragraph (4) by inserting “and ensure
10 the appropriate use and management of the funds
11 provided under this title for such programs, activi-
12 ties, and system” after “area”.

13 (d) AUTHORITY TO ESTABLISH COUNCILS AND
14 ELIMINATION OF REQUIREMENT FOR YOUTH COUN-
15 CILS.—Section 117(h) (29 U.S.C. 2832(h)) is amended to
16 read as follows:

17 “(h) ESTABLISHMENT OF COUNCILS.—The local
18 board may establish councils to provide information and
19 advice to assist the local board in carrying out activities
20 under this title. Such councils may include a council com-
21 posed of one-stop partners to advise the local board on
22 the operation of the one-stop delivery system, a youth
23 council composed of experts and stakeholders in youth
24 programs to advise the local board on activities for youth,

1 and such other councils as the local board determines are
2 appropriate.”.

3 (e) REPEAL OF ALTERNATIVE ENTITY PROVISION.—
4 Section 117 (29 U.S.C. 2832) is further amended by strik-
5 ing subsection (i).

6 **SEC. 107. LOCAL PLAN.**

7 (a) PLANNING CYCLE.—Section 118(a) (29 U.S.C.
8 2833(a)) is amended by striking “5-year” and inserting
9 “2-year”.

10 (b) CONTENTS.—Section 118(b) (29 U.S.C. 2833(b))
11 is amended—

12 (1) by amending paragraph (2) to read as fol-
13 lows:

14 “(2) a description of the one-stop delivery sys-
15 tem to be established or designated in the local area,
16 including a description of how the local board will
17 ensure the continuous improvement of eligible pro-
18 viders of services through the system and ensure
19 that such providers meets the employment needs of
20 local employers and participants.”; and

21 (2) in paragraph (4), by striking “and dis-
22 located worker”.

23 **SEC. 108. ESTABLISHMENT OF ONE-STOP DELIVERY SYS-**
24 **TEMS.**

25 (a) ONE-STOP PARTNERS.—

1 (1) REQUIRED PARTNERS.—Section 121(b)(1)
2 (29 U.S.C. 2841(b)(1)) is amended—

3 (A) in subparagraph (B)—

4 (i) by striking clauses (ii) and (v)

5 (ii) by redesignating clauses (iii) and
6 (iv) as clauses (ii) and (iii), respectively,
7 and by redesignating clauses (vi) through
8 (xii) as clauses (iv) through (x), respec-
9 tively;

10 (iii) in clause (ix) (as so redesign-
11 ated), by striking “and”;

12 (iv) in clause (x) (as so redesignated),
13 by striking the period and inserting “;
14 and”; and

15 (v) by inserting after clause (x)(as so
16 redesignated) the following:

17 “(xi) programs authorized under part
18 A of title IV of the Social Security Act (42
19 U.S.C. 601 et. seq.), subject to subpara-
20 graph (C).”; and

21 (B) by adding after subparagraph (B) the
22 following:

23 “(C) DETERMINATION BY THE GOV-
24 ERNOR.—The program referred to in clauses
25 (xi) of subparagraph (B) shall be included as a

1 required partner for purposes of this title in a
2 State unless the Governor of the State notifies
3 the Secretary and the Secretary of Health and
4 Human Services in writing of a determination
5 by the Governor not to include such programs
6 as required partners for purposes of this title in
7 the State.”.

8 (2) ADDITIONAL PARTNERS.—Section
9 121(b)(2)(B) (29 U.S.C. 2841(b)(2)(B)) is
10 amended—

11 (A) by striking clause (i) and redesignating
12 clauses (ii) through (v) as clauses (i) through
13 (iv) respectively;

14 (B) in clause (iii) (as so redesignated) by
15 striking “and” at the end;

16 (C) in clause (iv) (as so redesignated) by
17 striking the period and inserting a semicolon;
18 and

19 (D) by adding at the end the following new
20 clauses:

21 “(v) employment and training pro-
22 grams administered by the Social Security
23 Administration, including the Ticket to
24 Work program (established by Public Law
25 106–170);

1 “(vi) programs under part D of title
2 IV of the Social Security Act (42 U.S.C.
3 451 et seq.) (relating to child support en-
4 forcement); and

5 “(vii) programs carried out in the
6 local area for individuals with disabilities,
7 including programs carried out by State
8 agencies relating to mental health, mental
9 retardation, and developmental disabilities,
10 State Medicaid agencies, State Inde-
11 pendent Living Councils, and Independent
12 Living Centers.”.

13 (b) PROVISION OF SERVICES.—Subtitle B of title I
14 is amended—

15 (1) by striking subsection (e) of section 121;

16 (2) by moving subsection (c) of section 134
17 from section 134, redesignating such subsection as
18 subsection (e), and inserting such subsection (as so
19 redesignated) after subsection (d) of section 121;
20 and

21 (3) by amending subsection (e) (as moved and
22 redesignated by paragraph (2))—

23 (A) in paragraph (1)(A), by striking “sub-
24 section (d)(2)” and inserting “section
25 134(c)(2)”;

1 (B) in paragraph (1)(B)—

2 (i) by striking “subsection (d)” and
3 inserting “section 134(c)”; and

4 (ii) by striking “subsection (d)(4)(G)”
5 and inserting “section 134(c)(4)(G)”;

6 (C) in paragraph (1)(C), by striking “sub-
7 section (e)” and inserting “section 134(d)”;

8 (D) in paragraph (1)(D)—

9 (i) by striking “section 121(b)” and
10 inserting “subsection (b)”;

11 (ii) by striking “and” at the end; and

12 (E) by amending paragraph (1)(E) to read
13 as follows:

14 “(E) shall provide access to the informa-
15 tion described in section 15(e) of the Wagner-
16 Peyser Act (29 U.S.C. 49l–2(e)).”.

17 (c) CERTIFICATION AND FUNDING OF ONE-STOP
18 CENTERS.—Section 121 (as amended by subsection (b))
19 is further amended by adding at the end the following new
20 subsections:

21 “(g) CERTIFICATION OF ONE-STOP CENTERS.—

22 “(1) IN GENERAL.—The State board shall es-
23 tablish procedures and criteria for periodically certi-
24 fying one-stop center for the purpose of awarding

1 the one-stop infrastructure funding described in sub-
2 section (h).

3 “(2) CRITERIA.—The criteria for certification
4 under this subsection shall include minimum stand-
5 ards relating to the scope and degree of service inte-
6 gration achieved by the centers involving the pro-
7 grams provided by the one-stop partners, and how
8 the centers ensure that such providers meet the em-
9 ployment needs of local employers and participants.

10 “(3) EFFECT OF CERTIFICATION.—One-stop
11 centers certified under this subsection shall be eligi-
12 ble to receive the infrastructure grants authorized
13 under subsection (h).

14 “(h) ONE-STOP INFRASTRUCTURE FUNDING.—

15 “(1) PARTNER CONTRIBUTIONS.—

16 “(A) PROVISION OF FUNDS.—Notwith-
17 standing any other provision of law, as deter-
18 mined under subparagraph (B), a portion of the
19 Federal funds provided to the State and areas
20 within the State under the Federal laws author-
21 izing the one-stop partner programs described
22 in subsection (b)(1)(B) and participating addi-
23 tional partner programs described in (b)(2)(B)
24 for a fiscal year shall be provided to the Gov-

1 ernor by such programs to carry out this sub-
2 section.

3 “(B) DETERMINATION OF GOVERNOR.—
4 Subject to subparagraph (C), the Governor, in
5 consultation with the State board, shall deter-
6 mine the portion of funds to be provided under
7 subparagraph (A) by each one-stop partner and
8 in making such determination shall consider the
9 proportionate use of the one-stop centers by
10 each partner, the costs of administration for
11 purposes not related to one-stop centers for
12 each partner, and other relevant factors de-
13 scribed in paragraph (3).

14 “(C) LIMITATIONS.—

15 “(i) PROVISION FROM ADMINISTRA-
16 TIVE FUNDS.—The funds provided under
17 this paragraph by each one-stop partner
18 shall be provided only from funds available
19 for the costs of administration under the
20 program administered by such partner,
21 and shall be subject to the limitations with
22 respect to the portion of funds under such
23 programs that may be used for administra-
24 tion.

1 “(ii) FEDERAL DIRECT SPENDING
2 PROGRAMS.—Programs that are Federal
3 direct spending under section 250(c)(8) of
4 the Balanced Budget and Emergency Def-
5 icit Control Act of 1985 (2 U.S.C.
6 900(c)(8)) shall not, for purposes of this
7 paragraph, be required to provide an
8 amount in excess of the amount deter-
9 mined to be equivalent to the proportionate
10 use of the one-stop centers by such pro-
11 grams in the State.

12 “(2) ALLOCATION BY GOVERNOR.—From the
13 funds provided under paragraph (1), the Governor
14 shall allocate funds to local areas in accordance with
15 the formula established under paragraph (3) for the
16 purposes of assisting in paying the costs of the in-
17 frastructure of One-Stop centers certified under sub-
18 section (g).

19 “(3) ALLOCATION FORMULA.—The State board
20 shall develop a formula to be used by the Governor
21 to allocate the funds described in paragraph (1).
22 The formula shall include such factors as the State
23 board determines are appropriate, which may in-
24 clude factors such as the number of centers in the
25 local area that have been certified, the population

1 served by such centers, and the performance of such
2 centers.

3 “(4) COSTS OF INFRASTRUCTURE.—For pur-
4 poses of this subsection, the term ‘costs of infra-
5 structure’ means the nonpersonnel costs that are
6 necessary for the general operation of a one-stop
7 center, including the rental costs of the facilities, the
8 costs of utilities and maintenance, equipment (in-
9 cluding adaptive technology for individuals with dis-
10 abilities), strategic planning activities for the center,
11 and common outreach activities.

12 “(i) OTHER FUNDS.—

13 “(1) IN GENERAL.—In addition to the funds
14 provided to carry out subsection (h), a portion of
15 funds made available under Federal law authorizing
16 the one-stop partner programs described in sub-
17 section (b)(1)(B) and participating partner pro-
18 grams described in subsection (b)(2)(B), or the
19 noncash resources available under such programs
20 shall be used to pay the costs relating to the oper-
21 ation of the one-stop delivery system that are not
22 paid for from the funds provided under subsection
23 (h), to the extent not inconsistent with the Federal
24 law involved including—

1 “(A) infrastructure costs that are in excess
2 of the funds provided under subsection (h);

3 “(B) common costs that are in addition to
4 the costs of infrastructure; and

5 “(C) the costs of the provision of core serv-
6 ices applicable to each program.

7 “(2) DETERMINATION AND GUIDANCE.—The
8 method for determining the appropriate portion of
9 funds to be provided by each program under para-
10 graph (1) shall be determined as part of the memo-
11 randum of understanding under subsection (c). The
12 State board shall provide guidance to facilitate the
13 determination of appropriate funding allocation in
14 local areas.”.

15 **SEC. 109. ELIGIBLE PROVIDERS OF TRAINING SERVICES.**

16 Section 122 (29 U.S.C. 2842) is amended to read as
17 follows:

18 **“SEC. 122. IDENTIFICATION OF ELIGIBLE PROVIDERS OF**
19 **TRAINING SERVICES.**

20 “(a) IN GENERAL.—The Governor shall establish cri-
21 teria and procedures regarding the eligibility of providers
22 of training services described in section 134(c)(4) to re-
23 ceive funds provided under section 133(b) for the provision
24 of such training services.

25 “(b) CRITERIA.—

1 “(1) IN GENERAL.—The criteria established
2 pursuant to subsection (a) shall take into account
3 the performance of providers of training services
4 with respect to the indicators described in section
5 136 or other appropriate indicators (taking into con-
6 sideration the characteristics of the population
7 served and relevant economic conditions), and such
8 other factors as the Governor determines are appro-
9 priate to ensure the quality of services, the account-
10 ability of providers, how the centers ensure that
11 such providers meet the needs of local employers and
12 participants, and the informed choice of participants
13 under chapter 5. Such criteria shall require that the
14 provider submit appropriate, accurate and timely in-
15 formation to the State for purposes of carrying out
16 subsection (d). The criteria shall also provide for
17 periodic review and renewal of eligibility under this
18 section for providers of training services. The Gov-
19 ernor may authorize local areas in the State to es-
20 tablish additional criteria or to modify the criteria
21 established by the Governor under this section for
22 purposes of determining the eligibility of providers of
23 training services to provide such services in the local
24 area.

1 “(2) LIMITATION.—In carrying out the require-
2 ments of this subsection, no personally identifiable
3 information regarding a student, including Social
4 Security number, student identification number, or
5 other identifier, may be disclosed without the prior
6 written consent of the parent or eligible student in
7 compliance with section 444 of the General Edu-
8 cation Provisions Act (20 U.S.C. 1232g).

9 “(c) PROCEDURES.—The procedures established
10 under subsection (a) shall identify the application process
11 for a provider of training services to become eligible to
12 receive funds under section 133(b), and identify the re-
13 spective roles of the State and local areas in receiving and
14 reviewing applications and in making determinations of
15 eligibility based on the criteria established under this sec-
16 tion. The procedures shall also establish a process for a
17 provider of training services to appeal a denial or termi-
18 nation of eligibility under this section that includes an op-
19 portunity for a hearing and prescribes appropriate time
20 limits to ensure prompt resolution of the appeal.

21 “(d) INFORMATION TO ASSIST PARTICIPANTS IN
22 CHOOSING PROVIDERS.—In order to facilitate and assist
23 participants under chapter 5 in choosing providers of
24 training services, the Governor shall ensure that an appro-
25 priate list or lists of providers determined eligible under

1 this section in the State, accompanied by such information
2 as the Governor determines is appropriate, is provided to
3 the local boards in the State to be made available to such
4 participants and to members of the public through the
5 one-stop delivery system in the State.

6 “(e) AGREEMENTS WITH OTHER STATES.—States
7 may enter into agreements, on a reciprocal basis, to per-
8 mit eligible providers of training services to accept indi-
9 vidual training accounts provided in another State.

10 “(f) RECOMMENDATIONS.—In developing the criteria,
11 procedures, and information required under this section,
12 the Governor shall solicit and take into consideration the
13 recommendations of local boards and providers of training
14 services within the State.

15 “(g) OPPORTUNITY TO SUBMIT COMMENTS.—During
16 the development of the criteria, procedures, and informa-
17 tion required under this section, the Governor shall pro-
18 vide an opportunity for interested members of the public,
19 including representatives of business and labor organiza-
20 tions, to submit comments regarding such criteria, proce-
21 dures, and information.”.

22 **SEC. 110. ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.**

23 Section 123 (29 U.S.C. 2843) is amended to read as
24 follows:

1 **“SEC. 123. ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.**

2 “(a) IN GENERAL.—From the funds allocated under
3 section 128(b) to a local area, the local board for such
4 area shall award grants or contracts on a competitive basis
5 to providers of youth activities identified based on the cri-
6 teria in the State plan and shall conduct oversight with
7 respect to such providers.

8 “(b) EXCEPTIONS.—A local board may award grants
9 or contracts on a sole-source basis if such board deter-
10 mines there are an insufficient number of eligible pro-
11 viders of training services in the local area involved (such
12 as rural areas) for grants to be awarded on a competitive
13 basis under subsection (a).”.

14 **SEC. 111. YOUTH ACTIVITIES.**

15 (a) STATE ALLOTMENTS.—

16 (1) IN GENERAL.—Section 127(a) (29 U.S.C.
17 2852(a)) is amended to read as follows:

18 “(a) ALLOTMENT AMONG STATES.—

19 “(1) YOUTH ACTIVITIES.—

20 “(A) YOUTH CHALLENGE GRANTS.—

21 “(i) RESERVATION OF FUNDS.—Of
22 the amount appropriated under section
23 137(a) for each fiscal year, the Secretary
24 shall reserve 25 percent to provide youth
25 challenge grants under section 169.

1 “(ii) LIMITATION.—Notwithstanding
2 clause (i), if the amount appropriated
3 under section 137(a) for a fiscal year ex-
4 ceeds \$1,000,000,000, the Secretary shall
5 reserve \$250,000,000 to provide youth
6 challenge grants under section 169.

7 “(B) OUTLYING AREAS AND NATIVE AMER-
8 ICANS.—After determining the amount to be re-
9 served under subparagraph (A), of the remain-
10 der of the amount appropriated under section
11 137(a) for each fiscal year the Secretary
12 shall—

13 “(i) reserve not more than $\frac{1}{4}$ of one
14 percent of such amount to provide assist-
15 ance to the outlying areas to carry out
16 youth activities and statewide workforce in-
17 vestment activities; and

18 “(ii) reserve not more than 1 and $\frac{1}{2}$
19 percent of such amount to provide youth
20 activities under section 166 (relating to
21 Native Americans).

22 “(C) STATES.—

23 “(i) IN GENERAL.—Of the remainder
24 of the amount appropriated under section
25 137(a) for a fiscal year that is available

1 after determining the amounts to be re-
2 served under subparagraphs (A) and (B),
3 the Secretary shall allot—

4 “(I) the amount of the remainder
5 that is less than or equal to the total
6 amount that was allotted to States for
7 fiscal year 2003 under section
8 127(b)(1)(C) of this Act (as in effect
9 on the day before the date of enact-
10 ment of the Workforce Reinvestment
11 and Adult Education Act of 2003) in
12 accordance with the requirements of
13 such section 127(b)(1)(C); and

14 “(II) the amount of the remain-
15 der, if any, in excess of the amount
16 referred to in subclause (I) in accord-
17 ance with clause (ii).

18 “(ii) FORMULAS FOR EXCESS
19 FUNDS.—Subject to clauses (iii) and (iv),
20 of the amounts described in clause
21 (i)(II)—

22 “(I) 33 and $\frac{1}{3}$ percent shall be
23 allotted on the basis of the relative
24 number of individuals in the civilian
25 labor force who are ages 16–19 in

1 each State, compared to the total
2 number of individuals in the civilian
3 labor force who are ages 16–19 in all
4 States;

5 “(II) 33 and $\frac{1}{3}$ percent shall be
6 allotted on the basis of the relative
7 number of unemployed individuals in
8 each State, compared to the total
9 number of unemployed individuals in
10 all States; and

11 “(III) 33 and $\frac{1}{3}$ percent shall be
12 allotted on the basis of the relative
13 number of disadvantaged youth who
14 are ages 16 through 21 in each State,
15 compared to the total number of dis-
16 advantaged youth who are ages 16
17 through 21 in all States.

18 “(iii) MINIMUM AND MAXIMUM PER-
19 CENTAGES.—The Secretary shall ensure
20 that no State shall receive an allotment for
21 a fiscal year that is less than 90 percent
22 or greater than 130 percent of the allot-
23 ment percentage of that State for the pre-
24 ceding fiscal year.

1 “(iv) SMALL STATE MINIMUM ALLOT-
2 MENT.—Subject to clause (iii), the Sec-
3 retary shall ensure that no State shall re-
4 ceive an allotment under this paragraph
5 that is less than $\frac{3}{10}$ of 1 percent of the
6 amount available under subparagraph (A).

7 “(2) DEFINITIONS.—For the purposes of para-
8 graph (1), the following definitions apply:

9 “(A) ALLOTMENT PERCENTAGE.—The
10 term ‘allotment percentage’, used with respect
11 to fiscal year 2004 or a subsequent fiscal year,
12 means a percentage of the remainder described
13 in paragraph (1)(C)(i) that is received through
14 an allotment made under this subsection for the
15 fiscal year. The term, with respect to fiscal year
16 2003, means the percentage of the amounts al-
17 lotted to States under this chapter (as in effect
18 on the day before the date of enactment of the
19 Workforce Reinvestment and Adult Education
20 Act of 2003) that is received by the State in-
21 volved for fiscal year 2003.

22 “(B) DISADVANTAGED YOUTH.—The term
23 ‘disadvantaged youth’ means an individual who
24 is age 16 through 21 who received an income,
25 or is a member of a family that received a total

1 family income, that, in relation to family size,
2 does not exceed the poverty line.

3 “(3) SPECIAL RULE.—For purposes of the for-
4 mulas specified in paragraph (1)(C), the Secretary
5 shall, as appropriate and to the extent practicable,
6 exclude college students and members of the Armed
7 Forces from the determination of the number of dis-
8 advantaged youth.

9 (2) REALLOTMENT.—Section 127 (29 U.S.C.
10 2552) is further amended—

11 (A) by striking subsection (b);

12 (B) by redesignating subsection (c) as sub-
13 section (b);

14 (C) in subsection (b) (as so redesignated)

15 (i) by amending paragraph (2) to read
16 as follows:

17 “(2) AMOUNT.—The amount available for real-
18 lotment for a program year is equal to the amount
19 by which the unexpended balance, excluding accrued
20 expenditures, at the end of such program year of the
21 total amount of funds available to the State under
22 this section during such program year (including
23 amounts allotted to the State in prior program years
24 that remain available during the program year for

1 which the determination is made) exceeds 30 percent
2 of such total amount.”;

3 (ii) in paragraph (3)—

4 (I) by striking “for the prior pro-
5 gram year” and inserting “for the
6 program year in which the determina-
7 tion is made”; and

8 (II) by striking “such prior pro-
9 gram year” and inserting “such pro-
10 gram year”;

11 (iii) by amending paragraph (4) to
12 read as follows:

13 “(4) ELIGIBILITY.—For purposes of this sub-
14 section, an eligible State means a State which does
15 not have an amount available for reallocation under
16 paragraph (2) for the program year for which the
17 determination under paragraph (2) is made.”.

18 (b) WITHIN STATE ALLOCATIONS.—

19 (1) RESERVATION FOR STATEWIDE ACTIVI-
20 TIES.—Section 128(a) is amended to read as follows:

21 “(a) RESERVATION FOR STATEWIDE ACTIVITIES.—

22 “(1) IN GENERAL.—The Governor of a State
23 shall reserve not more than 10 percent of the
24 amount allotted to the State under section

1 127(a)(1)(C) for a fiscal year for statewide activi-
2 ties.

3 “(2) USE OF FUNDS.—Regardless of whether
4 the amounts are allotted under section 127(a)(1)(C)
5 and reserved under paragraph (1) or allotted under
6 section 132 and reserved under section 133(a), the
7 Governor may use the reserved amounts to carry out
8 statewide youth activities under section 129(b) or
9 statewide employment and training activities under
10 section 133.”.

