

119TH CONGRESS
2D SESSION

H. R. 8181

To amend the Workforce Innovation and Opportunity Act to require States to establish critical industry funds or certain industry or sector partnerships, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 2, 2026

Mr. MESSMER introduced the following bill; which was referred to the
Committee on Education and Workforce

A BILL

To amend the Workforce Innovation and Opportunity Act to require States to establish critical industry funds or certain industry or sector partnerships, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Critical Industry Skills
5 Act”.

1 **SEC. 2. RESERVATIONS; REALLOCATION.**

2 (a) RESERVATIONS FOR STATEWIDE ACTIVITIES.—

3 Section 128(a) of the Workforce Innovation and Oppor-
4 tunity Act (29 U.S.C. 3163(a)) is amended—

5 (1) in paragraph (2), by striking “reserved
6 amounts” in each place and inserting “reserved
7 amounts required under paragraph (1)”; and

8 (2) by adding at the end the following:

9 “(3) CRITICAL INDUSTRY SKILLS FUND, AND
10 INDUSTRY SECTOR PARTNERSHIP AND CAREER
11 PATHWAYS DEVELOPMENT FUND.—

12 “(A) AUTHORIZED RESERVATION.—In ad-
13 dition to the reservations required under para-
14 graph (1) and section 133(a)(2), and subject to
15 subparagraph (B), the Governor may reserve
16 not more than 10 percent of each of the
17 amounts allotted to the State under section
18 127(b)(1)(C) and paragraphs (1)(B) and (2)(B)
19 of section 132(b) for a fiscal year to establish
20 and administer any one, or both, of the fol-
21 lowing:

22 “(i) A critical industry skills fund de-
23 scribed in section 134(a)(4).

24 “(ii) An industry or sector partner-
25 ship and career pathways development
26 fund described in section 134(a)(5).

1 “(B) MATCHING FUNDS.—

2 “(i) REQUIREMENT.—The amount of
3 funds reserved by a Governor under sub-
4 paragraph (A) for a fiscal year may not ex-
5 ceed the amount of funds that such Gov-
6 ernor commits to using from any of the
7 funds listed in clause (ii) of this subpara-
8 graph for the purposes of establishing and
9 administering the funds described in
10 clauses (i) and (ii) of subparagraph (A) for
11 such fiscal year.

12 “(ii) SOURCES OF MATCHING
13 FUNDS.—The funds listed in this clause
14 are as follows:

15 “(I) Funds reserved by the Gov-
16 ernor under paragraph (1) of this
17 subsection.

18 “(II) Other Federal funds not
19 described in subclause (I).

20 “(III) State funds.”.

21 (b) REALLOCATION AMONG LOCAL AREAS.—Section
22 128(c) of the Workforce Innovation and Opportunity Act
23 (29 U.S.C. 3173(c)) is amended—

1 (1) in paragraph (1), by inserting the following
2 before the period at the end: “as performance-based
3 incentive payments”; and

4 (2) in paragraph (4)—

5 (A) by striking “that does not” and insert-
6 ing the following: “that—

7 “(A) does not”;

8 (B) by striking the period at the end and
9 inserting a semicolon; and

10 (C) by adding at the end the following:

11 “(B) has met or exceeded an average of
12 100 percent of the local level of performance
13 described in section 116(c)(1)(B) for the local
14 area across all indicators for the youth program
15 authorized under this chapter for the most re-
16 cent program year for which performance data
17 is available; and

18 “(C) was not subject to corrective action
19 by the Governor under section 184(a)(5)(A) for
20 a determination of non-compliance with the uni-
21 form administrative requirements described in
22 section 184(a)(3) for the program year for
23 which the determination under paragraph (2) is
24 made.”.