11 (2) WITHIN STATE ALLOCATION.—Section
12 128(b) is amended to read as follows:

13 “(b) WITHIN STATE ALLOCATION.—

14 “(1) IN GENERAL.—Of the amounts allotted to
15 the State under section 127(a)(1)(C) and not re-
16 served under subsection (a)(1)—

17 “(A) 80 percent of such amounts shall be
18 allocated by the Governor to local areas in ac-
19 cordance with paragraph (2); and

20 “(B) 20 percent of such amounts shall be
21 allocated by the Governor to local areas in ac-
22 cordance with paragraph (3).

23 “(2) ESTABLISHED FORMULA.—

1 “(A) IN GENERAL.—Of the amounts de-
2 scribed in paragraph (1)(A), the Governor shall
3 allocate—

4 “(i) 33 and $\frac{1}{3}$ percent shall be allot-
5 ted on the basis of the relative number of
6 individuals in the civilian labor force who
7 are ages 16–19 in each local area, com-
8 pared to the total number of individuals in
9 the civilian labor force who are ages 16–19
10 in all local areas in the State;

11 “(ii) 33 and $\frac{1}{3}$ percent shall be allot-
12 ted on the basis of the relative number of
13 unemployed individuals in each local area,
14 compared to the total number of unem-
15 ployed individuals in all local areas in the
16 State; and

17 “(iii) 33 and $\frac{1}{3}$ percent on the basis
18 of the relative number of disadvantaged
19 youth who are ages 16 through 21 in each
20 local area, compared to the total number of
21 disadvantaged youth who are ages 16
22 through 21 in all local areas in the State.

23 “(B) MINIMUM AND MAXIMUM PERCENT-
24 AGES.—The Governor shall ensure that no local
25 area shall receive an allocation for a fiscal year

1 under this paragraph that is less than 90 per-
2 cent or greater than 130 percent of the alloca-
3 tion percentage of the local area for the pre-
4 ceding fiscal year.

5 “(C) DEFINITIONS.—

6 “(i) ALLOCATION PERCENTAGE.—For
7 purposes of this paragraph, the term ‘allo-
8 cation percentage’, used with respect to fis-
9 cal year 2004 or a subsequent fiscal year,
10 means a percentage of amount described in
11 paragraph(1)(A) that is received through
12 an allocation made under this paragraph
13 for the fiscal year. The term, with respect
14 to fiscal year 2003, means the percentage
15 of the amounts allocated to local areas
16 under this chapter (as in effect on the day
17 before the date of enactment of the Work-
18 force Investment Act Amendments of
19 2003) that is received by the local area in-
20 volved for fiscal year 2003.

21 “(ii) DISADVANTAGED YOUTH.—The
22 term ‘disadvantaged youth’ means an indi-
23 vidual who is age 16 through 21 who re-
24 ceived an income, or is a member of a fam-
25 ily that received a total family income,

1 that, in relation to family size, does not ex-
2 ceed the poverty line.

3 “(3) YOUTH DISCRETIONARY ALLOCATION.—

4 The Governor shall allocate to local areas the
5 amounts described in paragraph (1)(B) in accord-
6 ance with such demographic and economic factors as
7 the Governor, after consultation with the State
8 board and local boards, determines are appropriate.

9 “(4) LOCAL ADMINISTRATIVE COST LIMIT.—

10 “(A) IN GENERAL.—Of the amounts allo-
11 cated to a local area under this subsection and
12 section 133(b) for a fiscal year, not more than
13 10 percent of the amount may be used by the
14 local boards for the administrative costs of car-
15 rying out local workforce investment activities
16 under this chapter or chapter 5.

17 “(B) USE OF FUNDS.—Funds made avail-
18 able for administrative costs under subpara-
19 graph (A) may be used for the administrative
20 costs of any of the local workforce investment
21 activities described in this chapter or chapter 5,
22 regardless of whether the funds were allocated
23 under this subsection or section 133(b).”.

24 (3) REALLOCATION.—Section 128(c) (29
25 U.S.C. 2853(c)) is amended—

1 (A) in paragraph (1), by striking “para-
2 graph (2)(A) or (3) of”;

3 (B) by amending paragraph (2) to read as
4 follows:

5 “(2) AMOUNT.—The amount available for re-
6 allocation for a program year is equal to the amount
7 by which the unexpended balance, excluding accrued
8 expenditures, at the end of such program year of the
9 total amount of funds available to the local area
10 under this section during such program year (includ-
11 ing amounts allotted to the local area in prior pro-
12 gram years that remain available during the pro-
13 gram year for which the determination is made) ex-
14 ceeds 30 percent of such total amount.”;

15 (C) by amending paragraph (3)—

16 (i) by striking “subsection (b)(3)”
17 each place it appears and inserting “sub-
18 section (b)”;

19 (ii) by striking “the prior program
20 year” and inserting “the program year in
21 which the determination is made”;

22 (iii) by striking “such prior program
23 year” and inserting “such program year”;

24 and

25 (iv) by striking the last sentence; and

1 (D) by amending paragraph (4) to read as
2 follows:

3 “(4) ELIGIBILITY.—For purposes of this sub-
4 section, an eligible local area means a local area
5 which does not have an amount available for re-
6 allocation under paragraph (2) for the program year
7 for which the determination under paragraph (2) is
8 made.”.

9 (c) YOUTH PARTICIPANT ELIGIBILITY.—Section
10 129(a) (29 U.S.C. 2854(a)) is amended to read as follows:

11 “(a) YOUTH PARTICIPANT ELIGIBILITY.—

12 “(1) IN GENERAL.—The individuals partici-
13 pating in activities carried out under this chapter by
14 a local area during any program year shall be indi-
15 viduals who, at the time the eligibility determination
16 is made, are—

17 “(A) not younger than age 16 or older
18 than age 24; and

19 “(B) one or more of the following:

20 “(i) school dropouts;

21 “(ii) recipients of a secondary school
22 diploma or the General Equivalency Di-
23 ploma (GED) (including recognized alter-
24 native standards for individuals with dis-
25 abilities) who are deficient in basic skills;

1 “(iii) court-involved youth attending
2 an alternative school;

3 “(iv) youth in foster care or who have
4 been in foster care; or

5 “(v) in school youth who are low-in-
6 come individuals and one or more of the
7 following:

8 “(I) Deficient in literacy skills.

9 “(II) Homeless, runaway, or fos-
10 ter children.

11 “(III) Pregnant or parents.

12 “(IV) Offenders.

13 “(V) Individuals who require ad-
14 ditional assistance to complete an edu-
15 cational program, or to secure and
16 hold employment.

17 “(2) PRIORITY FOR SCHOOL DROPOUTS.—A
18 priority in the provision of services under this chap-
19 ter shall be given to individuals who are school drop-
20 outs.

21 “(3) LIMITATIONS ON ACTIVITIES FOR IN-
22 SCHOOL YOUTH.—

23 “(A) PERCENTAGE OF FUNDS.—For any
24 program year, not more than 30 percent of the
25 funds available for statewide activities under

1 subsection (b), and not more than 30 percent of
2 funds available to local areas under subsection
3 (c), may be used to provide activities for in-
4 school youth meeting the requirements of para-
5 graph (1)(B)(v).

6 “(B) NON-SCHOOL HOURS REQUIRED.—
7 Activities carried out under this chapter for in-
8 school youth meeting the requirements of para-
9 graph (1)(B)(v) shall only be carried out in
10 non-school hours or periods when school is not
11 in session (such as before and after school or
12 during summer recess.”.

13 (d) STATEWIDE YOUTH ACTIVITIES.—Section 129(b)
14 (29 U.S.C. 2854(b)) is amended to read as follows:

15 “(b) STATEWIDE ACTIVITIES.—

16 “(1) IN GENERAL.—Funds reserved by a Gov-
17 ernor for a State as described in sections 128(a) and
18 133(a)(1) may be used for statewide activities
19 including—

20 “(A) additional assistance to local areas
21 that have high concentrations of eligible youth;

22 “(B) supporting the provision of core serv-
23 ices described in section 134(c)(2) in the one-
24 stop delivery system;

1 “(C) conducting evaluations under section
2 136(e) of activities authorized under this chap-
3 ter and chapter 5 in coordination with evalua-
4 tions carried out by the Secretary under section
5 172, research, and demonstration projects;

6 “(D) providing incentive grants to local
7 areas for regional cooperation among local
8 boards (including local boards in a designated
9 region as described in section 116(c)), for local
10 coordination of activities carried out under this
11 Act, and for exemplary performance by local
12 areas on the local performance measures;

13 “(E) providing technical assistance and ca-
14 pacity building to local areas, one-stop opera-
15 tors, one-stop partners, and eligible providers,
16 including the development and training of staff,
17 the development of exemplary program activi-
18 ties, and the provision of technical assistance to
19 local areas that fail to meet local performance
20 measures;

21 “(F) operating a fiscal and management
22 accountability system under section 136(f); and

23 “(G) carrying out monitoring and over-
24 sight of activities under this chapter and chap-
25 ter 5.

1 “(2) LIMITATION.—Not more than 5 percent of
2 the funds allotted under section 127(b) shall be used
3 by the State for administrative activities carried out
4 under this subsection and section 133(a).

5 “(3) PROHIBITION.—No funds described in this
6 subsection or in section 134(a) may be used to de-
7 velop or implement education curricula for school
8 systems in the State.”.

9 (e) LOCAL ELEMENTS AND REQUIREMENTS.—

10 (1) PROGRAM DESIGN.—Section 129(c)(1) (29
11 U.S.C. 2854(c) (1)) is amended—

12 (A) in the matter preceding subparagraph
13 (A), by striking “paragraph (2)(A) or (3), as
14 appropriate, of”;

15 (B) in subparagraph (B), by inserting “are
16 directly linked to one or more of the perform-
17 ance outcomes relating to this chapter under
18 section 136, and that” after “for each partici-
19 pant that”; and

20 (C) in subparagraph (C)—

21 (i) by redesignating clauses (i)
22 through (iv) as clauses (ii) through (v), re-
23 spectively;

24 (ii) by inserting before clause (ii) (as
25 so redesignated) the following:

1 “(i) activities leading to the attain-
2 ment of a secondary school diploma or the
3 General Equivalency Diploma (GED) (in-
4 cluding recognized alternative standards
5 for individuals with disabilities);”;

6 (iii) in clause (ii) (as redesignated by
7 this subparagraph), by inserting “and ad-
8 vanced training” after “opportunities”;

9 (iv) in clause (iii) (as redesignated by
10 this subparagraph), by inserting “that lead
11 to the attainment of recognized creden-
12 tials” after “learning”; and

13 (v) by amending clause (v) (as redesi-
14 gnated by this subparagraph) to read as
15 follows:

16 “(v) effective connections to employers
17 in sectors of the local labor market experi-
18 encing high growth in employment oppor-
19 tunities.”.

20 (2) PROGRAM ELEMENTS.—Section 129(c)(2)
21 (29 U.S.C. 2854(c)(2)) is amended—

22 (A) in subparagraph (A), by striking “sec-
23 ondary school, including dropout prevention
24 strategies” and inserting “secondary school di-
25 ploma or the General Equivalency Diploma

1 (GED) (including recognized alternative stand-
2 ards for individuals with disabilities), including
3 dropout prevention strategies”;

4 (B) in subparagraph (I), by striking “and”
5 at the end;

6 (C) in subparagraph (J), by striking the
7 period at the end and inserting a semicolon;
8 and

9 (D) by adding at the end the following:

10 “(K) on-the-job training opportunities; and

11 “(L) financial literacy skills.”.

12 (3) ADDITIONAL REQUIREMENTS.—Section
13 129(c)(3)(A) (29 U.S.C. 2854(c)(3)(A)) is amended
14 in the matter preceding clause (i) by striking “or ap-
15 plicant who meets the minimum income criteria to
16 be considered an eligible youth”;

17 (4) PRIORITY AND EXCEPTIONS.—Section
18 129(c) (29 U.S.C. 2854(c)) is further amended—

19 (A) by striking paragraphs (4) and (5);

20 (B) by redesignating paragraph (6) as
21 paragraph (4);

22 (C) by redesignating paragraph (7) as
23 paragraph (5), and in such redesignated para-
24 graph (5) by striking “youth councils” and in-
25 serting “local boards”; and

1 (D) by redesignating paragraph (8) as
2 paragraph (6).

3 **SEC. 112. COMPREHENSIVE PROGRAM FOR ADULTS.**

4 (a) TITLE OF CHAPTER 5.—

5 (1) The title heading of chapter 5 is amended
6 to read as follows:

7 **“CHAPTER 5—COMPREHENSIVE EMPLOY-**
8 **MENT AND TRAINING ACTIVITIES FOR**
9 **ADULTS”.**

10 (2) CONFORMING AMENDMENT.—Table of con-
11 tents in section 1(b) is amended by amending the
12 item related to the heading for chapter 5 to read as
13 follows:

“CHAPTER 5—COMPREHENSIVE EMPLOYMENT AND TRAINING ACTIVITIES
FOR ADULTS”.

14 (b) GENERAL AUTHORIZATION.—Section 131 (29
15 U.S.C. 2861) is amended—

16 (1) by striking “paragraphs (1)(B) and (2)(B)
17 of”; and

18 (2) by striking “, and dislocated workers,”.

19 (c) STATE ALLOTMENTS.—

20 (1) IN GENERAL.—Section 132(a) (29 U.S.C.
21 2862(a)) is amended to read as follows:

22 “(a) IN GENERAL.—The Secretary shall—

1 “(1) reserve 10 percent of the amount appro-
2 priated under section 137(b) for a fiscal year, of
3 which—

4 “(A) not less than 75 percent shall be used
5 for national dislocated worker grants under sec-
6 tion 173;

7 “(B) not more than 20 percent may be
8 used for demonstration projects under section
9 171; and

10 “(C) not more than 5 percent may be used
11 to provide technical assistance under section
12 170; and

13 “(2) make allotments from 90 percent of the
14 amount appropriated under section 137(b) for a fis-
15 cal year in accordance with subsection (b).”.

16 (2) ALLOTMENT AMONG STATES.—Section
17 132(b) (29 U.S.C. 2862(b)) is amended to read as
18 follows:

19 “(b) ALLOTMENT AMONG STATES FOR ADULT EM-
20 PLOYMENT AND TRAINING ACTIVITIES.—

21 “(1) RESERVATION FOR OUTLYING AREAS.—
22 From the amount made available under subsection
23 (a)(2) for a fiscal year, the Secretary shall reserve
24 not more than $\frac{1}{4}$ of 1 percent to provide assistance
25 to outlying areas to carry out employment and train-

1 ing activities for adults and statewide workforce in-
2 vestment activities.

3 “(2) STATES.—Subject to paragraph (5), of the
4 remainder of the amount referred to under sub-
5 section (a)(2) for a fiscal year that is available after
6 determining the amount to be reserved under para-
7 graph (1), the Secretary shall allot to the States for
8 employment and training activities for adults and for
9 statewide workforce investment activities—

10 “(A) 26 percent in accordance with para-
11 graph (3); and

12 “(B) 74 percent in accordance with para-
13 graph (4).

14 “(3) BASE FORMULA.—

15 “(A) FISCAL YEAR 2004.—

16 “(i) IN GENERAL.—Subject to clause
17 (ii), the amount referred to in paragraph
18 (2)(A) shall be allotted for fiscal year 2004
19 on the basis of allotment percentage of
20 each State under section 6 of the Wagner-
21 Peyser Act for fiscal year 2003.

22 “(ii) EXCESS AMOUNTS.—If the
23 amount referred to in paragraph (2)(A) for
24 fiscal year 2004 exceeds the amount that
25 was available for allotment to the States

1 under the Wagner-Peyser Act for fiscal
2 year 2003, such excess amount shall be al-
3 lotted on the basis of the relative number
4 of individuals in the civilian labor force in
5 each State, compared to the total number
6 of individuals in the civilian labor force in
7 all States, adjusted to ensure that no State
8 receives less than $\frac{3}{10}$ of one percent of
9 such excess amount.

10 “(iii) DEFINITION.—For purposes of
11 this subparagraph, the term ‘allotment
12 percentage’ means the percentage of the
13 amounts allotted to States under section 6
14 of the Wagner-Peyser Act that is received
15 by the State involved for fiscal year 2003.

16 “(B) FISCAL YEARS 2005 AND THERE-
17 AFTER.—

18 “(i) IN GENERAL.—Subject to
19 clause(ii), the amount referred to in para-
20 graph(2)(A) shall be allotted for fiscal year
21 2005 and each fiscal year thereafter on the
22 basis of the allotment percentage of each
23 State under this paragraph for the pre-
24 ceding fiscal year.

1 “(ii) EXCESS AMOUNTS.—If the
2 amount referred to in paragraph (2)(A) for
3 fiscal year 2005 or any fiscal year there-
4 after exceeds the amount that was avail-
5 able for allotment under this paragraph for
6 the prior fiscal year, such excess amount
7 shall be allotted on the basis of the relative
8 number of individuals in the civilian labor
9 force in each State, compared to the total
10 number of individuals in the civilian labor
11 force in all States, adjusted to ensure that
12 no State receives less than $\frac{3}{10}$ of one per-
13 cent of such excess amount.

14 “(iii) DEFINITION.—For purposes of
15 this subparagraph, the term ‘allotment
16 percentage’ means the percentage of the
17 amounts allotted to States under this para-
18 graph in a fiscal year that is received by
19 the State involved for such fiscal year.

20 “(4) CONSOLIDATED FORMULA.—

21 “(A) IN GENERAL.—Subject to subpara-
22 graphs (B) and (C), of the amount referred to
23 in paragraph (2)(B)—

24 “(i) 60 percent shall be allotted on the
25 basis of the relative number of unemployed

1 individuals in each State, compared to the
2 total number of unemployed individuals in
3 all States;

4 “(ii) 25 percent shall be allotted on
5 the basis of the relative excess number of
6 unemployed individuals in each State, com-
7 pared to the total excess number of unem-
8 ployed individuals in all States; and

9 “(iii) 15 percent shall be allotted on
10 the basis of the relative number of dis-
11 advantaged adults in each State, compared
12 to the total number of disadvantaged
13 adults in all States.

14 “(B) MINIMUM AND MAXIMUM PERCENT-
15 AGES.—

16 “(i) MINIMUM PERCENTAGE.—The
17 Secretary shall ensure that no State shall
18 receive an allotment under this paragraph
19 for a fiscal year that is less than 90 per-
20 cent of the allotment percentage of the
21 State under this paragraph for the pre-
22 ceding fiscal year.

23 “(ii) MAXIMUM PERCENTAGE.—Sub-
24 ject to clause (i), the Secretary shall en-
25 sure that no State shall receive an allot-

1 ment for a fiscal year under this para-
2 graph that is more than 130 percent of the
3 allotment of the State under this para-
4 graph for the preceding fiscal year.

5 “(C) SMALL STATE MINIMUM ALLOT-
6 MENT.—Subject to subparagraph (B), the Sec-
7 retary shall ensure that no State shall receive
8 an allotment under this paragraph that is less
9 than $\frac{2}{10}$ of 1 percent of the amount available
10 under subparagraph (A).

11 “(D) DEFINITIONS.—For the purposes of
12 this paragraph:

13 “(i) ALLOTMENT PERCENTAGE.—The
14 term ‘allotment percentage’, used with re-
15 spect to fiscal year 2004 or a subsequent
16 fiscal year, means a percentage of the
17 amounts described in paragraph (2)(B)
18 that is received through an allotment made
19 under this paragraph for the fiscal year.
20 The term, with respect to fiscal year 2003,
21 means the percentage of the amounts allot-
22 ted to States under this chapter (as in ef-
23 fect on the day before the date of enact-
24 ment of the Workforce Reinvestment and
25 Adult Education Act of 2003) and under

1 reemployment service grants received by
2 the State involved for fiscal year 2003.

3 “(ii) DISADVANTAGED ADULT.—The
4 term ‘disadvantaged adult’ means an indi-
5 vidual who is age 22 through 72 who re-
6 ceived an income, or is a member of a fam-
7 ily that received a total family income,
8 that, in relation to family size, does not ex-
9 ceed the poverty line.

10 “(iii) EXCESS NUMBER.—The term
11 ‘excess number’ means, used with respect
12 to the excess number of unemployed indi-
13 viduals within a State, the number that
14 represents the number of unemployed indi-
15 viduals in excess of 4 and ½ percent of the
16 civilian labor force in the State.

17 “(5) ADJUSTMENTS IN ALLOTMENTS BASED ON
18 DIFFERENCES WITH UNCONSOLIDATED FOR-
19 MULAS.—

20 “(A) IN GENERAL.—The Secretary shall
21 ensure that for any fiscal year no State has an
22 allotment difference, as defined in subpara-
23 graph (C), that is less than zero. The Secretary
24 shall adjust the amounts allotted to the States
25 under this subsection in accordance with sub-

1 paragraph (B) if necessary to carry out this
2 subparagraph..

3 “(B) ADJUSTMENTS IN ALLOTMENTS.—

4 “(i) REDISTRIBUTION OF EXCESS
5 AMOUNTS.—

6 “(I) IN GENERAL.—If necessary
7 to carry out subparagraph (A), the
8 Secretary shall reduce the amounts
9 that would be allotted under para-
10 graphs (3) and (4) to States that have
11 an excess allotment difference, as de-
12 fined in subclause (II), by the amount
13 of such excess, and use such amounts
14 to increase the allotments to States
15 that have an allotment difference less
16 than zero.

17 “(II) EXCESS AMOUNTS.—For
18 purposes of subclause (I), the term
19 ‘excess’ allotment difference means an
20 allotment difference for a State that
21 is—

22 “(aa) in excess of 3 percent
23 of the amount described in sub-
24 paragraph (C)(i)(II); or

1 “(bb) in excess of a percent-
2 age established by the Secretary
3 that is greater than 3 percent of
4 the amount described in subpara-
5 graph (C)(i)(II) if the Secretary
6 determines that such greater per-
7 centage is sufficient to carry out
8 subparagraph (A).