1 **SEC. 3. RESERVATIONS FOR STATE ACTIVITIES; WITHIN**
 2 **STATE ALLOCATIONS; REALLOCATION.**

3 (a) RESERVATIONS FOR STATE ACTIVITIES.—Section
 4 133(a) of the Workforce Innovation and Opportunity Act
 5 (29 U.S.C. 3173(a)) is amended—

6 (1) in paragraph (1), by striking “section
 7 128(a)” and inserting “section 128(a)(1)”; and

8 (2) by adding at the end the following:

9 “(3) CRITICAL INDUSTRY SKILLS FUND, AND
 10 INDUSTRY OR SECTOR PARTNERSHIP AND CAREER
 11 PATHWAYS FUND.—In addition to the reservations
 12 required under paragraphs (1) and (2), the Gov-
 13 ernor may make the reservation authorized under
 14 section 128(a)(3).”.

15 (b) WITHIN STATE ALLOCATIONS.—Section
 16 133(b)(1) of the Workforce Innovation and Opportunity
 17 Act (29 U.S.C. 3173(b)) is amended—

18 (1) in subparagraph (A), by striking “sub-
 19 section (a)(1)” and inserting “paragraph (1) or (3)
 20 of subsection (a)”; and

21 (2) in subparagraph (B), by striking “para-
 22 graph (1) or (2) of subsection (a)” and inserting
 23 “paragraph (1), (2), or (3) of subsection (a)”.

24 (c) REALLOCATION AMONG LOCAL AREAS.—Section
 25 133(c) of the Workforce Innovation and Opportunity Act
 26 (29 U.S.C. 3173(c)) is amended—

(1) in paragraph (1), by inserting before the period at the end, the following: “as performance-based incentive payments”;

(2) in paragraph (4)—

(A) in subparagraph (A)—

(i) by striking “that does not” and inserting the following: “that—

“(i) does not”;

(ii) by striking “; and” and inserting a semicolon; and

(iii) by adding at the end the following:

“(ii) has met or exceeded an average of 100 percent of the local level of performance described in section 116(c)(1)(B) for the local area across all indicators for the adult program authorized under this chapter for the most recent program year for which performance data is available; and

“(iii) was not subject to corrective action by the Governor under section 184(a)(5)(A) for a determination of non-compliance with the uniform administrative requirements described in section

184(a)(3) for the program year for which the determination under paragraph (2) is made; and”; and

(B) in subparagraph (B)—

(i) by striking “that does not” and inserting the following: “that—

“(i) does not”;

(ii) by striking the period at the end and inserting a semicolon; and

(iii) by adding at the end the following:

“(ii) has met or exceeded an average of 100 percent of the local level of performance described in section 116(c)(1)(B) for the local area across all indicators for the dislocated worker program authorized under this chapter for the most recent program year for which performance data is available; and

“(iii) was not subject to corrective action by the Governor under section 184(a)(5)(A) for a determination of non-compliance with the uniform administrative requirements described in section 184(a)(3) for the program year for which

1 the determination under paragraph (2) is
 2 made; and”; and

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

4 “(5) USE OF INCENTIVE FUNDS.—Any amounts
 5 provided to a local area as a performance incentive
 6 payment under this subsection shall not be subject
 7 to the requirements described in section
 8 134(c)(1)(B).”.

9 **SEC. 4. USE OF FUNDS FOR EMPLOYMENT AND TRAINING**
 10 **ACTIVITIES.**

11 Section 134(a)(1) of the Workforce Innovation and
 12 Opportunity Act (29 U.S.C. 3174(a)(1))—

13 (1) IN GENERAL.—Section 134(a)(1) of the
 14 Workforce Innovation and Opportunity Act (29
 15 U.S.C. 3174(a)(1))—

16 (A) in subparagraph (A), by striking
 17 “and” at the end;

18 (B) in subparagraph (B)—

19 (i) in the matter preceding clause (i),
 20 by striking “128(a)” and inserting
 21 “128(a)(1)”; and

22 (ii) by amending clause (ii) to read as
 23 follows:

24 “(ii) may be used to carry out any of
 25 the statewide employment and training ac-

activities described in paragraph (3) (including establishing and administering any one, or both, of the funds referred to in subparagraph (C));” and

(C) by inserting before the flush left text at the end the following:

“(C) as described in section 128(a)(3), shall be used to establish and administer any one, or both, of the following:

“(i) a critical industry skills fund described in paragraph (4); or

“(ii) an industry or sector partnership and career pathways development fund described in paragraph (5).”.