9 “(ii) USE OF AMOUNTS AVAILABLE
10 UNDER NATIONAL RESERVE ACCOUNT.—If
11 the funds available under clause (i) are in-
12 sufficient to carry out subparagraph (A),
13 the Secretary shall use funds reserved
14 under section 132(a) in such amounts as
15 are necessary to increase the allotments to
16 States to meet the requirements of sub-
17 paragraph (A). Such funds shall be used in
18 the same manner as the States use the
19 other funds allotted under this subsection.

20 “(C) DEFINITION OF ALLOTMENT DIF-
21 FERENCE.—

22 “(i) IN GENERAL.—For purposes of
23 this paragraph, the term ‘allotment dif-
24 ference’ means the difference between—

1 “(I) the total amount a State
2 would receive of the amounts available
3 for allotment under subsection (b)(2)
4 for a fiscal year pursuant to para-
5 graphs (3) and (4); and

6 “(II) the total amount the State
7 would receive of the amounts available
8 for allotment under subsection (b)(2)
9 for the fiscal year if such amounts
10 were allotted pursuant to the uncon-
11 solidated formulas (applied as de-
12 scribed in clause (iii)) that were used
13 in allotting funds for fiscal year 2003.

14 “(ii) UNCONSOLIDATED FORMULAS.—
15 For purposes of clause (i), the unconsoli-
16 dated formulas are:

17 “(I) The requirements for the al-
18 lotment of funds to the States con-
19 tained in section 132(b)(1)(B) of this
20 Act (as in effect on the day before the
21 date of enactment of the Workforce
22 Reinvestment and Adult Education
23 Act of 2003) that were applicable to
24 the allotment of funds under such sec-
25 tion for fiscal year 2003.

1 “(II) The requirements for the
2 allotment of funds to the States con-
3 tained in section 132(b)(2)(B) of this
4 Act (as in effect on the day before the
5 date of enactment of the Workforce
6 Reinvestment and Adult Education
7 Act of 2003) that were applicable to
8 the allotment of funds under such sec-
9 tion for fiscal year 2003.

10 “(III) The requirements for the
11 allotment of funds to the States that
12 were contained in section 6 of the
13 Wagner-Peyser Act (as in effect on
14 the day before the date of enactment
15 of the Workforce Reinvestment and
16 Adult Education Act of 2003) that
17 were applicable to the allotment of
18 funds under such Act for fiscal year
19 2003.

20 “(IV) The requirements for the
21 allotment of funds to the States that
22 were established by the Secretary for
23 Reemployment Services Grants that
24 were applicable to the allotment of

1 funds for such grants for fiscal year
2 2003.

3 “(iii) PROPORTIONATE APPLICATION
4 OF UNCONSOLIDATED FORMULAS BASED
5 ON FISCAL YEAR 2003.—In calculating the
6 amount under clause (i)(II), each of the
7 unconsolidated formulas identified in
8 clause (ii) shall be applied, respectively,
9 only to the proportionate share of the total
10 amount of funds available for allotment
11 under subsection (b)(2) for a fiscal year
12 that is equal to the proportionate share to
13 which each of the unconsolidated formulas
14 applied with respect to the total amount of
15 funds allotted to the States under all of
16 the unconsolidated formulas in fiscal year
17 2003.

18 “(iv) RULE OF CONSTRUCTION.—The
19 amounts used to adjust the allotments to a
20 State under subparagraph (B) for a fiscal
21 year shall not be included in the calcula-
22 tion of the amounts under clause (i) for a
23 subsequent fiscal year, including the cal-
24 culation of allocation percentages for a
25 preceding fiscal year applicable to para-

1 graphs (3) and (4) and to the unconsoli-
2 dated formulas described in clause (ii).”.

3 (3) REALLOTMENT.—Section 132(c) (29 U.S.C.
4 2862(c)) is amended—

5 (A) by amending paragraph (2) to read as
6 follows:

7 “(2) AMOUNT.—The amount available for real-
8 lotment for a program year is equal to the amount
9 by which the unexpended balance, excluding accrued
10 expenditures, at the end of such program year of the
11 total amount of funds available to the State under
12 this section during such program year (including
13 amounts allotted to the State in prior program years
14 that remain available during the program year for
15 which the determination is made) exceeds 30 percent
16 of such total amount.”;

17 (B) in paragraph (3)—

18 (i) by striking “for the prior program
19 year” and inserting “for the program year
20 in which the determination is made”; and

21 (ii) by striking “such prior program
22 year” and inserting “such program year”;

23 and

24 (C) by amending paragraph (4) to read as
25 follows:

1 “(4) ELIGIBILITY.—For purposes of this sub-
2 section, an eligible State means a State that does
3 not have an amount available for reallocation under
4 paragraph (2) for the program year for which the
5 determination under paragraph (2) is made.”.

6 (d) WITHIN STATE ALLOCATIONS.—

7 (1) RESERVATION FOR STATE ACTIVITIES.—
8 Section 133(a) (29 U.S.C. 2863(a)) is amended to
9 read as follows:

10 “(a) RESERVATION FOR STATEWIDE ACTIVITIES.—
11 The Governor of a State may reserve up to 50 percent
12 of the total amount allotted to the State under section 132
13 for a fiscal year to carry out the statewide activities de-
14 scribed in section 134(a).”.

15 (2) ALLOCATIONS TO LOCAL AREAS.—Section
16 133(b) (29 U.S.C. 2863(b)) is amended to read as
17 follows:

18 “(b) ALLOCATIONS TO LOCAL AREAS.—

19 “(1) IN GENERAL.—Of the amounts allotted to
20 the State under section 132(b)(2) and not reserved
21 under subsection (a)—

22 “(A) 85 percent of such amounts shall be
23 allocated by the Governor to local areas in ac-
24 cordance with paragraph (2); and

1 “(B) 15 percent of such amounts shall be
2 allocated by the Governor to local areas in ac-
3 cordance with paragraph (3).

4 “(2) ESTABLISHED FORMULA.—

5 “(A) IN GENERAL.—Of the amounts de-
6 scribed in paragraph (1)(A), the Governor shall
7 allocate—

8 “(i) 60 percent on the basis of the rel-
9 ative number of unemployed individuals in
10 each local area, compared to the total
11 number of unemployed individuals in all
12 local areas in the State;

13 “(ii) 25 percent on the basis of the
14 relative excess number of unemployed indi-
15 viduals in each local area, compared to the
16 total excess number of unemployed individ-
17 uals in all local areas in the State; and

18 “(iii) 15 percent shall be allotted on
19 the basis of the relative number of dis-
20 advantaged adults in each local area, com-
21 pared to the total number of disadvantaged
22 adults in all local areas in the State.

23 “(B) MINIMUM AND MAXIMUM PERCENT-
24 AGES.—The Governor shall ensure that no local
25 area shall receive an allocation for a fiscal year

1 under this paragraph that is less than 90 per-
2 cent or greater than 130 percent of the alloca-
3 tion percentage of the local area for the pre-
4 ceding fiscal year.

5 “(C) DEFINITIONS.—

6 “(i) ALLOCATION PERCENTAGE.—The
7 term ‘allocation percentage’, used with re-
8 spect to fiscal year 2004 or a subsequent
9 fiscal year, means a percentage of amount
10 described in paragraph (1)(A) that is re-
11 ceived through an allocation made under
12 this paragraph for the fiscal year. The
13 term, with respect to fiscal year 2003,
14 means the percentage of the amounts allo-
15 cated to local areas under this chapter (as
16 in effect on the day before the date of en-
17 actment of the Workforce Reinvestment
18 and Adult Education Act of 2003) that is
19 received by the local area involved for fis-
20 cal year 2003.

21 “(ii) DISADVANTAGED ADULT.—The
22 term ‘disadvantaged adult’ means an indi-
23 vidual who is age 22 through 72 who re-
24 ceived an income, or is a member of a fam-
25 ily that received a total family income,

1 that, in relation to family size, does not ex-
2 ceed the poverty line.

3 “(iii) EXCESS NUMBER.—The term
4 ‘excess number’ means, used with respect
5 to the excess number of unemployed indi-
6 viduals within a local area, the number
7 that represents the number of unemployed
8 individuals in excess of 4.5 percent of the
9 civilian labor force in the local area.

10 “(3) DISCRETIONARY ALLOCATION.—The Gov-
11 ernor shall allocate to local areas the amounts de-
12 scribed in paragraph (1)(B) based on a formula de-
13 veloped in consultation with the State board and
14 local boards. Such formula shall be objective and
15 geographically equitable and may include such demo-
16 graphic and economic factors as the Governor, after
17 consultation with the State board and local boards,
18 determines are appropriate.

19 “(4) LOCAL ADMINISTRATIVE COST LIMIT.—

20 “(A) IN GENERAL.—Of the amounts allo-
21 cated to a local area under this subsection and
22 section 128(b) for a fiscal year, not more than
23 10 percent of the amount may be used by the
24 local boards for the administrative costs of car-

1 rying out local workforce investment activities
2 under this chapter or chapter 4.

3 “(B) USE OF FUNDS.—Funds made avail-
4 able for administrative costs under subpara-
5 graph (A) may be used for the administrative
6 costs of any of the local workforce investment
7 activities described in this chapter or chapter 4,
8 regardless of whether the funds were allocated
9 under this subsection or section 128(b).”.

10 (3) REALLOCATION AMONG LOCAL AREAS.—

11 Section 133(c) (29 U.S.C. 2863(c)) is amended—

12 (A) in paragraph (1), by striking “para-
13 graph (2)(A) or (3) of”;

14 (B) by amending paragraph (2) to read as
15 follows:

16 “(2) AMOUNT.—The amount available for re-
17 allocation for a program year is equal to the amount
18 by which the unexpended balance, excluding accrued
19 expenditures, at the end of such program year of the
20 total amount of funds available to the local area
21 under this section during such program year (includ-
22 ing amounts allotted to the local area in prior pro-
23 gram years that remain available during the pro-
24 gram year for which the determination is made) ex-
25 ceeds 30 percent of such total amount.”;

1 (C) by amending paragraph (3)—

2 (i) by striking “subsection (b)(3)”
3 each place it appears and inserting “sub-
4 section (b)”;

5 (ii) by striking “the prior program
6 year” and inserting “the program year in
7 which the determination is made”;

8 (iii) by striking “such prior program
9 year” and inserting “such program year”;

10 and

11 (iv) by striking the last sentence; and

12 (D) by amending paragraph (4) to read as
13 follows:

14 “(4) ELIGIBILITY.—For purposes of this sub-
15 section, an eligible local area means a local area
16 which does not have an amount available for re-
17 allocation under paragraph (2) for the program year
18 for which the determination under paragraph (2) is
19 made.”.

20 (e) USE OF FUNDS FOR EMPLOYMENT AND TRAIN-
21 ING ACTIVITIES.—

22 (1) STATEWIDE EMPLOYMENT AND TRAINING
23 ACTIVITIES.—

1 (A) IN GENERAL.—Section 134(a)(1) (29
2 U.S.C. 2864(a)(1) is amended to read as fol-
3 lows:

4 “(1) IN GENERAL.—

5 “(A) REQUIRED USE OF FUNDS.—Not less
6 than 50 percent of the funds reserved by a Gov-
7 ernor under section 133(a) shall be used to sup-
8 port the provision of core services in local areas,
9 consistent with the local plan, through one-stop
10 delivery systems by distributing funds to local
11 areas in accordance with subparagraph (B).
12 Such funds may be used by States to employ
13 State personnel to provide such services in des-
14 ignated local areas in consultation with local
15 boards.

16 “(B) METHOD OF DISTRIBUTING
17 FUNDS.—The method of distributing funds
18 under this paragraph shall be developed in con-
19 sultation with the State board and local boards.
20 Such method of distribution, which may include
21 the formula established under section
22 121(h)(3), shall be objective and geographically
23 equitable, and may include factors such as the
24 number of centers in the local area that have

1 been certified, the population served by such
2 centers, and the performance of such centers.

3 “(C) OTHER USE OF FUNDS.—Funds re-
4 served by a Governor for a State—

5 “(i) under section 133(a) and not
6 used under subparagraph (A), may be used
7 for statewide activities described in para-
8 graph (2); and

9 “(ii) under section 133(a) and not
10 used under subparagraph (A), and under
11 section 128(a) may be used to carry out
12 any of the statewide employment and
13 training activities described in paragraph
14 (3).”.

15 (B) STATEWIDE RAPID RESPONSE ACTIVI-
16 TIES.—Section 134(a)(2) (29 U.S.C.
17 2864(a)(2)) is amended to read as follows:

18 “(2) STATEWIDE RAPID RESPONSE ACTIVI-
19 TIES.—A State shall carry out statewide rapid re-
20 sponse activities using funds reserved as described in
21 section 133(a). Such activities shall include—

22 “(A) provision of rapid response activities,
23 carried out in local areas by the State or by an
24 entity designated by the State, working in con-

1 junction with the local boards and the chief
2 elected officials in the local areas; and

3 “(B) provision of additional assistance to
4 local areas that experience disasters, mass lay-
5 offs or plant closings, or other events that pre-
6 cipitate substantial increases in the number of
7 unemployed individuals, carried out in local
8 areas by the State, working in conjunction with
9 the local boards and the chief elected officials in
10 the local areas.”.

11 (C) STATEWIDE EMPLOYMENT AND TRAIN-
12 ING ACTIVITIES.—Section 134(a)(3) (29 U.S.C.
13 2864(a)(3)) is amended to read as follows:

14 “(3) STATEWIDE ACTIVITIES.—Funds reserved
15 by a Governor for a State as described in sections
16 133(a) and 128(a) may be used for statewide activi-
17 ties including—

18 “(A) supporting the provision of core serv-
19 ices described in section 134(c)(2) in the one-
20 stop delivery system;

21 “(B) conducting evaluations under section
22 136(e) of activities authorized under this chap-
23 ter and chapter 4 in coordination with evalua-
24 tions carried out by the Secretary under section
25 172, research, and demonstration projects;

1 “(C) providing incentive grants to local
2 areas for regional cooperation among local
3 boards (including local boards in a designated
4 region as described in section 116(c)), for local
5 coordination of activities carried out under this
6 Act, and for exemplary performance by local
7 areas on the local performance measures;

8 “(D) providing technical assistance and ca-
9 pacity building to local areas, one-stop opera-
10 tors, one-stop partners, and eligible providers,
11 including the development and training of staff,
12 the development of exemplary program activi-
13 ties, and the provision of technical assistance to
14 local areas that fail to meet local performance
15 measures;

16 “(E) operating a fiscal and management
17 accountability system under section 136(f);

18 “(F) carrying out monitoring and oversight
19 of activities carried out under this chapter and
20 chapter 4;

21 “(G) implementing innovative programs,
22 such as incumbent worker training programs,
23 programs serving individuals with disabilities
24 consistent with section 188;

1 “(H) developing strategies for effectively
2 serving hard-to-serve populations and for inte-
3 grating programs and services among one-stop
4 partners;

5 “(I) implementing innovative programs for
6 displaced homemakers, which for purposes of
7 this subparagraph may include an individual
8 who is receiving public assistance and is within
9 2 years of exhausting lifetime eligibility under
10 Part A of title IV of the Social Security Act (42
11 U.S.C. 601 et seq.); and

12 “(J) implementing programs to increase
13 the number of individuals training for and
14 placed in nontraditional employment.”.

15 (D) LIMITATION ON STATE ADMINISTRA-
16 TIVE EXPENDITURES.—Section 134(a) is fur-
17 ther amended by adding the following new
18 paragraph:

19 “(4) LIMITATION.—Not more than 5 percent of
20 the funds allotted under section 132(b) shall be used
21 by the State for administrative activities carried out
22 under this subsection and section 128(a).”.

23 (2) LOCAL EMPLOYMENT AND TRAINING AC-
24 TIVITIES.— Section 134(b) (29 U.S.C. 2864(b)) is
25 amended—

1 (A) by striking “under paragraph (2)(A)”
2 and all that follows through “section
3 133(b)(2)(B)” and inserting “under section
4 133(b)”;

5 (B) in paragraphs (1) and (2), by striking
6 “or dislocated workers, respectively” both
7 places it appears; and

8 (C) by redesignating subsections (d) and
9 (e) as subsections (c) and (d), respectively.

10 (3) REQUIRED LOCAL EMPLOYMENT AND
11 TRAINING ACTIVITIES.—

12 (A) ALLOCATED FUNDS.—Section
13 134(c)(1) (29 U.S.C. 2864(c)(1)) (as redesign-
14 nated by paragraph (2)) is amended to read as
15 follows:

16 “(1) IN GENERAL.—Funds allocated to a local
17 area for adults under section 133(b) shall be used—

18 “(A) to establish a one-stop delivery sys-
19 tem as described in section 121(e);

20 “(B) to provide the core services described
21 in paragraph (2) through the one-stop delivery
22 system in accordance with such paragraph;

23 “(C) to provide the intensive services de-
24 scribed in paragraph (3) to adults described in
25 such paragraph; and

1 “(D) to provide training services described
2 in paragraph (4) to adults described in such
3 paragraph.”.

4 (B) CORE SERVICES.—Section 134(c)(2)
5 (29 U.S.C. 2864(c)(2)) (as redesignated by
6 paragraph (2)) is amended—

7 (i) by striking “who are adults or dis-
8 located workers”;

9 (ii) in subparagraph (A), by striking
10 “under this subtitle” and inserting “under
11 the one-stop partner programs described in
12 section 121(b)”;

13 (iii) by amending subparagraph (D) to
14 read as follows:

15 “(D) labor exchange services, including—

16 “(i) job search and placement assist-
17 ance, and where appropriate career coun-
18 seling;

19 “(ii) appropriate recruitment services
20 for employers; and

21 “(iii) reemployment services provided
22 to unemployment claimants.”;

23 (iv) in subparagraph (I), by inserting
24 “and the administration of the work test

1 for the unemployment compensation sys-
2 tem” after “compensation”; and

3 (v) by amending subparagraph (J) to
4 read as follows:

5 “(J) assistance in establishing eligibility
6 for programs of financial aid assistance for
7 training and education programs that are not
8 funded under this Act and are available in the
9 local area; and”.

10 (C) INTENSIVE SERVICES.—Section
11 134(c)(3) (29 U.S.C. 2864(c)(3) (as redesign-
12 nated by paragraph (2) of this subsection) is
13 amended—

14 (i) by amending subparagraph (A) to
15 read as follows:

16 “(A) IN GENERAL.—

17 “(i) ELIGIBILITY.—Funds allocated to
18 a local area under section 133(b) shall be
19 used to provide intensive services for
20 adults who—

21 “(I) are unemployed and who
22 have been determined by the one-stop
23 operator to be—

1 “(aa) unlikely or unable to
2 obtain suitable employment
3 through core services; and

4 “(bb) in need of intensive
5 services in order to obtain suit-
6 able employment; or

7 “(II) are employed, but who are
8 determined by a one-stop operator to
9 be in need of intensive services to ob-
10 tain or retain suitable employment.

11 “(ii) DEFINITION.—The Governor
12 shall define the term ‘suitable employment’
13 for purposes of this subparagraph.”; and

14 (ii) in subparagraph (C)—

15 (I) in clause (v), by striking “for
16 participants seeking training services
17 under paragraph (4)”; and

18 (II) by adding the following
19 clauses after clause (vi):

20 “(vii) Internships and work experi-
21 ence.

22 “(viii) Literacy activities relating to
23 basic work readiness, and financial literacy
24 activities.

1 “(ix) Out-of-area job search assistance
2 and relocation assistance.”.

3 (D) TRAINING SERVICES.—Section
4 134(c)(4) (as redesignated by paragraph (2) of
5 this subsection) is amended—

6 (i) by amending subparagraph (A) to
7 read as follows:

8 “(A) IN GENERAL.—

9 “(i) ELIGIBILITY.—Funds allocated to
10 a local area under section 133(b) shall be
11 used to provide training services to adults
12 who—

13 “(I) after an interview, evalua-
14 tion, or assessment, and case manage-
15 ment, have been determined by a one-
16 stop operator or one-stop partner, as
17 appropriate, to—

18 “(aa) be unlikely or unable
19 to obtain or retain suitable em-
20 ployment through intensive serv-
21 ices under paragraph (3)(A);

22 “(bb) be in need of training
23 services to obtain or retain suit-
24 able employment; and

1 “(cc) have the skills and
2 qualifications to successfully par-
3 ticipate in the selected program
4 of training services;

5 “(II) select programs of training
6 services that are directly linked to the
7 employment opportunities in the local
8 area involved or in another area in
9 which the adults receiving such serv-
10 ices are willing to commute or relo-
11 cate;

12 “(III) who meet the requirements
13 of subparagraph (B); and

14 “(IV) who are determined eligible
15 in accordance with the priority system
16 in effect under subparagraph (E).

17 “(ii) The Governor shall define the
18 term ‘suitable employment’ for purposes of
19 this subparagraph.”;

20 (ii) in subparagraph (B)(i), by strik-
21 ing “Except” and inserting “Notwith-
22 standing section 479B of the Higher Edu-
23 cation Act of 1965 (20 U.S.C. 1087uu)
24 and except”;

1 (iii) by amending subparagraph (E) to
2 read as follows:

3 “(E) PRIORITY.—

4 “(i) IN GENERAL.—A priority shall be
5 given to unemployed individuals for the
6 provision of intensive and training services
7 under this subsection.

8 “(ii) ADDITIONAL PRIORITY.—If the
9 funds in the local area, including the funds
10 allocated under section 133(b), for serving
11 recipients of public assistance and other
12 low-income individuals, including single
13 parents, displaced homemakers, and preg-
14 nant single women, is limited, the priority
15 for the provision of intensive and training
16 services under this subsection shall include
17 such recipients and individuals.

18 “(iii) DETERMINATIONS.—The Gov-
19 ernor and the appropriate local board shall
20 direct the one-stop operators in the local
21 area with regard to making determinations
22 with respect to the priority of service under
23 this subparagraph.”;

24 (iv) in subparagraph (F), by adding
25 the following clause after clause (iii):

1 “(iv) ENHANCED INDIVIDUAL TRAIN-
2 ING ACCOUNTS.—Each local board may,
3 through one-stop centers, assist individuals
4 receiving individual training accounts
5 through the establishment of such accounts
6 that include, in addition to the funds pro-
7 vided under this paragraph, funds from
8 other programs and sources that will assist
9 the individual in obtaining training serv-
10 ices.”; and

11 (v) in subparagraph (G)(iv), by redес-
12 ignating subclause (IV) as subclause (V)
13 and inserting after subclause (III) the fol-
14 lowing:

15 “(IV) Individuals with disabil-
16 ities.”.

17 (4) PERMISSIBLE ACTIVITIES.—Section 134(d)
18 (as redesignated by paragraph (2)) is amended—

19 (A) by amending paragraph (1) to read as
20 follows:

21 “(1) DISCRETIONARY ONE-STOP DELIVERY AC-
22 TIVITIES.—

23 “(A) IN GENERAL.—Funds allocated to a
24 local area under section 133(b) may be used to
25 provide, through the one-stop delivery system—

1 “(i) customized screening and referral
2 of qualified participants in training serv-
3 ices to employers;

4 “(ii) customized employment-related
5 services to employers on a fee-for-service
6 basis;

7 “(iii) customer support to navigate
8 among multiple services and activities for
9 special participant populations that face
10 multiple barriers to employment, including
11 individuals with disabilities; and

12 “(iv) employment and training assist-
13 ance provided in coordination with child
14 support enforcement activities of the State
15 agency carrying out subtitle D of title IV
16 of the Social Security Act.

17 “(B) WORK SUPPORT ACTIVITIES FOR
18 LOW-WAGE WORKERS.—

19 “(i) IN GENERAL.— Funds allocated
20 to a local area under 133(b) may be used
21 to provide, through the one-stop delivery
22 system and in collaboration with the ap-
23 propriate programs and resources of the
24 one-stop partners, work support activities

1 designed to assist low-wage workers in re-
2 taining and enhancing employment.

3 “(ii) ACTIVITIES.—The activities de-
4 scribed in clause (i) may include assistance
5 in accessing financial supports for which
6 such workers may be eligible and the provi-
7 sion of activities available through the one-
8 stop delivery system in a manner that en-
9 hances the opportunities of such workers
10 to participate, such as the provision of em-
11 ployment and training activities during
12 nontraditional hours and the provision of
13 on-site child care while such activities are
14 being provided.”; and

15 (B) by adding after paragraph (3) the fol-
16 lowing new paragraph:

17 “(4) INCUMBENT WORKER TRAINING PRO-
18 GRAMS.—

19 “(A) IN GENERAL.—The local board may
20 use up to 10 percent of the funds allocated to
21 a local area under section 133(b) to carry out
22 incumbent worker training programs in accord-
23 ance with this paragraph.

24 “(B) TRAINING ACTIVITIES.—The training
25 programs for incumbent workers under this

1 paragraph shall be carried out by the local area
2 in conjunction with the employers of such work-
3 ers for the purpose of assisting such workers in
4 obtaining the skills necessary to retain employ-
5 ment and avert layoffs.

6 “(C) EMPLOYER MATCH REQUIRED.—

7 “(i) IN GENERAL.—Employers partici-
8 pating in programs under this paragraph
9 shall be required to pay a proportion of the
10 costs of providing the training to the in-
11 cumbent workers. The Governor shall es-
12 tablish, or may authorize the local board to
13 establish, the required portion of such
14 costs, which shall not be less than—

15 “(I) 10 percent of the costs, for
16 employers with 50 or fewer employees;

17 “(II) 25 percent of the costs, for
18 employers with more than 50 employ-
19 ees but fewer than 100 employees;
20 and

21 “(III) 50 percent of the costs, for
22 employers with 100 or more employ-
23 ees.

24 “(ii) CALCULATION OF MATCH.—The
25 wages paid by an employer to a worker

1 while they are attending training may be
2 included as part of the requirement pay-
3 ment of the employer.”.

4 **SEC. 113. PERFORMANCE ACCOUNTABILITY SYSTEM.**

5 (a) STATE PERFORMANCE MEASURES.—

6 (1) IN GENERAL.—Section 136(b)(1) (29
7 U.S.C. 2871(b)(1)) is amended—

8 (A) in subparagraph (A)(i), by striking
9 “and the customer satisfaction indicator of per-
10 formance described in paragraph (2)(B)”;

11 (B) in subparagraph (A)(ii), by striking
12 “paragraph (2)(C)” and inserting “paragraph
13 (2)(B)”.

14 (2) INDICATORS OF PERFORMANCE.—Section
15 136(b)(2) (29 U.S.C. 2871(b)(2)) is amended—

16 (A) in subparagraph (A)(i), by striking
17 “(except for self-service and information activi-
18 ties) and (for participants who are eligible
19 youth age 19 through 21) for youth activities
20 authorized under section 129”;

21 (B) by amending subparagraph (A)(i)(IV)
22 to read as follows:

23 “(IV) the efficiency of the pro-
24 gram in obtaining the outcomes de-

1 scribed in subclauses (I) through
2 (III).”;

3 (C) by amending subparagraph (A)(ii) to
4 read as follows:

5 “(ii) CORE INDICATORS FOR ELIGIBLE
6 YOUTH.—The core indicators of perform-
7 ance for youth activities authorized under
8 section 129 shall consist of—

9 “(I) entry into employment, edu-
10 cation or advanced training, or mili-
11 tary service;

12 “(II) attainment of secondary
13 school diplomas or the General
14 Equivalency Diploma (GED) (includ-
15 ing recognized alternative standards
16 for individuals with disabilities);

17 “(III) attainment of literacy or
18 numeracy skills; and

19 “(IV) the efficiency of the pro-
20 gram in obtaining the outcomes de-
21 scribed in subclauses (I) through
22 (III).”;

23 (D) by striking subparagraph (B);

24 (E) by redesignating subparagraph (C) as
25 subparagraph (B), and by adding at the end of

1 such subparagraph (as so redesignated) the fol-
2 lowing new sentence: “Such indicators may in-
3 clude customer satisfaction of employers and
4 participants with services received from the
5 workforce investment activities authorized
6 under this subtitle.”.

7 (3) LEVELS OF PERFORMANCE.—Section
8 136(b)(3)(A) (29 U.S.C. 2871(b)(3)(A)) is
9 amended—

10 (A) in clause (i), by striking “and the cus-
11 tomer satisfaction indicator described in para-
12 graph (2)(B)”;

13 (B) in clause (ii), by striking “and the cus-
14 tomer satisfaction indicator of performance, for
15 the first 3” and inserting “for the 2”;

16 (C) in clause (iii)—

17 (i) in the heading, by striking “FOR
18 FIRST 3 YEARS”; and

19 (ii) by striking “and the customer sat-
20 isfaction indicator of performance, for the
21 first 3” and inserting “for the 2”;

22 (D) in clause (iv)—

23 (i) by striking subclause (I);

1 (ii) by redesignating subclauses (II)
2 and (III) as subclauses (I) and (II), re-
3 spectively; and

4 (iii) in subclause (I) (as so redesi-
5 ginated)—

6 (I) by striking “taking into ac-
7 count” and inserting “which shall be
8 adjusted based on”;

9 (II) by inserting “such as unem-
10 ployment rates and job losses or gains
11 in particular industries” after “eco-
12 nomic conditions”; and

13 (III) by inserting “such as indi-
14 cators of poor work history, lack of
15 work experience, low levels of literacy
16 or English proficiency, disability sta-
17 tus, and welfare dependency” after
18 “program”;

19 (E) by striking clause (v); and

20 (F) by redesignating clause (vi) as clause

21 (v).

22 (4) ADDITIONAL INDICATORS.—Section
23 136(b)(3)(B) is amended by striking “paragraph
24 (2)(C)” and inserting “paragraph (2)(B)”.

1 (b) LOCAL PERFORMANCE MEASURES.—Section
2 136(c) (29 U.S.C 2871(c)) is amended—

3 (1) in paragraph (1)(A)(i), by striking “, and
4 the customer satisfaction indicator of performance
5 described in subsection (b)(2)(B),”;

6 (2) in paragraph (1)(A)(ii), by striking “sub-
7 section (b)(2)(C)” and inserting “subsection
8 (b)(2)(B)”;

9 (3) by amending paragraph (3) to read as fol-
10 lows:

11 “(3) DETERMINATIONS.—In determining such
12 local levels of performance, the local board, the chief
13 elected official, and the Governor shall ensure such
14 levels are adjusted based on the specific economic
15 characteristics (such as unemployment rates and job
16 losses or gains in particular industries), demographic
17 characteristics, or other characteristics of the popu-
18 lation to be served in the local area, such as poor
19 work history, lack of work experience, low levels of
20 literacy or English proficiency, disability status, and
21 welfare dependency.”.

22 (c) REPORT.—Section 136(d) (29 U.S.C. 2871(d)) is
23 amended—

1 (1) in paragraph (1), by striking “and the cus-
2 tomer satisfaction indicator” in both places that it
3 appears;

4 (2) in paragraph (2)(E), by striking “(excluding
5 participants who received only self-service and infor-
6 mational activities)”; and

7 (3) by adding at the end the following:

8 “(4) DATA VALIDATION.—In preparing the re-
9 ports described in this subsection, the States shall
10 establish procedures, consistent with guidelines
11 issued by the Secretary, to ensure the information
12 contained in the report is valid and reliable.”.

13 (d) SANCTIONS FOR STATE.—Section 136(g) (29
14 U.S.C. 2871(g)) is amended—

15 (1) in paragraph (1)(A), by striking “or (B)”;
16 and

17 (2) in paragraph (2), by striking “section 503”
18 and inserting “section 136(i)”.

19 (e) SANCTIONS FOR LOCAL AREAS.—Section 136(h)
20 (29 U.S.C. 2871(h)) is amended—

21 (1) in paragraph (1), by striking “or (B)”; and

22 (2) by amending paragraph (2)(B) to read as
23 follows:

24 “(B) APPEAL TO GOVERNOR.—A local area
25 that is subject to a reorganization plan under

1 subparagraph (A) may, not later than 30 days
2 after receiving notice of the reorganization plan,
3 appeal to the Governor to rescind or revise such
4 plan. In such case, the Governor shall make a
5 final decision not later than 30 days after the
6 receipt of the appeal.”.

7 (f) INCENTIVE GRANTS.—Section 136(i) (29 U.S.C.
8 2871(i)) is amended to read as follows:

9 “(i) INCENTIVE GRANTS FOR STATES AND LOCAL
10 AREAS.—

11 “(1) INCENTIVE GRANTS FOR STATES.—

12 “(A) IN GENERAL.—From funds appro-
13 priated under section 174, the Secretary may
14 award grants to States for exemplary perform-
15 ance in carrying programs under this chapters
16 4 and 5 of this title. Such awards may be based
17 on States meeting or exceeding the performance
18 measures established under this section, on the
19 performance of the State in serving special pop-
20 ulations, including the levels of service provided
21 and the performance outcomes, and such other
22 factors relating to the performance of the State
23 under this title as the Secretary determines is
24 appropriate.

1 “(B) USE OF FUNDS.—The funds awarded
2 to a State under this paragraph may be used to
3 carry out any activities authorized under chap-
4 ters 4 and 5 of this title, including demonstra-
5 tions and innovative programs for special popu-
6 lations.

7 “(2) INCENTIVE GRANTS FOR LOCAL AREAS.—

8 “(A) IN GENERAL.—From funds reserved
9 under sections 128(a) and 133(a), the Governor
10 may award incentive grants to local areas for
11 exemplary performance with respect to the
12 measures established under this section and
13 with the performance of the local area in serv-
14 ing special populations, including the levels of
15 service and the performance outcomes.

16 “(B) USE OF FUNDS.—The funds awarded
17 to a local area may be used to carry out activi-
18 ties authorized for local areas under chapters 4
19 and 5 of this title, and such demonstration or
20 other innovative programs to serve special pop-
21 ulations as may be approved by the Governor.”.

22 (g) REPEAL OF DEFINITIONS.—Sections 502 and
23 503 (and the items related to such sections in the table
24 of contents) are repealed.

1 **SEC. 114. AUTHORIZATION OF APPROPRIATIONS.**

2 (a) YOUTH ACTIVITIES.— Section 137(a) (29 U.S.C.
3 2872(a)) is amended by striking “such sums as may be
4 necessary for each of fiscal years 1999 through 2003” and
5 inserting “\$1,250,000,000 for fiscal year 2004 and such
6 sums as may be necessary for each of fiscal years 2005
7 through 2009”.

8 (b) ADULT EMPLOYMENT AND TRAINING ACTIVI-
9 TIES.—Section 137(b) (29 U.S.C. 2872(b)) is amended by
10 striking “section 132(a)(1), such sums as may be nec-
11 essary for each of fiscal years 1999 through 2003” and
12 inserting “132(a), \$3,079,800,000 for fiscal year 2004
13 and such sums as may be necessary for each of fiscal years
14 2005 through 2009”.

15 (c) DISLOCATED WORKER EMPLOYMENT AND
16 TRAINING ACTIVITIES.—Section 137 is further amended
17 by striking subsection (c).

18 **SEC. 115. JOB CORPS.**

19 (a) COMMUNITY PARTICIPATION.—Section 153 (29
20 U.S.C. 2893) is amended—

21 (1) by amending subsection (a) to read as fol-
22 lows:

23 “(a) BUSINESS AND COMMUNITY PARTICIPATION.—
24 The director of each Job Corps center shall ensure the
25 establishment and development of the business and com-

1 munity relationships and networks described in subsection
2 (b) in order to enhance the effectiveness of such center.”;

3 (2) in subsection (b)—

4 (A) in the heading, by striking “RESPON-
5 SIBILITIES” and inserting “NETWORKS”; and

6 (B) by striking “The responsibilities of the
7 Liaison” and inserting “The activities carried
8 out by each Job Corps center under this sec-
9 tion”; and

10 (3) in subsection (c), by striking “The Liaison
11 for” and inserting “The director of”.

12 (b) INDUSTRY COUNCILS.—Section 154(b) (29
13 U.S.C. 2894(b)) is amended—

14 (1) in paragraph (1)(A), by striking “local and
15 distant”; and

16 (2) by adding after paragraph (2) the following:

17 “(3) EMPLOYERS OUTSIDE OF LOCAL AREAS.—

18 The industry council may include, or otherwise pro-
19 vide for consultation with, employers from outside
20 the local area who are likely to hire a significant
21 number of enrollees from the Job Corps center.”.

22 (c) INDICATORS OF PERFORMANCE AND ADDITIONAL
23 INFORMATION.—Section 159(c) (29 U.S.C. 2893(c)) is
24 amended—

1 (1) by amending paragraph (1) to read as fol-
2 lows:

3 “(1) CORE INDICATORS.—The Secretary shall
4 annually establish expected levels of performance for
5 Job Corps centers and the Job Corps program relat-
6 ing to each of the core indicators for youth identified
7 in section 136(b)(2)(A)(ii).”; and

8 (2) in paragraph (2), by striking “measures”
9 each place it appears and inserting “indicators”.

10 **SEC. 116. NATIVE AMERICAN PROGRAMS.**

11 (a) ADVISORY COUNCIL.—Section 166(h)(4)(C) (29
12 U.S.C. 2911(h)(4)(C)) is amended to read as follows:

13 “(C) DUTIES.—The Council shall advise
14 the Secretary on the operation and administra-
15 tion of the programs assisted under this sec-
16 tion.”.

17 (b) ASSISTANCE TO AMERICAN SAMOANS IN HA-
18 WAI.—Section 166 (29 U.S.C. 2911) is further amended
19 by striking subsection (j).

20 (c) MIGRANT AND SEASONAL FARMWORKER PRO-
21 GRAMS.—Section 167(d) is amended by inserting “(includ-
22 ing permanent housing)” after “housing”.

23 **SEC. 117. YOUTH CHALLENGE GRANTS.**

24 Section 169 (29 U.S.C. 2914) is amended to read as
25 follows:

1 **“SEC. 169. YOUTH CHALLENGE GRANTS.**

2 “(a) IN GENERAL.—Of the amounts reserved by the
3 Secretary under section 127(a)(1)(A) for a fiscal year—

4 “(1) the Secretary shall use not less than 80
5 percent to award competitive grants under sub-
6 section (b); and

7 “(2) the Secretary may use not more than 20
8 percent to award discretionary grants under sub-
9 section (c).

10 “(b) COMPETITIVE GRANTS TO STATES AND LOCAL
11 AREAS.—

12 “(1) ESTABLISHMENT.—From the funds de-
13 scribed in subsection (a)(1), the Secretary shall
14 award competitive grants to eligible entities to carry
15 out activities authorized under this section to assist
16 eligible youth in acquiring the skills, credentials and
17 employment experience necessary to succeed in the
18 labor market.

19 “(2) ELIGIBLE ENTITIES.—Grants under this
20 subsection may be awarded to States, local boards,
21 recipients of grants under section 166 (relating to
22 Native American programs), and public or private
23 entities (including consortia of such entities) apply-
24 ing in conjunction with local boards.

25 “(3) GRANT PERIOD.—The Secretary may
26 make a grant under this section for a period of 1

1 year and may renew the grants for each of the 4
2 succeeding years.

3 “(4) AUTHORITY TO REQUIRE MATCH.—The
4 Secretary may require that grantees under this sub-
5 section provide a non-Federal share of the cost of
6 activities carried out under a grant awarded under
7 this subsection.

8 “(5) PARTICIPANT ELIGIBILITY.—Youth ages
9 14 through 19 as of the time the eligibility deter-
10 mination is made may be eligible to participate in
11 activities provided under this subsection.

12 “(6) USE OF FUNDS.—Funds under this sub-
13 section may be used for activities that are designed
14 to assist youth in acquiring the skills, credentials
15 and employment experience that are necessary to
16 succeed in the labor market, including the activities
17 identified in section 129. The activities may include
18 activities such as—

19 “(A) training and internships for out-of-
20 school youth in sectors of economy experiencing
21 or projected to experience high growth;

22 “(B) after-school dropout prevention activi-
23 ties for in-school youth;

1 “(C) activities designed to assist special
2 youth populations, such as court-involved youth
3 and youth with disabilities; and

4 “(D) activities combining remediation of
5 academic skills, work readiness training, and
6 work experience, and including linkages to post-
7 secondary education, apprenticeships, and ca-
8 reer-ladder employment.

9 “(7) APPLICATIONS.—To be eligible to receive a
10 grant under this subsection, an eligible entity shall
11 submit an application to the Secretary at such time,
12 in such manner, and containing such information as
13 the Secretary may require, including—

14 “(A) a description of the activities the eli-
15 gible entity will provide to eligible youth under
16 this subsection;

17 “(B) a description of the programs of dem-
18 onstrated effectiveness on which the provision
19 of the activities under subparagraph (A) are
20 based, and a description of how such activities
21 will expand the base of knowledge relating to
22 the provision of activities for youth;

23 “(C) a description of the private and pub-
24 lic, and local and State resources that will be le-
25 veraged to provide the activities described under

1 subparagraph (A) in addition the funds pro-
2 vided under this subsection; and

3 “(D) the levels of performance the eligible
4 entity expects to achieve with respect to the in-
5 dicators of performance for youth specified in
6 section 136(b)(2)(A)(ii).

7 “(8) FACTORS FOR AWARD.—In awarding
8 grants under this subsection the Secretary may con-
9 sider the quality of the proposed project, the goals
10 to be achieved, the likelihood of successful implemen-
11 tation, the extent to which the project is based on
12 proven strategies or the extent to which the project
13 will expand the knowledge base on activities for
14 youth, and the additional State, local or private re-
15 sources that will be provided.

16 “(9) EVALUATION.—The Secretary may reserve
17 up to 5 percent of the funds described in sub-
18 section(a)(1) to provide technical assistance to, and
19 conduct evaluations of the projects funded under
20 this subsection (using appropriate techniques as de-
21 scribed in section 172(c)).

22 “(c) DISCRETIONARY GRANTS FOR YOUTH ACTIVI-
23 TIES.—

24 “(1) IN GENERAL.—From the funds described
25 in subsection(a)(2), the Secretary may award grants

1 to eligible entities to provide activities that will as-
2 sist youth in preparing for, and entering and retain-
3 ing, employment.

4 “(2) ELIGIBLE ENTITIES.—Grants under this
5 subsection may be awarded to public or private enti-
6 ties that the Secretary determines would effectively
7 carry out activities relating to youth under this sub-
8 section.

9 “(3) PARTICIPANT ELIGIBILITY.—Youth ages
10 14 through 19 at the time the eligibility determina-
11 tion is made may be eligible to participate in activi-
12 ties under this subsection.

13 “(4) USE OF FUNDS.—Funds provided under
14 this subsection may be used for activities that will
15 assist youth in preparing for, and entering and re-
16 taining, employment, including the activities de-
17 scribed in section 129 for out-of-school youth, activi-
18 ties designed to assist in-school youth to stay in
19 school and gain work experience, and such other ac-
20 tivities that the Secretary determines are appro-
21 priate.

22 “(5) APPLICATIONS.—To be eligible to receive a
23 grant under this subsection, an eligible entity shall
24 submit an application to the Secretary at such time,

1 in such manner, and containing such information as
2 the Secretary may require.

3 “(6) **ADDITIONAL REQUIREMENTS.**—The Sec-
4 retary may require the provision of a non-Federal
5 share for projects funded under this subsection and
6 may require participation of grantees in evaluations
7 of such projects, including evaluations using the
8 techniques as described in section 172(e).”.

9 **SEC. 118. TECHNICAL ASSISTANCE.**

10 Section 170 (29 U.S.C. 2915) is amended—

11 (1) by striking subsection (b);

12 (2) by striking “(a) **GENERAL TECHNICAL AS-**
13 **SISTANCE.**—”;

14 (3) by redesignating paragraphs (1), (2), and
15 (3) as subsections (a), (b), and (c) respectively, and
16 moving such subsections 2 ems to the left;

17 (4) in subsection (a) (as redesignated by para-
18 graph (3))—

19 (A) by inserting “the training of staff pro-
20 viding rapid response services, the training of
21 other staff of recipients of funds under this
22 title, peer review activities under this title, as-
23 sistance regarding accounting and program op-
24 eration practices (when such assistance would

1 not be duplicative to assistance provided by the
2 State),” after “localities,”; and

3 (B) by striking “from carrying out activi-
4 ties” and all that follows up to the period and
5 inserting “to implement the amendments made
6 by the Workforce Reinvestment and Adult Edu-
7 cation Act of 2003”; and

8 (5) by inserting, after subsection (c) (as redес-
9 igned by paragraph (3)), the following:

10 “(d) BEST PRACTICES COORDINATION.—The Sec-
11 retary shall establish a system whereby States may share
12 information regarding best practices with regards to the
13 operation of workforce investment activities under this
14 Act.”.