(2) REQUIRED STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—

(A) STATEWIDE RAPID RESPONSE ACTIVITIES.—Section 134(a)(2)(A) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3174(a)(2)(A)) is amended—

(i) in clause (i)—

(I) in subclause (I)—

(aa) by striking “working” and inserting “as a rapid response unit working”; and

1 (bb) by striking “and” at
2 the end;

3 (II) in subclause (II), by striking
4 the period at the end and inserting “;
5 and”; and

6 (III) by adding at the end the
7 following:

8 “(III) provision of additional as-
9 sistance to any local area that has ex-
10 cess demand for individual training
11 accounts for dislocated workers in
12 such local area and requests such ad-
13 ditional assistance under this sub-
14 clause in accordance with paragraph
15 (4) of section 414(c) of the American
16 Competitiveness and Workforce Im-
17 provement Act of 1998 (29 U.S.C.
18 3224a(5)), upon a determination by
19 the State that, in using funds allo-
20 cated to such local area pursuant to
21 paragraph (1) of such section 414(c)
22 and in using funds as required under
23 subsection (c)(1)(B) of this section for
24 the purpose described in paragraph
25 (2)(A) of such section 414(c), the

1 local area is in compliance with the
2 requirements of such section 414(c).”;
3 and

4 (ii) by adding at the end the fol-
5 lowing:

6 “(iii) INSUFFICIENT FUNDS TO MEET
7 EXCESS DEMAND.—If a State determines
8 that a local area with excess demand as
9 described in clause (i)(III) has met the
10 compliance requirements described in such
11 clause, but the State does not have suffi-
12 cient funds reserved under section
13 133(a)(2) to meet such excess demand, the
14 State—

15 “(I) shall notify the Secretary of
16 such excess demand; and

17 “(II) if eligible, may apply for a
18 national dislocated worker grant
19 under section 170 of this Act.”.

20 (B) STATEWIDE EMPLOYMENT AND TRAIN-
21 ING ACTIVITIES.—Section 134(a)(2)(B) of the
22 Workforce Innovation and Opportunity Act (29
23 U.S.C. 3174(a)(2)(B)) is amended—

24 (i) in clause (i)—

1 (I) in subclause (III), by striking
2 “and” at the end;

3 (II) by amending subclause (IV)
4 to read as follows:

5 “(IV) local areas, one-stop opera-
6 tors, one-stop partners, and eligible
7 providers, including the development
8 and training of staff, which may in-
9 clude—

10 “(aa) the development and
11 training of staff to provide infor-
12 mation about wage levels and
13 available benefits across in-de-
14 mand industry sectors or occupa-
15 tions, and information about op-
16 portunities for individuals with
17 barriers to employment to enter
18 in-demand industry sectors or oc-
19 cupations and nontraditional oc-
20 cupations;

21 “(bb) providing capacity
22 building and technical assistance
23 to State board and local board
24 members on the development of
25 exemplary program activities;

1 “(cc) the development and
2 education of staff to increase ex-
3 pertise in providing opportunities
4 for covered veterans (as defined
5 in section 4212(a)(3)(A) of title
6 38, United States Code) to enter
7 in-demand industry sectors or oc-
8 cupations and nontraditional oc-
9 cupations; and

10 “(dd) the provision of tech-
11 nical assistance to local areas
12 that fail to meet local perform-
13 ance accountability measures de-
14 scribed in section 116(c); and”;
15 and

16 (III) by adding at the end the
17 following:

18 “(V) local boards and eligible
19 providers of training services in car-
20 rying out the performance reporting
21 required under section 116(d), includ-
22 ing facilitating data matches for pro-
23 gram participants—

24 “(aa) using quarterly wage
25 record information (including the

1 wage records made available by
2 any other State and information
3 provided from the National Di-
4 rectory of New Hires in accord-
5 ance with section 453(j)(8) of the
6 Social Security Act (42 U.S.C.
7 653(j)(8)); and