15 **SEC. 119. DEMONSTRATION, PILOT, MULTISERVICE, RE-**
16 **SEARCH AND MULTISTATE PROJECTS.**

17 (a) DEMONSTRATION AND PILOT PROJECTS.—Sec-
18 tion 171(b) (29 U.S.C. 2916(b)) is amended—

19 (1) in paragraph (1)—

20 (A) by striking “Under a” and inserting
21 “Consistent with the priorities specified in the”;

22 (B) by amending subparagraphs (A)
23 through (D) to read as follows:

24 “(A) projects that assist national employ-
25 ers in connecting with the workforce investment

1 system established under this title in order to
2 facilitate the recruitment and employment of
3 needed workers and to provide information to
4 such system on skills and occupations in de-
5 mand;

6 “(B) projects that promote the develop-
7 ment of systems that will improve the effective-
8 ness and efficiency of programs carried out
9 under this title;

10 “(C) projects that focus on opportunities
11 for employment in industries and sectors of in-
12 dustries that are experiencing or are likely to
13 experience high rates of growth;

14 “(D) projects carried out by States and
15 local areas to test innovative approaches to de-
16 livering employment-related services;”;

17 (C) by striking subparagraph (E);

18 (D) by redesignating subparagraphs (F)
19 and (G) as subparagraphs (E) and (F), respec-
20 tively;

21 (E) by inserting after subparagraph (F)
22 (as so redesignated) the following:

23 “(G) projects that provide retention grants
24 to qualified job training programs upon place-
25 ment or retention of a low-income individual

1 trained by that program in employment with a
2 single employer for a period of 1 year, provided
3 that such employment is providing to the low-
4 income individual an income not less than twice
5 the poverty line for that individual.”; and

6 (F) by striking subparagraph (H); and

7 (2) in paragraph (2)—

8 (A) by striking subparagraph (B); and

9 (B) by redesignating subparagraph (C) as
10 subparagraph (B).

11 (b) MULTISERVICE PROJECTS.—Section
12 171(e)(2)(B) (29 U.S.C. 2916(e)(2)(B)) is amended to
13 read as follows:

14 “(B) NET IMPACT STUDIES AND RE-
15 PORTS.—The Secretary shall conduct studies to
16 determine the net impacts of programs, serv-
17 ices, and activities carried out under this title.
18 The Secretary shall prepare and disseminate to
19 the public reports containing the results of such
20 studies.”.

21 (c) WAIVER AUTHORITY TO CARRY OUT DEM-
22 ONSTRATIONS AND EVALUATIONS.—Section 171 (29
23 U.S.C. 2916(d)) is further amended by striking subsection
24 (d).

1 **SEC. 120. EVALUATIONS.**

2 (a) IN GENERAL.—Section 173 (29 U.S.C. 2916) is
3 amended—

4 (1) by amending the designation and heading to
5 read as follows:

6 **“SEC. 173. NATIONAL DISLOCATED WORKER GRANTS.”;**

7 and

8 (2) in subsection (a)—

9 (A) by striking “national emergency
10 grants” in the matter preceding paragraph (1)
11 and inserting “national dislocated worker
12 grants”; and

13 (B) in paragraph (1), by striking “sub-
14 section (c)” and inserting “subsection (b)”.

15 (b) ADMINISTRATION.—Section 173 (29 U.S.C.
16 2918) is further amended—

17 (1) by striking subsection (b) and redesignating
18 subsections (c) and (d) as subsections (b) and (c),
19 respectively; and

20 (2) by striking subsection (e) and redesignating
21 subsections (f) and (g) as subsection (d) and (e), re-
22 spectively.

23 (c) ELIGIBLE ENTITIES.—Section 173(b)(1)(B) (29
24 U.S.C. 2918(b)(1)(B)) (as redesignated by subsection (b)

1 of this section) is amended by striking “, and other enti-
2 ties” and all that follows and inserting a period.

3 (d) CONFORMING AMENDMENT.—The table of con-
4 tents in section 1(b) is amended by amending the item
5 related to section 173 to read as follows:

“Sec. 173. National dislocated worker grants.”.

6 **SEC. 121. AUTHORIZATION OF APPROPRIATIONS FOR NA-**
7 **TIONAL ACTIVITIES.**

8 (a) IN GENERAL.—Section 174(a)(1) (29 U.S.C.
9 2919(a)(1)) is amended by striking “1999 through 2003”
10 and inserting “2004 through 2009”.

11 (b) RESERVATIONS.—Section 174(b) is amended to
12 read as follows:

13 “(b) TECHNICAL ASSISTANCE; DEMONSTRATION AND
14 PILOT PROJECTS; EVALUATIONS; INCENTIVE GRANTS.—
15 There are authorized to be appropriated to carry out sec-
16 tions 170 through 172 and section 136 such sums as may
17 be necessary for each of fiscal years 2004 through 2009.”.

18 **SEC. 122. REQUIREMENTS AND RESTRICTIONS.**

19 (a) IN GENERAL.—Section 181(c)(2)(A) (29 U.S.C.
20 2931(c)(2)(A)) is amended in the matter preceding clause
21 (i) by striking “shall” and inserting “may”.

22 (b) LIMITATIONS.—Section 181(e) is amended by
23 striking the first sentence.

1 **SEC. 123. NONDISCRIMINATION.**

2 Section 188(a)(2) (29 U.S.C. 2931(a)(2)) is
3 amended—

4 (1) by striking “EMPLOYMENT.—No” and in-
5 serting “EMPLOYMENT.—

6 “(A) IN GENERAL.—Except as provided in
7 subparagraph (B), no”; and

8 (2) by adding at the end the following subpara-
9 graph:

10 “(B) EXEMPTION FOR RELIGIOUS ORGANI-
11 ZATIONS.—Subparagraph (A) shall not apply to
12 a recipient of financial assistance under this
13 title that is a religious corporation, association,
14 educational institution, or society, with respect
15 to the employment of individuals of a particular
16 religion to perform work connected with the
17 carrying on by such corporation, association,
18 educational institution, or society of its activi-
19 ties Such recipients shall comply with the other
20 requirements contained in subparagraph (A).”.

21 **SEC. 124. ADMINISTRATIVE PROVISIONS.**

22 (a) PROGRAM YEAR.—Section 189(g)(1) (29 U.S.C.
23 2939(g)(1)) is amended to read as follows:

24 “(1) IN GENERAL.—Appropriations for any fis-
25 cal year for programs and activities carried out
26 under this title shall be available for obligation only

1 on the basis of a program year. The program year
2 shall begin on July 1 in the fiscal year for which the
3 appropriation is made.”.

4 (b) AVAILABILITY.—Section 189(g)(2) (29 U.S.C.
5 2939(g)(2)) is amended by striking “each State” and in-
6 serting “each recipient”.

7 (c) GENERAL WAIVERS.—Section 189(i)(4) (29
8 U.S.C. 2939(i)(4)) is amended—

9 (1) in subparagraph (A), in the matter pre-
10 ceeding clause (i), by inserting “, or in accordance
11 with subparagraph (D),” after “subparagraph (B)”;
12 and

13 (2) by adding the following subparagraph:

14 “(D) EXPEDITED PROCESS FOR EXTEND-
15 ING APPROVED WAIVERS TO ADDITIONAL
16 STATES.—In lieu of the requirements of sub-
17 paragraphs (B) and (C), the Secretary may es-
18 tablish an expedited procedure for the purpose
19 of extending to additional States the waiver of
20 statutory or regulatory requirements that have
21 been approved for a State pursuant to a request
22 under subparagraph (B). Such procedure shall
23 ensure that the extension of such waivers to ad-
24 ditional States are accompanied by appropriate

1 conditions relating the implementation of such
2 waivers.”.

3 **SEC. 125. GENERAL PROGRAM REQUIREMENTS.**

4 Section 195 (29 U.S.C. 2945) is amended by adding
5 at the end the following new paragraph:

6 “(14) Funds provided under this title shall not
7 be used to establish or operate stand-alone fee-for-
8 service enterprises that compete with private sector
9 employment agencies within the meaning of section
10 701(c) of the Civil Rights Act of 1964 (42 U.S.C.
11 2000e(c)). For purposes of this paragraph, such an
12 enterprise does not include one-stop centers.”.

13 **TITLE II—ADULT EDUCATION**

14 **PART A—ADULT BASIC SKILLS AND FAMILY**

15 **LITERACY EDUCATION**

16 **SEC. 201. TABLE OF CONTENTS.**

17 The table of contents in section 1(b) is amended by
18 amending the items relating to title II to read as follows:

“TITLE II—ADULT BASIC SKILLS AND FAMILY LITERACY
EDUCATION

- “Sec. 201. Short title.
- “Sec. 202. Purpose.
- “Sec. 203. Definitions.
- “Sec. 204. Home schools.
- “Sec. 205. Authorization of appropriations.

“CHAPTER 1—FEDERAL PROVISIONS

- “Sec. 211. Reservation of funds; grants to eligible agencies; allotments.
- “Sec. 212. Performance accountability system.
- “Sec. 213. Incentive grants for states.

“CHAPTER 2—STATE PROVISIONS

“Sec. 221. State administration.

“Sec. 222. State distribution of funds; matching requirement.

“Sec. 223. State leadership activities.

“Sec. 224. State plan.

“Sec. 225. Programs for corrections education and other institutionalized individuals.

“CHAPTER 3—LOCAL PROVISIONS

“Sec. 231. Grants and contracts for eligible providers.

“Sec. 232. Local application.

“Sec. 233. Local administrative cost limits.

“CHAPTER 4—GENERAL PROVISIONS

“Sec. 241. Administrative provisions.

“Sec. 242. National leadership activities.”.

1 **SEC. 202. AMENDMENT.**

2 Title II is amended to read as follows:

3 **“TITLE II—ADULT BASIC SKILLS**
 4 **AND FAMILY LITERACY EDU-**
 5 **CATION**

6 **“SEC. 201. SHORT TITLE.**

7 “This title may be cited as the ‘Adult Basic Skills
 8 and Family Literacy Education Act’.

9 **“SEC. 202. PURPOSE.**

10 “It is the purpose of this title to provide instructional
 11 opportunities for adults seeking to improve their basic
 12 reading, writing, speaking, and math skills, and support
 13 States and local communities in providing, on a voluntary
 14 basis, adult basic skills and family literacy programs, in
 15 order to—

16 “(1) increase the basic reading, writing, speak-
 17 ing, and math skills necessary for adults to obtain

1 employment and self-sufficiency and to successfully
2 advance in the workforce;

3 “(2) assist adults in the completion of a sec-
4 ondary school education (or its equivalent) and the
5 transition to a postsecondary educational institution;

6 “(3) increase the basic reading, writing, speak-
7 ing, and math skills of parents to enable them to
8 support the educational development of their chil-
9 dren and make informed choices regarding their
10 children’s education; and

11 “(4) assist immigrants who are not proficient in
12 English in improving their reading, writing, speak-
13 ing, and math skills and acquiring an understanding
14 of the American free enterprise system, individual
15 freedom, and the responsibilities of citizenship.

16 **“SEC. 203. DEFINITIONS.**

17 “In this title:

18 “(1) ADULT BASIC SKILLS AND FAMILY LIT-
19 ERACY EDUCATION PROGRAMS.—The term ‘adult
20 basic skills and family literacy education programs’
21 means a sequence of academic instruction and edu-
22 cational services below the postsecondary level that
23 increase an individual’s ability to read, write, and
24 speak in English and perform mathematical com-
25 putations leading to a level of proficiency equivalent

1 to secondary school completion that is provided for
2 individuals—

3 “(A) who are at least 16 years of age;

4 “(B) who are not enrolled or required to be
5 enrolled in secondary school under State law;
6 and

7 “(C) who—

8 “(i) lack sufficient mastery of basic
9 reading, writing, speaking, and math skills
10 to enable the individuals to function effec-
11 tively in society;

12 “(ii) do not have a secondary school
13 diploma or the General Equivalency Di-
14 ploma (GED) (including recognized alter-
15 native standards for individuals with dis-
16 abilities), and have not achieved an equiva-
17 lent level of education; or

18 “(iii) are unable to read, write, or
19 speak the English language.

20 “(2) ELIGIBLE AGENCY.—The term ‘eligible
21 agency’—

22 “(A) means the sole entity or agency in a
23 State or an outlying area responsible for admin-
24 istering or supervising policy for adult basic
25 skills and family literacy education programs in

1 the State or outlying area, respectively, con-
2 sistent with the law of the State or outlying
3 area, respectively; and

4 “(B) may be the State educational agency,
5 the State agency responsible for administering
6 workforce investment activities, or the State
7 agency responsible for administering community
8 or technical colleges.

9 “(3) ELIGIBLE PROVIDER.—The term ‘eligible
10 provider’ means—

11 “(A) a local educational agency;

12 “(B) a community-based or faith-based or-
13 ganization of demonstrated effectiveness;

14 “(C) a volunteer literacy organization of
15 demonstrated effectiveness;

16 “(D) an institution of higher education;

17 “(E) a public or private educational agen-
18 cy;

19 “(F) a library;

20 “(G) a public housing authority;

21 “(H) an institution that is not described in
22 any of subparagraphs (A) through (G) and has
23 the ability to provide adult basic skills and fam-
24 ily literacy education programs to adults and
25 families; or

1 “(I) a consortium of the agencies, organi-
2 zations, institutions, libraries, or authorities de-
3 scribed in any of subparagraphs (A) through
4 (H).

5 “(4) ENGLISH LANGUAGE ACQUISITION PRO-
6 GRAM.—The term ‘English language acquisition pro-
7 gram’ means a program of instruction designed to
8 help individuals with limited English proficiency
9 achieve competence in reading, writing, and speaking
10 the English language.

11 “(5) ESSENTIAL COMPONENTS OF READING IN-
12 STRUCTION.—The term ‘essential components of
13 reading instruction’ has the meaning given to that
14 term in section 1208 of the Elementary and Sec-
15 ondary Education Act of 1965 (20 U.S.C. 6368).

16 “(6) FAMILY LITERACY EDUCATION PRO-
17 GRAMS.—The term ‘family literacy education pro-
18 grams’ means educational programs that—

19 “(A) assist parents and students, on a vol-
20 untary basis, in achieving the purposes of this
21 title as described in section 202; and

22 “(B) are of sufficient intensity in terms of
23 hours and of sufficient duration to make sus-
24 tainable changes in a family, are based upon
25 scientific research-based principles, and for the

1 purpose of substantially increasing the ability of
2 parents and children to read, write, and speak
3 English integrate—

4 “(i) interactive literacy activities be-
5 tween parents and their children;

6 “(ii) training for parents regarding
7 how to be the primary teacher for their
8 children and full partners in the education
9 of their children;

10 “(iii) parent literacy training that
11 leads to economic self-sufficiency; and

12 “(iv) an age-appropriate education to
13 prepare children for success in school and
14 life experiences.

15 “(7) GOVERNOR.—The term ‘Governor’ means
16 the chief executive officer of a State or outlying
17 area.

18 “(8) INDIVIDUAL WITH A DISABILITY.—

19 “(A) IN GENERAL.—The term ‘individual
20 with a disability’ means an individual with any
21 disability (as defined in section 3 of the Ameri-
22 cans with Disabilities Act of 1990 (42 U.S.C.
23 12102)).

1 “(B) INDIVIDUALS WITH DISABILITIES.—

2 The term ‘individuals with disabilities’ means
3 more than one individual with a disability.

4 “(9) INDIVIDUAL WITH LIMITED ENGLISH PRO-
5 FICIENCY.—The term ‘individual with limited
6 English proficiency’ means an adult or out-of-school
7 youth who has limited ability in reading, writing,
8 speaking, or understanding the English language,
9 and—

10 “(A) whose native language is a language
11 other than English; or

12 “(B) who lives in a family or community
13 environment where a language other than
14 English is the dominant language.

15 “(10) INSTITUTION OF HIGHER EDUCATION.—
16 The term ‘institution of higher education’ has the
17 meaning given to that term in section 101 of the
18 Higher Education Act of 1965 (20 U.S.C. 1001).

19 “(11) LITERACY.—The term ‘literacy’ means
20 the ability to read, write, and speak the English lan-
21 guage with competence, knowledge, and comprehen-
22 sion.

23 “(12) LOCAL EDUCATIONAL AGENCY.—The
24 term ‘local educational agency’ has the meaning
25 given to that term in section 9101 of the Elemen-

1 tary and Secondary Education Act of 1965 (20
2 U.S.C. 7801).

3 “(13) OUTLYING AREA.—The term ‘outlying
4 area’ has the meaning given to that term in section
5 101 of this Act.

6 “(14) POSTSECONDARY EDUCATIONAL INSTITU-
7 TION.—The term ‘postsecondary educational institu-
8 tion’ means—

9 “(A) an institution of higher education
10 that provides not less than a 2-year program of
11 instruction that is acceptable for credit toward
12 a bachelor’s degree;

13 “(B) a tribally controlled community col-
14 lege; or

15 “(C) a nonprofit educational institution of-
16 fering certificate or apprenticeship programs at
17 the postsecondary level.

18 “(15) READING.—The term ‘reading’ has the
19 meaning given to that term in section 1208 of the
20 Elementary and Secondary Education Act of 1965
21 (20 U.S.C. 6368).

22 “(16) SCIENTIFICALLY BASED READING RE-
23 SEARCH.—The term ‘scientifically based reading re-
24 search’ has the meaning given to that term in sec-

1 tion 1208 of the Elementary and Secondary Edu-
2 cation Act of 1965 (20 U.S.C. 6368).

3 “(17) SECRETARY.—The term ‘Secretary’
4 means the Secretary of Education.

5 “(18) STATE.—The term ‘State’ means each of
6 the several States of the United States, the District
7 of Columbia, and the Commonwealth of Puerto Rico.

8 “(19) STATE EDUCATIONAL AGENCY.—The
9 term ‘State educational agency’ has the meaning
10 given to that term in section 9101 of the Elemen-
11 tary and Secondary Education Act of 1965 (20
12 U.S.C. 7801).

13 “(20) WORKPLACE LITERACY PROGRAM.—The
14 term ‘workplace literacy program’ means an edu-
15 cational program that is offered in collaboration be-
16 tween eligible providers and employers or employee
17 organizations for the purpose of improving the pro-
18 ductivity of the workforce through the improvement
19 of reading, writing, speaking, and math skills.

20 **“SEC. 204. HOME SCHOOLS.**

21 “Nothing in this title shall be construed to affect
22 home schools, whether or not a home school is treated as
23 a home school or a private school under State law, or to
24 compel a parent engaged in home schooling to participate
25 in an English language acquisition program, a family lit-

1 eracy education program, or an adult basic skills and fam-
2 ily literacy education program.

3 **“SEC. 205. AUTHORIZATION OF APPROPRIATIONS.**

4 “There are authorized to be appropriated to carry out
5 this title \$584,300,000 for fiscal year 2004 and such sums
6 as may be necessary for fiscal years 2005 through 2009.

7 **“CHAPTER 1—FEDERAL PROVISIONS**

8 **“SEC. 211. RESERVATION OF FUNDS; GRANTS TO ELIGIBLE**
9 **AGENCIES; ALLOTMENTS.**

10 “(a) RESERVATION OF FUNDS.—From the sums ap-
11 propriated under section 205 for a fiscal year, the
12 Secretary—

13 “(1) shall reserve 1.75 percent to carry out the
14 National Institute for Literacy Establishment Act;

15 “(2) shall reserve up to 1.72 percent for incen-
16 tive grants under section 213; and

17 “(3) shall reserve up to 1.55 percent to carry
18 out section 242.

19 “(b) GRANTS TO ELIGIBLE AGENCIES.—

20 “(1) IN GENERAL.—From the sums appro-
21 priated under section 205 and not reserved under
22 subsection (a) for a fiscal year, the Secretary shall
23 award a grant to each eligible agency having a State
24 plan approved under section 224 in an amount equal
25 to the sum of the initial allotment under subsection

1 (c)(1) and the additional allotment under subsection
2 (c)(2) for the eligible agency for the fiscal year, sub-
3 ject to subsections (f) and (g).

4 “(2) PURPOSE OF GRANTS.—The Secretary
5 may award a grant under paragraph (1) only if the
6 eligible agency involved agrees to expend the grant
7 in accordance with the provisions of this title.

8 “(c) ALLOTMENTS.—

9 “(1) INITIAL ALLOTMENTS.—From the sums
10 appropriated under section 205 and not reserved
11 under subsection (a) for a fiscal year, the Secretary
12 shall allot to each eligible agency having a State
13 plan approved under section 224—

14 “(A) \$100,000, in the case of an eligible
15 agency serving an outlying area; and

16 “(B) \$250,000, in the case of any other el-
17 igible agency.

18 “(2) ADDITIONAL ALLOTMENTS.—From the
19 sums appropriated under section 205, not reserved
20 under subsection (a), and not allotted under para-
21 graph (1), for a fiscal year, the Secretary shall allot
22 to each eligible agency that receives an initial allot-
23 ment under paragraph (1) an additional amount
24 that bears the same relationship to such sums as the
25 number of qualifying adults in the State or outlying

1 area served by the eligible agency bears to the num-
2 ber of such adults in all States and outlying areas.

3 “(d) QUALIFYING ADULT.—For the purpose of sub-
4 section (c)(2), the term ‘qualifying adult’ means an adult
5 who—

6 “(1) is at least 16 years of age;

7 “(2) is beyond the age of compulsory school at-
8 tendance under the law of the State or outlying
9 area;

10 “(3) does not have a secondary school diploma
11 or the General Equivalency Diploma (GED) (includ-
12 ing recognized alternative standards for individuals
13 with disabilities); and

14 “(4) is not enrolled in secondary school.

15 “(e) SPECIAL RULE.—

16 “(1) IN GENERAL.—From amounts made avail-
17 able under subsection (c) for the Republic of the
18 Marshall Islands, the Federated States of Micro-
19 nesia, and the Republic of Palau, the Secretary shall
20 award grants to Guam, American Samoa, the Com-
21 monwealth of the Northern Mariana Islands, the Re-
22 public of the Marshall Islands, the Federated States
23 of Micronesia, or the Republic of Palau to carry out
24 activities described in this title in accordance with

1 the provisions of this title as determined by the Sec-
2 retary.

3 “(2) TERMINATION OF ELIGIBILITY.—Notwith-
4 standing any other provision of law, the Republic of
5 the Marshall Islands, the Federated States of Micro-
6 nesia, and the Republic of Palau shall be eligible to
7 receive a grant under this title until an agreement
8 for the extension of United States education assist-
9 ance under the Compact of Free Association for
10 each of the Freely Associated States becomes effec-
11 tive.

12 “(3) ADMINISTRATIVE COSTS.—The Secretary
13 may provide not more than 5 percent of the funds
14 made available for grants under this subsection to
15 pay the administrative costs of the Pacific Region
16 Educational Laboratory regarding activities assisted
17 under this subsection.

18 “(f) HOLD-HARMLESS PROVISIONS.—

19 “(1) IN GENERAL.—Notwithstanding subsection
20 (c), and subject to paragraphs (2) and (3), for fiscal
21 year 2004 and each succeeding fiscal year, no eligi-
22 ble agency shall receive an allotment under this title
23 that is less than 90 percent of the allotment the eli-
24 gible agency received for the preceding fiscal year
25 under this title.

1 “(2) EXCEPTION.—An eligible agency that re-
2 ceives for the preceding fiscal year only an initial al-
3 lotment under subsection 211(c)(1) (and no addi-
4 tional allotment under 211(c)(2)) shall receive an al-
5 lotment equal to 100 percent of the initial allotment.

6 “(3) RATABLE REDUCTION.—If for any fiscal
7 year the amount available for allotment under this
8 title is insufficient to satisfy the provisions of para-
9 graph (1), the Secretary shall ratably reduce the
10 payments to all eligible agencies, as necessary.

11 “(g) REALLOTMENT.—The portion of any eligible
12 agency’s allotment under this title for a fiscal year that
13 the Secretary determines will not be required for the pe-
14 riod such allotment is available for carrying out activities
15 under this title, shall be available for reallocation from
16 time to time, on such dates during such period as the Sec-
17 retary shall fix, to other eligible agencies in proportion to
18 the original allotments to such agencies under this title
19 for such year.

20 **“SEC. 212. PERFORMANCE ACCOUNTABILITY SYSTEM.**

21 “(a) PURPOSE.—The purpose of this section is to es-
22 tablish a comprehensive performance accountability sys-
23 tem, composed of the activities described in this section,
24 to assess the effectiveness of eligible agencies in achieving
25 continuous improvement of adult basic skills and family

1 literacy education programs funded under this title, in
2 order to optimize the return on investment of Federal
3 funds in adult basic skills and family literacy education
4 programs.

5 “(b) ELIGIBLE AGENCY PERFORMANCE MEAS-
6 URES.—

7 “(1) IN GENERAL.—For each eligible agency,
8 the eligible agency performance measures shall con-
9 sist of—

10 “(A)(i) the core indicators of performance
11 described in paragraph (2)(A); and

12 “(ii) employment performance indicators
13 identified by the eligible agency under para-
14 graph (2)(B); and

15 “(B) an eligible agency adjusted level of
16 performance for each indicator described in
17 subparagraph (A).

18 “(2) INDICATORS OF PERFORMANCE.—

19 “(A) CORE INDICATORS OF PERFORM-
20 ANCE.—The core indicators of performance
21 shall include the following:

22 “(i) Measurable improvements in
23 basic skill levels in reading, writing, and
24 speaking the English language and basic
25 math, leading to proficiency in each skill.

1 “(ii) Receipt of a secondary school di-
2 ploma or the General Equivalency Diploma
3 (GED) (including recognized alternative
4 standards for individuals with disabilities).

5 “(iii) Placement in postsecondary edu-
6 cation or other training programs.

7 “(B) EMPLOYMENT PERFORMANCE INDI-
8 CATORS.—Consistent with applicable Federal
9 and State privacy laws, an eligible agency shall
10 identify in the State plan the following indi-
11 vidual participant employment performance
12 indicators—

13 “(i) entry into employment;

14 “(ii) retention in employment; and

15 “(iii) increase in earnings.

16 “(3) LEVELS OF PERFORMANCE.—

17 “(A) ELIGIBLE AGENCY ADJUSTED LEVELS
18 OF PERFORMANCE FOR CORE INDICATORS.—

19 “(i) IN GENERAL.—For each eligible
20 agency submitting a State plan, there shall
21 be established, in accordance with this sub-
22 paragraph, levels of performance for each
23 of the core indicators of performance de-
24 scribed in paragraph (2)(A) for adult basic
25 skills and family literacy education pro-

1 grams authorized under this title. The lev-
2 els of performance established under this
3 subparagraph shall, at a minimum—

4 “(I) be expressed in an objective,
5 quantifiable, and measurable form;
6 and

7 “(II) show the progress of the el-
8 igible agency toward continuously and
9 significantly improving the agency’s
10 performance outcomes in an objective,
11 quantifiable, and measurable form.

12 “(ii) IDENTIFICATION IN STATE
13 PLAN.—Each eligible agency shall identify,
14 in the State plan submitted under section
15 224, expected levels of performance for
16 each of the core indicators of performance
17 for the first 3 program years covered by
18 the State plan.

19 “(iii) AGREEMENT ON ELIGIBLE
20 AGENCY ADJUSTED LEVELS OF PERFORM-
21 ANCE FOR FIRST 3 YEARS.—In order to en-
22 sure an optimal return on the investment
23 of Federal funds in adult basic skills and
24 family literacy education programs author-
25 ized under this title, the Secretary and

1 each eligible agency shall reach agreement
2 on levels of student proficiency for each of
3 the core indicators of performance, for the
4 first 3 program years covered by the State
5 plan, taking into account the levels identi-
6 fied in the State plan under clause (ii) and
7 the factors described in clause (iv). The
8 levels agreed to under this clause shall be
9 considered to be the eligible agency ad-
10 justed levels of performance for the eligible
11 agency for such years and shall be incor-
12 porated into the State plan prior to the ap-
13 proval of such plan.

14 “(iv) FACTORS.—The agreement de-
15 scribed in clause (iii) or (v) shall take into
16 account—

17 “(I) how the levels involved com-
18 pare with the eligible agency’s ad-
19 justed levels of performance, taking
20 into account factors including the
21 characteristics of participants when
22 the participants entered the program;
23 and

24 “(II) the extent to which such
25 levels promote continuous and signifi-

1 cant improvement in performance on
2 the student proficiency measures used
3 by such eligible agency and ensure op-
4 timal return on the investment of
5 Federal funds.

6 “(v) AGREEMENT ON ELIGIBLE AGEN-
7 CY ADJUSTED LEVELS OF PERFORMANCE
8 FOR SECOND 3 YEARS.—Prior to the fourth
9 program year covered by the State plan,
10 the Secretary and each eligible agency
11 shall reach agreement on levels of student
12 proficiency for each of the core indicators
13 of performance for the fourth, fifth, and
14 sixth program years covered by the State
15 plan, taking into account the factors de-
16 scribed in clause (iv). The levels agreed to
17 under this clause shall be considered to be
18 the eligible agency adjusted levels of per-
19 formance for the eligible agency for such
20 years and shall be incorporated into the
21 State plan.

22 “(vi) REVISIONS.—If unanticipated
23 circumstances arise in a State resulting in
24 a significant change in the factors de-
25 scribed in clause (iv)(I), the eligible agency

1 may request that the eligible agency ad-
2 justed levels of performance agreed to
3 under clause (iii) or (v) be revised.

4 “(B) LEVELS OF EMPLOYMENT PERFORM-
5 ANCE.—The eligible agency shall identify, in the
6 State plan, eligible agency levels of performance
7 for each of the employment performance indica-
8 tors described in paragraph (2)(B). Such levels
9 shall be considered to be eligible agency ad-
10 justed levels of performance for purposes of this
11 title.

12 “(c) REPORT.—

13 “(1) IN GENERAL.—Each eligible agency that
14 receives a grant under section 211(b) shall annually
15 prepare and submit to the Secretary, the Governor,
16 the State legislature, eligible providers, and the gen-
17 eral public within the State, a report on the progress
18 of the eligible agency in achieving eligible agency
19 performance measures, including the following:

20 “(A) Information on the levels of perform-
21 ance achieved by the eligible agency with re-
22 spect to the core indicators of performance and
23 employment performance indicators.

1 “(B) The number and type of each eligible
2 provider that receives funding under such
3 grant.

4 “(2) INFORMATION DISSEMINATION.—The
5 Secretary—

6 “(A) shall make the information contained
7 in such reports available to the general public
8 through publication and other appropriate
9 methods;

10 “(B) shall disseminate State-by-State com-
11 parisons of the information; and

12 “(C) shall provide the appropriate commit-
13 tees of the Congress with copies of such re-
14 ports.

15 **“SEC. 213. INCENTIVE GRANTS FOR STATES.**

16 “(a) IN GENERAL.—From funds appropriated under
17 section 211(a)(2), the Secretary may award grants to
18 States for exemplary performance in carrying out pro-
19 grams under this title. Such awards shall be based on
20 States meeting or exceeding the core indicators of per-
21 formance established under section 212(b)(2)(A) and may
22 be based on the performance of the State in serving popu-
23 lations, such as those described in section 224(b)(10), in-
24 cluding the levels of service provided and the performance
25 outcomes, and such other factors relating to the perform-

1 ance of the State under this title as the Secretary deter-
2 mines appropriate.

3 “(b) USE OF FUNDS.—The funds awarded to a State
4 under this paragraph may be used to carry out any activi-
5 ties authorized under this title, including demonstrations
6 and innovative programs for hard-to-serve populations.

7 **“CHAPTER 2—STATE PROVISIONS**

8 **“SEC. 221. STATE ADMINISTRATION.**

9 “Each eligible agency shall be responsible for the fol-
10 lowing activities under this title:

11 “(1) The development, submission, implementa-
12 tion, and monitoring of the State plan.

13 “(2) Consultation with other appropriate agen-
14 cies, groups, and individuals that are involved in, or
15 interested in, the development and implementation
16 of activities assisted under this title.

17 “(3) Coordination and avoidance of duplication
18 with other Federal and State education, training,
19 corrections, public housing, and social service pro-
20 grams.

21 **“SEC. 222. STATE DISTRIBUTION OF FUNDS; MATCHING RE-** 22 **QUIREMENT.**

23 “(a) STATE DISTRIBUTION OF FUNDS.—Each eligi-
24 ble agency receiving a grant under this title for a fiscal
25 year—

1 “(1) shall use an amount not less than 82.5
2 percent of the grant funds to award grants and con-
3 tracts under section 231 and to carry out section
4 225, of which not more than 10 percent of such
5 amount shall be available to carry out section 225;

6 “(2) shall use not more than 12.5 percent of
7 the grant funds to carry out State leadership activi-
8 ties under section 223; and

9 “(3) shall use not more than 5 percent of the
10 grant funds, or \$75,000, whichever is greater, for
11 the administrative expenses of the eligible agency.

12 “(b) MATCHING REQUIREMENT.—

13 “(1) IN GENERAL.—In order to receive a grant
14 from the Secretary under section 211(b), each eligi-
15 ble agency shall provide, for the costs to be incurred
16 by the eligible agency in carrying out the adult basic
17 skills and family literacy education programs for
18 which the grant is awarded, a non-Federal contribu-
19 tion in an amount at least equal to—

20 “(A) in the case of an eligible agency serv-
21 ing an outlying area, 12 percent of the total
22 amount of funds expended for adult basic skills
23 and family literacy education programs in the
24 outlying area, except that the Secretary may

1 decrease the amount of funds required under
2 this subparagraph for an eligible agency; and

3 “(B) in the case of an eligible agency serv-
4 ing a State, 25 percent of the total amount of
5 funds expended for adult basic skills and family
6 literacy education programs in the State.

7 “(2) NON-FEDERAL CONTRIBUTION.—An eligi-
8 ble agency’s non-Federal contribution required under
9 paragraph (1) may be provided in cash or in kind,
10 fairly evaluated, and shall include only non-Federal
11 funds that are used for adult basic skills and family
12 literacy education programs in a manner that is con-
13 sistent with the purpose of this title.

14 **“SEC. 223. STATE LEADERSHIP ACTIVITIES.**

15 “(a) IN GENERAL.—Each eligible agency may use
16 funds made available under section 222(a)(2) for any of
17 the following adult basic skills and family literacy edu-
18 cation programs:

19 “(1) The establishment or operation of profes-
20 sional development programs to improve the quality
21 of instruction provided pursuant to local activities
22 required under section 231(b), including instruction
23 incorporating the essential components of reading
24 instruction and instruction provided by volunteers or
25 by personnel of a State or outlying area.

1 “(2) The provision of technical assistance to eli-
2 gible providers of adult basic skills and family lit-
3 eracy education programs for development and dis-
4 semination of scientific research-based instructional
5 practices in reading, writing, speaking, math, and
6 English language acquisition programs.

7 “(3) The provision of assistance to eligible pro-
8 viders in developing, implementing, and reporting
9 measurable progress in achieving the objectives of
10 this title.

11 “(4) The provision of technology assistance, in-
12 cluding staff training, to eligible providers of adult
13 basic skills and family literacy education programs,
14 including distance learning activities, to enable the
15 eligible providers to improve the quality of such ac-
16 tivities.

17 “(5) The development and implementation of
18 technology applications or distance learning, includ-
19 ing professional development to support the use of
20 instructional technology.

21 “(6) Coordination with other public programs,
22 including welfare-to-work, workforce development,
23 and job training programs.

24 “(7) Coordination with existing support serv-
25 ices, such as transportation, child care, and other

1 assistance designed to increase rates of enrollment
2 in, and successful completion of, adult basic skills
3 and family literacy education programs, for adults
4 enrolled in such activities.

5 “(8) The development and implementation of a
6 system to assist in the transition from adult basic
7 education to postsecondary education.

8 “(9) Activities to promote workplace literacy
9 programs.

10 “(10) Activities to promote and complement
11 local outreach initiatives described in section 242(7).

12 “(11) Other activities of statewide significance,
13 including assisting eligible agencies in achieving
14 progress in improving the skill levels of adults who
15 participate in programs under this title.

16 “(b) COORDINATION.—In carrying out this section,
17 eligible agencies shall coordinate where possible, and avoid
18 duplicating efforts, in order to maximize the impact of the
19 activities described in subsection (a).

20 “(c) STATE-IMPOSED REQUIREMENTS.—Whenever a
21 State or outlying area implements any rule or policy relat-
22 ing to the administration or operation of a program au-
23 thorized under this title that has the effect of imposing
24 a requirement that is not imposed under Federal law (in-
25 cluding any rule or policy based on a State or outlying

1 area interpretation of a Federal statute, regulation, or
2 guideline), the State or outlying area shall identify, to eli-
3 gible providers, the rule or policy as being imposed by the
4 State or outlying area.

5 **“SEC. 224. STATE PLAN.**

6 “(a) 6-YEAR PLANS.—

7 “(1) IN GENERAL.—Each eligible agency desir-
8 ing a grant under this title for any fiscal year shall
9 submit to, or have on file with, the Secretary a 6-
10 year State plan.

11 “(2) COMPREHENSIVE PLAN OR APPLICA-
12 TION.—The eligible agency may submit the State
13 plan as part of a comprehensive plan or application
14 for Federal education assistance.

15 “(b) PLAN CONTENTS.—The eligible agency shall in-
16 clude in the State plan or any revisions to the State plan—

17 “(1) an objective assessment of the needs of in-
18 dividuals in the State or outlying area for adult
19 basic skills and family literacy education programs,
20 including individuals most in need or hardest to
21 serve;

22 “(2) a description of the adult basic skills and
23 family literacy education programs that will be car-
24 ried out with funds received under this title;

1 “(3) a description of how the eligible agency
2 will evaluate and measure annually the effectiveness
3 and improvement of the adult basic skills and family
4 literacy education programs based on the perform-
5 ance measures described in section 212 including—

6 “(A) how the eligible agency will evaluate
7 and measure annually such effectiveness on a
8 grant-by-grant basis; and

9 “(B) how the eligible agency—

10 “(i) will hold eligible providers ac-
11 countable regarding the progress of such
12 providers in improving the academic
13 achievement of participants in adult edu-
14 cation programs under this title and re-
15 garding the core indicators of performance
16 described in section 212(b)(2)(A); and

17 “(ii) will use technical assistance,
18 sanctions, and rewards (including alloca-
19 tion of grant funds based on performance
20 and termination of grant funds based on
21 nonperformance);

22 “(4) a description of the performance measures
23 described in section 212 and how such performance
24 measures have significantly improved adult basic

1 skills and family literacy education programs in the
2 State or outlying area;

3 “(5) an assurance that the eligible agency will,
4 in addition to meeting all of the other requirements
5 of this title, award not less than one grant under
6 this title to an eligible provider that—

7 “(A) offers flexible schedules and necessary
8 support services (such as child care and trans-
9 portation) to enable individuals, including indi-
10 viduals with disabilities, or individuals with
11 other special needs, to participate in adult basic
12 skills and family literacy education programs;
13 and

14 “(B) attempts to coordinate with support
15 services that are not provided under this title
16 prior to using funds for adult basic skills and
17 family literacy education programs provided
18 under this title for support services;

19 “(6) an assurance that the funds received under
20 this title will not be expended for any purpose other
21 than for activities under this title;

22 “(7) a description of how the eligible agency
23 will fund local activities in accordance with the
24 measurable goals described in section 231(d);

1 “(8) an assurance that the eligible agency will
2 expend the funds under this title only in a manner
3 consistent with fiscal requirements in section 241;

4 “(9) a description of the process that will be
5 used for public participation and comment with re-
6 spect to the State plan, which process—

7 “(A) shall include consultation with the
8 State workforce investment board, the State
9 board responsible for administering community
10 or technical colleges, the Governor, the State
11 educational agency, the State board or agency
12 responsible for administering block grants for
13 temporary assistance to needy families under
14 title IV of the Social Security Act, the State
15 council on disabilities, the State vocational re-
16 habilitation agency, other State agencies that
17 promote the improvement of adult basic skills
18 and family literacy education programs, and di-
19 rect providers of such programs; and

20 “(B) may include consultation with the
21 State agency on higher education, institutions
22 responsible for professional development of
23 adult basic skills and family literacy education
24 programs instructors, representatives of busi-

1 ness and industry, refugee assistance programs,
2 and faith-based organizations;

3 “(10) a description of the eligible agency’s
4 strategies for serving populations that include, at a
5 minimum—

6 “(A) low-income individuals;

7 “(B) individuals with disabilities;

8 “(C) the unemployed;

9 “(D) the underemployed; and

10 “(E) individuals with multiple barriers to
11 educational enhancement, including individuals
12 with limited English proficiency;

13 “(11) a description of how the adult basic skills
14 and family literacy education programs that will be
15 carried out with any funds received under this title
16 will be integrated with other adult education, career
17 development, and employment and training activities
18 in the State or outlying area served by the eligible
19 agency;

20 “(12) a description of the steps the eligible
21 agency will take to ensure direct and equitable ac-
22 cess, as required in section 231(c)(1), including—

23 “(A) how the State will build the capacity
24 of community-based and faith-based organiza-

1 tions to provide adult basic skills and family lit-
2 eracy education programs; and

3 “(B) how the State will increase the par-
4 ticipation of business and industry in adult
5 basic skills and family literacy education pro-
6 grams; and

7 “(13) a description of how the eligible agency
8 will consult with any State agency responsible for
9 postsecondary education to develop adult education
10 that prepares students to enter postsecondary edu-
11 cation without the need for remediation upon com-
12 pletion of secondary school equivalency programs.

13 “(c) PLAN REVISIONS.—When changes in conditions
14 or other factors require substantial revisions to an ap-
15 proved State plan, the eligible agency shall submit the re-
16 visions of the State plan to the Secretary.

17 “(d) CONSULTATION.—The eligible agency shall—

18 “(1) submit the State plan, and any revisions to
19 the State plan, to the Governor, the chief State
20 school officer, or the State officer responsible for ad-
21 ministering community or technical colleges, or out-
22 lying area for review and comment; and

23 “(2) ensure that any comments regarding the
24 State plan by the Governor, the chief State school
25 officer, or the State officer responsible for admin-

1 “(c) PRIORITY.—Each eligible agency that is using
2 assistance provided under this section to carry out a pro-
3 gram for criminal offenders within a correctional institu-
4 tion shall give priority to serving individuals who are likely
5 to leave the correctional institution within 5 years of par-
6 ticipation in the program.

7 “(d) DEFINITIONS.—For purposes of this section:

8 “(1) CORRECTIONAL INSTITUTION.—The term
9 ‘correctional institution’ means any—

10 “(A) prison;

11 “(B) jail;

12 “(C) reformatory;

13 “(D) work farm;

14 “(E) detention center; or

15 “(F) halfway house, community-based re-
16 habilitation center, or any other similar institu-
17 tion designed for the confinement or rehabilita-
18 tion of criminal offenders.

19 “(2) CRIMINAL OFFENDER.—The term ‘crimi-
20 nal offender’ means any individual who is charged
21 with, or convicted of, any criminal offense.

1 **“CHAPTER 3—LOCAL PROVISIONS**

2 **“SEC. 231. GRANTS AND CONTRACTS FOR ELIGIBLE PRO-**
3 **VIDERS.**

4 “(a) GRANTS AND CONTRACTS.—From grant funds
5 made available under section 211(b), each eligible agency
6 shall award multiyear grants or contracts, on a competi-
7 tive basis, to eligible providers within the State or outlying
8 area that meet the conditions and requirements of this
9 title to enable the eligible providers to develop, implement,
10 and improve adult basic skills and family literacy edu-
11 cation programs within the State.

12 “(b) LOCAL ACTIVITIES.—The eligible agency shall
13 require eligible providers receiving a grant or contract
14 under subsection (a) to establish or operate one or more
15 programs of instruction that provide services or instruc-
16 tion in one or more of the following categories:

17 “(1) Adult basic skills and family literacy edu-
18 cation programs (including proficiency in reading,
19 writing, speaking, and math).

20 “(2) Workplace literacy programs.

21 “(3) English language acquisition programs.

22 “(4) Family literacy education programs.

23 “(c) DIRECT AND EQUITABLE ACCESS; SAME PROC-
24 ESS.—Each eligible agency receiving funds under this title
25 shall ensure that—

1 “(1) all eligible providers have direct and equi-
2 table access to apply for grants or contracts under
3 this section; and

4 “(2) the same grant or contract announcement
5 process and application process is used for all eligi-
6 ble providers in the State or outlying area.

7 “(d) MEASURABLE GOALS.—The eligible agency shall
8 require eligible providers receiving a grant or contract
9 under subsection (a) to demonstrate—

10 “(1) the eligible provider’s measurable goals for
11 participant outcomes to be achieved annually on the
12 core indicators of performance and employment per-
13 formance indicators described in section 212(b)(2);

14 “(2) the past effectiveness of the eligible pro-
15 vider in improving the basic academic skills of adults
16 and, for eligible providers receiving grants in the
17 prior year, the success of the eligible provider receiv-
18 ing funding under this title in meeting or exceeding
19 its performance goals in the prior year;

20 “(3) the commitment of the eligible provider to
21 serve individuals in the community who are the most
22 in need of basic academic skills instruction services,
23 including individuals who are low-income or have
24 minimal reading, writing, speaking, and math skills,
25 or limited English proficiency;

1 “(4) the program—

2 “(A) is of sufficient intensity and duration
3 for participants to achieve substantial learning
4 gains; and

5 “(B) uses instructional practices that in-
6 clude the essential components of reading in-
7 struction;

8 “(5) educational practices are based on scientif-
9 ically based research;

10 “(6) the activities of the eligible provider effec-
11 tively employ advances in technology, as appropriate,
12 including the use of computers;

13 “(7) the activities provide instruction in real-life
14 contexts, when appropriate and scientifically based,
15 to ensure that an individual has the skills needed to
16 compete in the workplace and exercise the rights and
17 responsibilities of citizenship;

18 “(8) the activities are staffed by well-trained in-
19 structors, counselors, and administrators;

20 “(9) the activities are coordinated with other
21 available resources in the community, such as
22 through strong links with elementary schools and
23 secondary schools, postsecondary educational institu-
24 tions, one-stop centers, job training programs, com-

1 community-based and faith-based organizations, and so-
2 cial service agencies;

3 “(10) the activities offer flexible schedules and
4 support services (such as child care and transpor-
5 tation) that are necessary to enable individuals, in-
6 cluding individuals with disabilities or other special
7 needs, to attend and complete programs;

8 “(11) the activities include a high-quality infor-
9 mation management system that has the capacity to
10 report measurable participant outcomes and to mon-
11 itor program performance against the performance
12 measures established by the eligible agency;

13 “(12) the local communities have a dem-
14 onstrated need for additional English language ac-
15 quisition programs;

16 “(13) the capacity of the eligible provider to
17 produce valid information on performance results,
18 including enrollments and measurable participant
19 outcomes;

20 “(14) adult basic skills and family literacy edu-
21 cation programs offer rigorous reading, writing,
22 speaking, and math content that are based on sci-
23 entific research; and

24 “(15) applications of technology, and services to
25 be provided by the eligible providers, are of sufficient

1 intensity and duration to increase the amount and
2 quality of learning and lead to measurable learning
3 gains within specified time periods.

4 “(e) SPECIAL RULE.—Eligible providers may use
5 grant funds under this title to serve children participating
6 in family literacy programs assisted under this part, pro-
7 vided that other sources of funds available to provide simi-
8 lar services for such children are used first.

9 **“SEC. 232. LOCAL APPLICATION.**

10 “Each eligible provider desiring a grant or contract
11 under this title shall submit an application to the eligible
12 agency containing such information and assurances as the
13 eligible agency may require, including—

14 “(1) a description of how funds awarded under
15 this title will be spent consistent with the require-
16 ments of this title;

17 “(2) a description of any cooperative arrange-
18 ments the eligible provider has with other agencies,
19 institutions, or organizations for the delivery of
20 adult basic skills and family literacy education pro-
21 grams; and

22 “(3) each of the demonstrations required by
23 section 231(d).

1 **“SEC. 233. LOCAL ADMINISTRATIVE COST LIMITS.**

2 “(a) IN GENERAL.—Subject to subsection (b), of the
3 amount that is made available under this title to an eligi-
4 ble provider—

5 “(1) at least 95 percent shall be expended for
6 carrying out adult basic skills and family literacy
7 education programs; and

8 “(2) the remaining amount shall be used for
9 planning, administration, personnel and professional
10 development, development of measurable goals in
11 reading, writing, speaking, and math, and inter-
12 agency coordination.

13 “(b) SPECIAL RULE.—In cases where the cost limits
14 described in subsection (a) are too restrictive to allow for
15 adequate planning, administration, personnel develop-
16 ment, and interagency coordination, the eligible provider
17 may negotiate with the eligible agency in order to deter-
18 mine an adequate level of funds to be used for noninstruc-
19 tional purposes.

20 **“CHAPTER 4—GENERAL PROVISIONS**

21 **“SEC. 241. ADMINISTRATIVE PROVISIONS.**

22 “(a) SUPPLEMENT NOT SUPPLANT.—Funds made
23 available for adult basic skills and family literacy edu-
24 cation programs under this title shall supplement and not
25 supplant other State or local public funds expended for
26 adult basic skills and family literacy education programs.

1 “(b) MAINTENANCE OF EFFORT.—

2 “(1) IN GENERAL.—

3 “(A) DETERMINATION.—An eligible agency
4 may receive funds under this title for any fiscal
5 year if the Secretary finds that the fiscal effort
6 per student or the aggregate expenditures of
7 such eligible agency for activities under this
8 title, in the second preceding fiscal year, were
9 not less than 90 percent of the fiscal effort per
10 student or the aggregate expenditures of such
11 eligible agency for adult basic skills and family
12 literacy education programs, in the third pre-
13 ceding fiscal year.

14 “(B) PROPORTIONATE REDUCTION.—Sub-
15 ject to paragraphs (2), (3), and (4), for any fis-
16 cal year with respect to which the Secretary de-
17 termines under subparagraph (A) that the fiscal
18 effort or the aggregate expenditures of an eligi-
19 ble agency for the preceding program year were
20 less than such effort or expenditures for the
21 second preceding program year, the Secretary—

22 “(i) shall determine the percentage
23 decreases in such effort or in such expendi-
24 tures; and

1 “(ii) shall decrease the payment made
2 under this title for such program year to
3 the agency for adult basic skills and family
4 literacy education programs by the lesser
5 of such percentages.

6 “(2) COMPUTATION.—In computing the fiscal
7 effort and aggregate expenditures under paragraph
8 (1), the Secretary shall exclude capital expenditures
9 and special one-time project costs.

10 “(3) DECREASE IN FEDERAL SUPPORT.—If the
11 amount made available for adult basic skills and
12 family literacy education programs under this title
13 for a fiscal year is less than the amount made avail-
14 able for adult basic skills and family literacy edu-
15 cation programs under this title for the preceding
16 fiscal year, then the fiscal effort per student and the
17 aggregate expenditures of an eligible agency required
18 in order to avoid a reduction under paragraph
19 (1)(B) shall be decreased by the same percentage as
20 the percentage decrease in the amount so made
21 available.

22 “(4) WAIVER.—The Secretary may waive the
23 requirements of this subsection for not more than 1
24 fiscal year, if the Secretary determines that a waiver
25 would be equitable due to exceptional or uncontrol-

1 lable circumstances, such as a natural disaster or an
2 unforeseen and precipitous decline in the financial
3 resources of the State or outlying area of the eligible
4 agency. If the Secretary grants a waiver under the
5 preceding sentence for a fiscal year, the level of ef-
6 fort required under paragraph (1) shall not be re-
7 duced in the subsequent fiscal year because of the
8 waiver.

9 **“SEC. 242. NATIONAL LEADERSHIP ACTIVITIES.**

10 “The Secretary shall establish and carry out a pro-
11 gram of national leadership activities that may include the
12 following:

13 “(1) Technical assistance, on request, including
14 assistance—

15 “(A) on requests to volunteer community-
16 and faith-based organizations, including but not
17 limited to, improving their fiscal management,
18 research-based instruction, and reporting re-
19 quirements, and the development of measurable
20 objectives to carry out the requirements of this
21 title;

22 “(B) in developing valid, measurable, and
23 reliable performance data, and using perform-
24 ance information for the improvement of adult

1 basic skills and family literacy education pro-
2 grams;

3 “(C) on adult education professional devel-
4 opment; and

5 “(D) in using distance learning and im-
6 proving the application of technology in the
7 classroom.

8 “(2) Providing for the conduct of research on
9 national literacy basic skill acquisition levels among
10 adults, including the number of adults functioning at
11 different levels of reading proficiency.

12 “(3) Improving the coordination, efficiency, and
13 effectiveness of adult education and workforce devel-
14 opment services at the national, State, and local lev-
15 els.

16 “(4) Determining how participation in adult
17 basic skills and family literacy education programs
18 prepares individuals for entry into and success in
19 postsecondary education and employment, and in the
20 case of prison-based services, the effect on recidi-
21 vism.

22 “(5) Evaluating how different types of pro-
23 viders, including community and faith-based organi-
24 zations or private for-profit agencies measurably im-

1 prove the skills of participants in adult basic skills
2 and family literacy education programs.

3 “(6) Identifying model integrated basic and
4 workplace skills education programs, coordinated lit-
5 eracy and employment services, and effective strate-
6 gies for serving adults with disabilities.

7 “(7) Supporting the development of an entity
8 that would produce and distribute technology-based
9 programs and materials for adult basic skills and
10 family literacy education programs using an inter-
11 communication system, as that term is defined in
12 section 397 of the Communications Act of 1934 (47
13 U.S.C. 397), and expand the effective outreach and
14 use of such programs and materials to adult edu-
15 cation eligible providers.

16 “(8) Initiating other activities designed to im-
17 prove the measurable quality and effectiveness of
18 adult basic skills and family literacy education pro-
19 grams nationwide.”.

20 **PART B—NATIONAL INSTITUTE FOR LITERACY**

21 **SEC. 211. SHORT TITLE; PURPOSE.**

22 (a) **SHORT TITLE.**—This part may be cited as the
23 “National Institute for Literacy Establishment Act”.

24 (b) **PURPOSE.**—The purpose of this part is to estab-
25 lish a National Institute for Literacy to provide national

1 leadership in promoting reading research, reading instruc-
2 tion, and professional development in reading based on sci-
3 entifically based research by—

4 (1) disseminating widely information on sci-
5 entifically based reading research to improve aca-
6 demic achievement for children, youth, and adults;

7 (2) identifying and disseminating information
8 about schools, local educational agencies, and State
9 educational agencies that have effectively developed
10 and implemented classroom reading programs that
11 meet the requirements of subpart 1 of part B of title
12 I of the Elementary and Secondary Education Act
13 of 1965 (20 U.S.C. 6361 et seq.), including those
14 State educational agencies, local educational agen-
15 cies, and schools that are identified as effective
16 through the External Evaluation of Reading First
17 under section 1205 of the Elementary and Sec-
18 ondary Education Act of 1965 (20 U.S.C. 6365);

19 (3) serving as a national resource for informa-
20 tion on reading instruction programs that contain
21 the essential components of reading instruction as
22 supported by scientifically based reading research,
23 and that can lead to improved reading outcomes for
24 children, youth, and adults;

1 (4) developing print and electronic materials
2 that describe and model the application of scientific-
3 ically based reading research;

4 (5) providing national and regional reading
5 leadership for State and local personnel for the ap-
6 plication and implementation of scientifically based
7 reading research;

8 (6) coordinating efforts among Federal agen-
9 cies, especially the Department of Labor, the De-
10 partment of Health and Human Services, and the
11 National Institute of Child Health and Human De-
12 velopment, that provide reading programs, conduct
13 research, and provide services to recipients of Fed-
14 eral financial assistance under titles I and III of the
15 Elementary and Secondary Education Act of 1965,
16 the Head Start Act, the Individuals with Disabilities
17 Education Act, and the Adult Basic Skills and Fam-
18 ily Literacy Education Act, and each Bureau funded
19 school (as defined in title XI of the Education
20 Amendments of 1978 (25 U.S.C. 2001 et seq.)); and

21 (7) informing the Congress, Federal depart-
22 ments and agencies, schools of education, and the
23 public of successful local, State, and Federal pro-
24 gram activities in reading instruction that are deter-

1 mined to be effective based on the findings of sci-
2 entifically based reading research.

3 **SEC. 212. ESTABLISHMENT.**

4 (a) IN GENERAL.—There is established the National
5 Institute for Literacy. The Institute shall be administered,
6 in accordance with this part, under the supervision and
7 direction of a Director. There shall be an agreement be-
8 tween an Interagency Group (comprised of the Secretary
9 of Education, the Secretary of Labor, and the Secretary
10 of Health and Human Services) and the Institute on how
11 the purposes of the Institute may be achieved effectively.
12 Such agreement—

13 (1) shall be regularly reviewed, and modified as
14 needed to remain current with any changes in the
15 purposes of the Institute; and

16 (2) shall be updated no later than 1 year after
17 the enactment of this part.

18 (b) DIRECTOR.—

19 (1) APPOINTMENT.—The Interagency Group
20 shall appoint a Director of the Institute, who has an
21 understanding of, supports, and is familiar with sci-
22 entifically based reading research, instruction, and
23 professional development applicable to children,
24 youth, and adults. If a vacancy in the position of the
25 Director of the Institute occurs, the Interagency

1 Group shall appoint an Interim Director until such
2 time as a new Director can be appointed.

3 (2) PAY.—The Director of the Institute shall
4 receive the rate of basic pay for level IV of the Exec-
5 utive Schedule.

6 (3) TERM.—The Director of the Institute shall
7 be appointed for an initial term of 3 years and may
8 serve not more than 1 additional term of 3 years.

9 **SEC. 213. ADMINISTRATION.**

10 (a) IN GENERAL.—The Director of the Institute shall
11 be responsible for administering the Institute. The Direc-
12 tor of the Institute shall—

13 (1) provide leadership for the Institute, con-
14 sistent with the purposes described in section
15 211(b);

16 (2) supervise all employees in the Institute;

17 (3) assign responsibility to carry out the duties
18 of the Institute among officers and employees, and of-
19 fices of the Institute;

20 (4) prepare requests for appropriations for the
21 Institute and submit those requests to the Inter-
22 agency Group;

23 (5) oversee the expenditure of all funds allo-
24 cated for the Institute to carry out the purposes
25 under section 211(b); and

1 (6) ensure that the Institute's standards for re-
2 search quality are consistent with those promulgated
3 by the Institute for Education Sciences.

4 (b) OFFICES.—The Institute shall have separate of-
5 fices from the Department of Education, the Department
6 of Labor, and the Department of Health and Human
7 Services, and shall have maximum flexibility in its oper-
8 ations to carry out the purposes of the Institute.

9 (c) ADMINISTRATIVE SUPPORT.—The Secretary of
10 Education shall provide administrative support for the In-
11 stitute, including the administration of grants, contracts
12 and cooperative agreements, personnel, legal counsel, and
13 payroll.

14 **SEC. 214. DUTIES.**

15 (a) IN GENERAL.—In order to provide leadership for
16 the improvement and expansion of the system for delivery
17 of scientifically based reading instructional practices, the
18 Director of the Institute shall—

19 (1) establish a national electronic database of
20 effective reading programs for children, youth, and
21 adults that include the essential components of read-
22 ing instruction, and disseminate such information to
23 parents, teachers, State and Federal elected officials,
24 and the public;

1 (2) develop print and electronic materials for
2 professional development that provide applications of
3 scientifically based reading research, and instruc-
4 tional practices in reading for children, youth, and
5 adults;

6 (3) provide technical assistance to the Congress,
7 school Boards, Federal agencies, State departments
8 of education, adult education programs, local school
9 districts, local public and private schools, and
10 schools of education, on scientifically based reading
11 instructional practices including diagnostic and as-
12 sessment instruments and instructional materials;

13 (4) collaborate and support Federal research
14 programs in reading instruction, including, where
15 appropriate, those areas of study addressed by the
16 National Institute of Child Health and Human De-
17 velopment, the Institute for Education Sciences, the
18 National Science Foundation, the Department of
19 Labor, and the National Research Council;

20 (5) coordinate with the Department of Edu-
21 cation, the Department of Labor, the Department of
22 Health and Human Services, and the National Insti-
23 tute of Child Health and Human Development on all
24 programs that include improving reading instruc-

1 tional practices for children, youth, and adults, and
2 teacher training in reading instructional practices;

3 (6) use and support the collection of the best
4 possible information in carrying out this section, and
5 where appropriate, including reviews of research on
6 instruction using the criteria for quality identified by
7 the Institute for Education Sciences;

8 (7) conduct reviews of research, including ran-
9 domized field trials, on reading programs, and con-
10 duct reviews of Federal reading policies and reading
11 program implementation using a board of visitors as
12 described in subchapter 300 of the National Science
13 Foundation Administrative Manual; and

14 (8) develop an Internet site that provides useful
15 information to educators and the public on reading
16 literacy that is consistent with the purposes de-
17 scribed in section 211(b).

18 (b) GRANTS, CONTRACTS, AND COOPERATIVE
19 AGREEMENTS.—The Institute may award grants to, or
20 enter into contracts or cooperative agreements with, indi-
21 viduals, public or private institutions, agencies, organiza-
22 tions, or other legal entities to carry out the activities of
23 the Institute.

24 (c) RELATION TO OTHER LAWS.—The duties and
25 powers of the Institute under this part are in addition to

1 the duties and powers of the Institute under subparts 1,
2 2, and 3 of part B of the Elementary and Secondary Edu-
3 cation Act of 1965 (20 U.S.C. 1201 et seq.) (commonly
4 referred to as Reading First, Early Reading First, and
5 the William F. Goodling Even Start Family Literacy Pro-
6 grams, respectively).

7 **SEC. 215. LEADERSHIP IN SCIENTIFICALLY BASED READ-**
8 **ING INSTRUCTION.**

9 (a) IN GENERAL.—The Director of the Institute may
10 award fellowships, with such stipends and allowances as
11 necessary, to outstanding individuals who are pursuing ca-
12 reers in scientifically based research in reading instruction
13 or pre-service or in-service training in reading instruction,
14 including teaching children and adults to read.

15 (b) FELLOWSHIPS.—Fellowships awarded under this
16 subsection shall be used, under the auspices of the Insti-
17 tute, to engage in research, education training, technical
18 assistance, or other activities to advance the field of sci-
19 entifically based reading instruction for children, youth,
20 and adults, including the training of volunteers in such
21 reading skills instruction.

22 (c) INTERNS AND VOLUNTEERS.—The Director of
23 the Institute may award paid and unpaid internships to
24 individuals seeking to assist the Institute in carrying out
25 its mission. Notwithstanding section 1342 of title 31,

1 United States Code, the Institute may accept and use vol-
2 untary and uncompensated services as the Institute deems
3 necessary.

4 **SEC. 216. NATIONAL INSTITUTE FOR LITERACY ADVISORY**
5 **BOARD.**

6 (a) ESTABLISHMENT.—

7 (1) IN GENERAL.—There shall be a National
8 Institute for Literacy Advisory Board, which shall
9 consist of 10 individuals appointed by the President
10 with the advice and consent of the Senate.

11 (2) COMPOSITION.—The Board shall be com-
12 prised of individuals who are not otherwise officers
13 or employees of the Federal Government and who
14 are knowledgeable about scientifically based reading
15 instruction, and the findings of scientifically based
16 reading research. The members of the Board may
17 include—

18 (A) representatives from teacher training
19 institutions where scientifically based reading
20 instruction is a major component of pre-service
21 training;

22 (B) teachers who have been successful in
23 teaching children to read proficiently;

1 (C) members of the business community
2 who have developed successful employee reading
3 instruction programs;

4 (D) volunteer tutors in reading who are
5 using scientifically based reading instruction;

6 (E) reading researchers who have con-
7 ducted scientifically based research; and

8 (F) other qualified individuals knowledge-
9 able about scientifically based reading instruc-
10 tion, including adult education.

11 (b) DUTIES.—The Board shall—

12 (1) provide advice to the Director of the Insti-
13 tute to ensure that the purposes of the Institute
14 under section 211 are carried out effectively; and

15 (2) approve the annual report to the Congress;

16 (c) FEDERAL ADVISORY COMMITTEE ACT.—Except
17 as otherwise provided in this part, the Board established
18 by this section shall be subject to the provisions of the
19 Federal Advisory Committee Act (5 U.S.C. App.).

20 (d) APPOINTMENTS.—

21 (1) IN GENERAL.—Each member of the Board
22 shall be appointed for a term of 3 years, except that
23 the initial terms for members may be 1, 2, or 3
24 years in order to establish a rotation, in which $\frac{1}{3}$
25 of the members are selected each year. Any such

1 member may be appointed for not more than 2 con-
2 secutive terms.

3 (2) VACANCIES.—Any member appointed to fill
4 a vacancy occurring before the expiration of the
5 term for which the member's predecessor was ap-
6 pointed shall be appointed only for the remainder of
7 that term. A member may serve after the expiration
8 of that member's term until a successor has taken
9 office.

10 (e) QUORUM.—A majority of the members of the
11 Board shall constitute a quorum, but a lesser number may
12 hold hearings. Any recommendation of the Board may be
13 passed only by a majority of the Board members present.

14 (f) ELECTION OF OFFICERS.—The Chairperson and
15 Vice Chairperson of the Board shall be elected by the
16 members of the Board. The term of office of the Chair-
17 person and Vice Chairperson shall be 2 years.

18 (g) MEETINGS.—The Board shall meet at the call of
19 the Chairperson, or a majority of the members of the
20 Board, but not less than quarterly.

21 **SEC. 217. GIFTS, BEQUESTS, AND DEVICES.**

22 (a) IN GENERAL.—The Institute may accept, admin-
23 ister, and use gifts or donations of services, money, or
24 property, whether real or personal, tangible or intangible.

1 (b) RULES.—The Director of the Institute shall es-
2 tablish written rules setting forth the criteria to be used
3 by the Institute in determining whether the acceptance of
4 contributions of services, money, or property whether real
5 or personal, tangible or intangible, would reflect unfavor-
6 ably upon the ability of the Institute or any employee to
7 carry out the responsibilities of the Institute or employee,
8 or official duties, in a fair and objective manner, or would
9 compromise the integrity or the appearance of the integ-
10 rity of the Institute’s programs or any official involved in
11 those programs.

12 **SEC. 218. MAILS.**

13 The Board and the Institute may use the United
14 States mails in the same manner and under the same con-
15 ditions as other departments and agencies of the United
16 States.

17 **SEC. 219. APPLICABILITY OF CERTAIN CIVIL SERVICE**
18 **LAWS.**

19 The Director of the Institute and the staff of the In-
20 stitute may be appointed without regard to the provisions
21 of title 5, United States Code, governing appointments in
22 the competitive service, and may be paid without regard
23 to the provisions of chapter 51 and subchapter III of chap-
24 ter 53 of that title relating to classification and General
25 Schedule pay rates, except that an individual so appointed

1 may not receive pay in excess of the annual rate of basic
2 pay payable for level IV of the Executive Schedule.

3 **SEC. 220. EXPERTS AND CONSULTANTS.**

4 The Institute may procure temporary and intermit-
5 tent services under section 3109(b) of title 5, United
6 States Code.

7 **SEC. 221. REPORT.**

8 (a) IN GENERAL.—The Institute shall submit a bien-
9 nial report to the Committee on Education and the Work-
10 force of the House of Representatives and the Committee
11 on Health, Education, Labor, and Pensions of the Senate.
12 Each report submitted under this section shall include—

13 (1) a comprehensive and detailed description of
14 the Institute's operations, activities, financial condi-
15 tion, and accomplishments in carrying out the pur-
16 poses of the Institute as specified in section 211, for
17 the period covered by the report; and

18 (2) a summary description of how the Institute
19 will advance the purposes of the Institute for the
20 next biennium.

21 (b) FIRST REPORT.—The Institute shall submit a re-
22 port under this section not later than 1 year after the date
23 of enactment of this part.

24 **SEC. 222. DEFINITIONS.**

25 For purposes of this part—

1 (1) the term “Board” means the National Insti-
2 tute for Literacy Advisory Board;

3 (2) the term “Institute” means the National In-
4 stitute for Literacy;

5 (3) the term “Interagency Group” means the
6 Secretary of Education, the Secretary of Labor, and
7 the Secretary of Health and Human Services;

8 (4) the term “literacy” means the ability to
9 read, write, and speak the English language with
10 competence, knowledge, and comprehension; and

11 (5) the terms “reading”, “scientifically based
12 reading research”, and “essential components of
13 reading instruction” have the meanings given those
14 terms in section 1208 of part B of title I of the Ele-
15 mentary and Secondary Education Act of 1965 (20
16 U.S.C. 6368).

17 **SEC. 223. AUTHORIZATION OF APPROPRIATIONS.**

18 There are authorized to be appropriated to admin-
19 ister and carry out this part \$6,700,000 for fiscal year
20 2004 and such sums as may be necessary for each of the
21 5 succeeding fiscal years.

22 **SEC. 224. RESERVATION.**

23 From amounts appropriated to the Institute, the Di-
24 rector of the Institute may use not more than 5 percent
25 of such amounts for the administration of information dis-

1 semination under section 1207 of the Elementary and Sec-
2 ondary Education Act of 1965 (20 U.S.C. 6367).

3 **SEC. 225. AUTHORITY TO PUBLISH.**

4 The Institute, including the Board, may prepare,
5 publish, and present (including through oral presen-
6 tations) such research-based information and research re-
7 ports as needed to carry out the purposes and mission of
8 the Institute.

9 **PART C—GENERAL PROVISIONS**

10 **SEC. 241. TRANSITION.**

11 The Secretary shall take such actions as the Sec-
12 retary determines to be appropriate to provide for the or-
13 derly implementation of this title.

14 **TITLE III—AMENDMENTS TO**
15 **THE WAGNER-PEYSER ACT**

16 **SEC. 301. AMENDMENTS TO THE WAGNER-PEYSER ACT.**

17 The Wagner-Peyser Act (29 U.S.C. 49 et. seq.) is
18 amended—

19 (1) by striking sections 1 through 13;

20 (2) in section 14 by inserting “of Labor” after
21 “Secretary”; and

22 (3) by amending section 15 to read as follows:

23 **“SEC. 15. WORKFORCE AND LABOR MARKET INFORMATION**
24 **SYSTEM.**

25 **“(a) SYSTEM CONTENT.—**

1 “(1) IN GENERAL.—The Secretary of Labor, in
2 accordance with the provisions of this section, shall
3 oversee the development, maintenance, and contin-
4 uous improvement of a nationwide workforce and
5 labor market information system that includes—

6 “(A) statistical data from cooperative sta-
7 tistical survey and projection programs and
8 data from administrative reporting systems
9 that, taken together, enumerate, estimate, and
10 project employment opportunities and condi-
11 tions at national, State, and local levels in a
12 timely manner, including statistics on—

13 “(i) employment and unemployment
14 status of national, State, and local popu-
15 lations, including self-employed, part-time,
16 and seasonal workers;

17 “(ii) industrial distribution of occupa-
18 tions, as well as current and projected em-
19 ployment opportunities, wages, benefits
20 (where data is available), and skill trends
21 by occupation and industry, with particular
22 attention paid to State and local condi-
23 tions;

24 “(iii) the incidence of, industrial and
25 geographical location of, and number of

1 workers displaced by, permanent layoffs
2 and plant closings; and

3 “(iv) employment and earnings infor-
4 mation maintained in a longitudinal man-
5 ner to be used for research and program
6 evaluation;

7 “(B) information on State and local em-
8 ployment opportunities, and other appropriate
9 statistical data related to labor market dynam-
10 ics, which—

11 “(i) shall be current and comprehen-
12 sive;

13 “(ii) shall meet the needs identified
14 through the consultations described in sub-
15 paragraphs (A) and (B) of subsection
16 (e)(2); and

17 “(iii) shall meet the needs for the in-
18 formation identified in section 134(d);

19 “(C) technical standards (which the Sec-
20 retary shall publish annually) for data and in-
21 formation described in subparagraphs (A) and
22 (B) that, at a minimum, meet the criteria of
23 chapter 35 of title 44, United States Code;

24 “(D) procedures to ensure compatibility
25 and additivity of the data and information de-

1 scribed in subparagraphs (A) and (B) from na-
2 tional, State, and local levels;

3 “(E) procedures to support standardization
4 and aggregation of data from administrative re-
5 porting systems described in subparagraph (A)
6 of employment-related programs;

7 “(F) analysis of data and information de-
8 scribed in subparagraphs (A) and (B) for uses
9 such as—

10 “(i) national, State, and local policy-
11 making;

12 “(ii) implementation of Federal poli-
13 cies (including allocation formulas);

14 “(iii) program planning and evalua-
15 tion; and

16 “(iv) researching labor market dynam-
17 ics;

18 “(G) wide dissemination of such data, in-
19 formation, and analysis in a user-friendly man-
20 ner and voluntary technical standards for dis-
21 semination mechanisms; and

22 “(H) programs of—

23 “(i) training for effective data dis-
24 semination;

25 “(ii) research and demonstration; and

1 “(iii) programs and technical assist-
2 ance.

3 “(2) INFORMATION TO BE CONFIDENTIAL.—

4 “(A) IN GENERAL.—No officer or em-
5 ployee of the Federal Government or agent of
6 the Federal Government may—

7 “(i) use any submission that is fur-
8 nished for exclusively statistical purposes
9 under the provisions of this section for any
10 purpose other than the statistical purposes
11 for which the submission is furnished;

12 “(ii) make any publication or media
13 transmittal of the data contained in the
14 submission described in clause (i) that per-
15 mits information concerning individual
16 subjects to be reasonably inferred by either
17 direct or indirect means; or

18 “(iii) permit anyone other than a
19 sworn officer, employee, or agent of any
20 Federal department or agency, or a con-
21 tractor (including an employee of a con-
22 tractor) of such department or agency, to
23 examine an individual submission described
24 in clause (i);

1 without the consent of the individual, agency, or
2 other person who is the subject of the submis-
3 sion or provides that submission.

4 “(B) IMMUNITY FROM LEGAL PROCESS.—
5 Any submission (including any data derived
6 from the submission) that is collected and re-
7 tained by a Federal department or agency, or
8 an officer, employee, agent, or contractor of
9 such a department or agency, for exclusively
10 statistical purposes under this section shall be
11 immune from the legal process and shall not,
12 without the consent of the individual, agency, or
13 other person who is the subject of the submis-
14 sion or provides that submission, be admitted
15 as evidence or used for any purpose in any ac-
16 tion, suit, or other judicial or administrative
17 proceeding.

18 “(C) RULE OF CONSTRUCTION.—Nothing
19 in this section shall be construed to provide im-
20 munity from the legal process for such submis-
21 sion (including any data derived from the sub-
22 mission) if the submission is in the possession
23 of any person, agency, or entity other than the
24 Federal Government or an officer, employee,
25 agent, or contractor of the Federal Government,

1 or if the submission is independently collected,
2 retained, or produced for purposes other than
3 the purposes of this Act.

4 “(b) SYSTEM RESPONSIBILITIES.—

5 “(1) IN GENERAL.—The workforce and labor
6 market information system described in subsection
7 (a) shall be planned, administered, overseen, and
8 evaluated through a cooperative governance struc-
9 ture involving the Federal Government and States.

10 “(2) DUTIES.—The Secretary, with respect to
11 data collection, analysis, and dissemination of labor
12 employment statistics for the system, shall carry out
13 the following duties:

14 “(A) Assign responsibilities within the De-
15 partment of Labor for elements of the work-
16 force and labor market information system de-
17 scribed in subsection (a) to ensure that all sta-
18 tistical and administrative data collected is con-
19 sistent with appropriate Bureau of Labor Sta-
20 tistics standards and definitions.

21 “(B) Actively seek the cooperation of other
22 Federal agencies to establish and maintain
23 mechanisms for ensuring complementarity and
24 nonduplication in the development and oper-

1 ation of statistical and administrative data col-
2 lection activities.

3 “(C) Eliminate gaps and duplication in
4 statistical undertakings, with the systemization
5 of wage surveys as an early priority.

6 “(D) In collaboration with the Bureau of
7 Labor Statistics and States, develop and main-
8 tain the elements of the workforce and labor
9 market information system described in sub-
10 section (a), including the development of con-
11 sistent procedures and definitions for use by the
12 States in collecting the data and information
13 described in subparagraphs (A) and (B) of sub-
14 section (a)(1).

15 “(E) Establish procedures for the system
16 to ensure that—

17 “(i) such data and information are
18 timely;

19 “(ii) paperwork and reporting for the
20 system are reduced to a minimum; and

21 “(iii) States and localities are fully in-
22 volved in the development and continuous
23 improvement of the system at all levels, in-
24 cluding ensuring the provision, to such
25 States and localities, of budget information

1 necessary for carrying out their respon-
2 sibilities under subsection (e).

3 “(c) NATIONAL ELECTRONIC TOOLS TO PROVIDE
4 SERVICES.—The Secretary is authorized to assist in the
5 development of national electronic tools that may be used
6 to facilitate the delivery of core services described in sec-
7 tion 134 and to provide workforce information to individ-
8 uals through the one-stop delivery systems described in sec-
9 tion 121 and through other appropriate delivery systems.

10 “(d) COORDINATION WITH THE STATES.—

11 “(1) IN GENERAL.—The Secretary, working
12 through the Bureau of Labor Statistics and the Em-
13 ployment and Training Administration, shall regu-
14 larly consult with representatives of State agencies
15 carrying out workforce information activities regard-
16 ing strategies for improving the workforce and labor
17 market information system.

18 “(2) FORMAL CONSULTATIONS.—At least twice
19 each year, the Secretary, working through the Bu-
20 reau of Labor Statistics, shall conduct formal con-
21 sultations regarding programs carried out by the
22 Bureau of Labor Statistics with representatives of
23 each of the 10 Federal regions of the Department of
24 Labor, elected from the State directors affiliated

1 with State agencies that perform the duties de-
2 scribed in subsection (e)(2).

3 “(e) STATE RESPONSIBILITIES.—

4 “(1) DESIGNATION OF STATE AGENCY.—In
5 order to receive Federal financial assistance under
6 this section, the Governor of a State shall—

7 “(A) designate a single State agency to be
8 responsible for the management of the portions
9 of the workforce and labor market information
10 system described in subsection (a) that com-
11 prise a statewide workforce and labor market
12 information system and for the State’s partici-
13 pation in the development of the annual plan;
14 and

15 “(B) establish a process for the oversight
16 of such system.

17 “(2) DUTIES.—In order to receive Federal fi-
18 nancial assistance under this section, the State agen-
19 cy shall—

20 “(A) consult with State and local employ-
21 ers, participants, and local workforce invest-
22 ment boards about the labor market relevance
23 of the data to be collected and disseminated
24 through the statewide workforce and labor mar-
25 ket information system;

1 “(B) consult with State educational agen-
2 cies and local educational agencies concerning
3 the provision of employment statistics in order
4 to meet the needs of secondary school and post-
5 secondary school students who seek such infor-
6 mation;

7 “(C) collect and disseminate for the sys-
8 tem, on behalf of the State and localities in the
9 State, the information and data described in
10 subparagraphs (A) and (B) of subsection
11 (a)(1);

12 “(D) maintain and continuously improve
13 the statewide workforce and labor market infor-
14 mation system in accordance with this section;

15 “(E) perform contract and grant respon-
16 sibilities for data collection, analysis, and dis-
17 semination for such system;

18 “(F) conduct such other data collection,
19 analysis, and dissemination activities as will en-
20 sure an effective statewide workforce and labor
21 market information system;

22 “(G) actively seek the participation of
23 other State and local agencies in data collec-
24 tion, analysis, and dissemination activities in

1 order to ensure complementarity, compatibility,
2 and usefulness of data;

3 “(H) participate in the development of the
4 annual plan described in subsection (c); and

5 “(I) utilize the quarterly records described
6 in section 136(f)(2) of the Workforce Invest-
7 ment Act of 1998 to assist the State and other
8 States in measuring State progress on State
9 performance measures.

10 “(3) RULE OF CONSTRUCTION.—Nothing in
11 this section shall be construed as limiting the ability
12 of a State agency to conduct additional data collec-
13 tion, analysis, and dissemination activities with
14 State funds or with Federal funds from sources
15 other than this section.

16 “(f) NONDUPLICATION REQUIREMENT.—None of the
17 functions and activities carried out pursuant to this sec-
18 tion shall duplicate the functions and activities carried out
19 under the Carl D. Perkins Vocational and Applied Tech-
20 nology Education Act (20 U.S.C. 2301 et seq.).

21 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
22 are authorized to be appropriated to carry out this section
23 such sums as may be necessary for each of the fiscal years
24 2004 through 2009.

1 “(h) DEFINITION.—In this section, the term ‘local
2 area’ means the smallest geographical area for which data
3 can be produced with statistical reliability.”.

4 **TITLE IV—AMENDMENTS TO THE**
5 **REHABILITATION ACT OF 1973**

6 **SEC. 401. CHAIRPERSON.**

7 Section 705(b)(5) of the Rehabilitation Act of 1973
8 (29 U.S.C. 796d(b)(5)) is amended to read as follows:

9 “(5) CHAIRPERSON.—The Council shall select a
10 chairperson from among the voting membership of
11 the Council.”.

12 **SEC. 402. REHABILITATION SERVICES ADMINISTRATION.**

13 Section 3(a) of the Rehabilitation Act of 1973 (29
14 U.S.C. 702(a)) is amended—

15 (1) by striking “Office of the Secretary” and
16 inserting “Department of Education”;

17 (2) by striking “President by and with the ad-
18 vice and consent of the Senate” and inserting “Sec-
19 retary, except that the current Commissioner ap-
20 pointed under the authority existing on the day prior
21 to the date of enactment of this Act may continue
22 to serve in the former capacity”; and

23 (3) by striking “, and the Commissioner shall
24 be the principal officer,”.

1 **SEC. 403. DIRECTOR.**

2 (a) IN GENERAL.—The Rehabilitation Act of 1973
3 (29 U.S.C. 701 et seq.) is amended by striking “Commis-
4 sioner” each place it appears, except in section 21, and
5 inserting “Director”.

6 (b) EXCEPTION.—Section 21 of the Rehabilitation
7 Act of 1973 (29 U.S.C. 718) is amended—

8 (1) in subsection (b)(1)—

9 (A) by striking “Commissioner” the first
10 place it appears and inserting “Director of the
11 Rehabilitation Services Administration”; and

12 (B) by striking “(referred to in this sub-
13 section as the ‘Director’)”; and

14 (2) by striking “Commissioner and the Direc-
15 tor” each place it appears and inserting “both such
16 Directors”.

17 **SEC. 404. STATE GOALS.**

18 Section 101(a) of the Rehabilitation Act of 1973 (29
19 U.S.C. 721(a)) is amended—

20 (1) in paragraph (11)(D)(i) by inserting “,
21 which may be provided using alternative means of
22 meeting participation (such as video conferences and
23 conference calls)” before the semicolon; and

24 (2) in paragraph (15)—

25 (A) in subparagraph (A), by redesignating
26 clauses (ii) and (iii) as clauses (iii) and (iv), re-

1 spectively, and inserting after clause (i) the fol-
2 lowing:

3 “(ii) include an assessment of the
4 transition services provided under this Act,
5 and coordinated with transition services
6 under the Individuals with Disabilities
7 Education Act, as to those services meet-
8 ing the needs of individuals with disabili-
9 ties.”; and

10 (B) by amending subparagraph (D)(i) to
11 read as follows:

12 “(i) the methods to be used to expand
13 and improve the services to individuals
14 with disabilities including—

15 “(I) how a broad range of assist-
16 ive technology services and assistive
17 technology devices will be provided to
18 such individuals at each stage of the
19 rehabilitative process and how such
20 services and devices will be provided
21 to such individuals on a statewide
22 basis; and

23 “(II) how transition services will
24 be better coordinated with those serv-
25 ices under the Individuals with Dis-

1 abilities Education Act in order to im-
2 prove transition services for individ-
3 uals with disabilities served under this
4 Act;”.

5 **SEC. 405. AUTHORIZATIONS OF APPROPRIATIONS.**

6 The Rehabilitation Act of 1973 is further amended—

7 (1) in section 100(b)(1) by striking “fiscal
8 years 1999 through 2003” and inserting “fiscal
9 years 2004 through 2009”;

10 (2) in section 100(d)(1)(B) by striking “fiscal
11 year 2003” and inserting “fiscal year 2009”;

12 (3) in section 110(c) by amending paragraph
13 (2) to read as follows:

14 “(2) The sum referred to in paragraph (1) shall
15 be, as determined by the Secretary, not less than 1
16 percent and not more than 1.5 percent of the
17 amount referred to in paragraph (1) for each of fis-
18 cal years 2003 through 2009.”;

19 (4) in section 112(h) by striking “fiscal years
20 1999 through 2003” and inserting “fiscal years
21 2004 through 2009”;

22 (5) in section 201(a) by striking “fiscal years
23 1999 through 2003” each place it appears and in-
24 serting “fiscal years 2004 through 2009”;

1 (6) in section 302(i) by striking “fiscal years
2 1999 through 2003” and inserting “fiscal years
3 2004 through 2009”;

4 (7) in section 303(e) by striking “fiscal years
5 1999 through 2003” and inserting “fiscal years
6 2004 through 2009”;

7 (8) in section 304(b) by striking “fiscal years
8 1999 through 2003” and inserting “fiscal years
9 2004 through 2009”;

10 (9) in section 305(b) by striking “fiscal years
11 1999 through 2003” and insert “fiscal years 2004
12 through 2009”;

13 (10) in section 405 by striking “fiscal years
14 1999 through 2003” and inserting “fiscal years
15 2004 through 2009”;

16 (11) in section 502(j) by striking “fiscal years
17 1999 through 2003” and inserting “fiscal years
18 2004 through 2009”;

19 (12) in section 509(l) by striking “fiscal years
20 1999 through 2003” and inserting “fiscal years
21 2004 through 2009”;

22 (13) in section 612 by striking “fiscal years
23 1999 through 2003” and inserting “fiscal years
24 2004 through 2009”;

1 (14) in section 628 by striking “fiscal years
2 1999 through 2003” and inserting “fiscal years
3 2004 through 2009”;

4 (15) in section 714 by striking “fiscal years
5 1999 through 2003” and inserting “fiscal years
6 2004 through 2009”;

7 (16) in section 727 by striking “fiscal years
8 1999 through 2003” and inserting “fiscal years
9 2004 through 2009”; and

10 (17) in section 753 by striking “fiscal years
11 1999 through 2003” and inserting “fiscal years
12 2004 through 2009”.

13 **SEC. 406. HELEN KELLER NATIONAL CENTER ACT.**

14 (a) GENERAL AUTHORIZATION OF APPROPRIA-
15 TIONS.—The first sentence of section 205(a) of the Helen
16 Keller National Center Act (29 U.S.C. 1904(a)) is amend-
17 ed by striking “1999 through 2003” and inserting “2004
18 through 2009”.

19 (b) HELEN KELLER NATIONAL CENTER FEDERAL
20 ENDOWMENT FUND.—The first sentence of section
21 208(h) of such Act (29 U.S.C. 1907(h)) is amended by
22 striking “1999 through 2003” and inserting “2004
23 through 2009”.

1 **TITLE V—TRANSITION AND**
2 **EFFECTIVE DATE**

3 **SEC. 501. TRANSITION PROVISIONS.**

4 The Secretary of Labor shall take such actions as the
5 Secretary determines to be appropriate to provide for the
6 orderly implementation of this Act.

7 **SEC. 502. EFFECTIVE DATE.**

8 Except as otherwise provided in this Act, this Act and
9 the amendments made by this Act, shall take effect on
10 the date of enactment of this Act.

 Passed the House of Representatives May 8, 2003.

Attest:

Clerk.