8 “(bb) other sources of infor-
9 mation, as necessary to measure
10 the performance of programs and
11 activities conducted under this
12 chapter or chapter 2 of this sub-
13 title;”;

14 (ii) in clause (ii), by striking “section
15 106(b)(7)” and inserting “section
16 106(b)(6)”;

17 (iii) in clause (iii), by striking “section
18 116(i)” and inserting “section 116(j)”;

19 (iv) in clause (v)—

20 (I) in subclause (II)—

21 (aa) by striking “customized
22 training” and inserting “em-
23 ployer-directed skills develop-
24 ment”; and

1 (bb) by striking “transi-
2 tional jobs” and inserting “tran-
3 sitional jobs, or sponsors of ap-
4 prenticeships and pre-apprentice-
5 ships”;

6 (II) in subclause (III), by insert-
7 ing “, including business engaged in
8 joint labor-management partnerships”
9 before the semicolon;

10 (III) by redesignating subclauses
11 (V) and (VI) as subclauses (VI) and
12 (VII), respectively;

13 (IV) by inserting after subclause
14 (IV) the following:

15 “(V) information on effective co-
16 ordination of supportive services for
17 workers and jobseekers;”;

18 (V) in subclause (VI), as so re-
19 designated—

20 (aa) by striking “subsections
21 (d) and (h) of section 122” and
22 inserting “subsections (d) and (i)
23 of section 122”; and

24 (bb) by striking “and” at
25 the end; and

1 (VI) by adding at the end the fol-
2 lowing:

3 “(VIII) information to partici-
4 pants on understanding and accessing
5 State-administered programs and
6 services available to jobseekers;”;

7 (v) by redesignating clause (vi) as
8 clause (vii);

9 (vi) by inserting after clause (v) the
10 following:

11 “(vi) notifying participants of an eligi-
12 ble program of training services whose par-
13 ticipation is funded under this Act, if such
14 program’s status as an eligible program of
15 training services is revoked under section
16 122(c)(4);”;

17 (vii) in clause (vii), as so redesign-
18 nated, by striking the period at the end
19 and inserting a semicolon; and

20 (viii) by adding at the end the fol-
21 lowing:

22 “(viii) coordinating (which may be
23 done in partnership with other States) with
24 industry organizations, employers (includ-
25 ing small and mid-sized employers), indus-

1 try or sector partnerships, training pro-
2 viders, local boards, and institutions of
3 higher education to identify or develop
4 competency-based assessments that are a
5 valid and reliable method of collecting in-
6 formation with respect to, and measuring,
7 the prior knowledge, skills, and abilities of
8 individuals who are adults or dislocated
9 workers for the purpose of—

10 “(I) awarding, based on the
11 knowledge, skills, and abilities of such
12 an individual validated by such assess-
13 ments—

14 “(aa) a recognized postsec-
15 ondary credential that is used by
16 employers in the State for re-
17 cruitment, hiring, retention, or
18 advancement purposes;

19 “(bb) postsecondary credit
20 toward a recognized postsec-
21 ondary credential aligned with in-
22 demand industry sectors and oc-
23 cupations in the State for the
24 purpose of accelerating attain-
25 ment of such credential; and

1 “(cc) postsecondary credit
2 for progress along a career path-
3 way developed by the State or a
4 local area within the State;

5 “(II) developing individual em-
6 ployment plans under subsection
7 (c)(2)(B)(vii)(II) that incorporate the
8 knowledge, skills, and abilities of such
9 an individual to identify—

10 “(aa) in-demand industry
11 sectors or occupations that re-
12 quire similar knowledge, skills,
13 and abilities; and

14 “(bb) any upskilling needed
15 for the individual to secure em-
16 ployment in such a sector or oc-
17 cupation; and

18 “(III) helping such an individual
19 communicate such knowledge, skills,
20 and abilities to prospective employers
21 through a skills-based resume, profile,
22 or portfolio; and

23 “(ix) disseminating to local areas and
24 employers information relating to the com-
25 petency-based assessments identified or de-

veloped pursuant to clause (viii), including—

“(I) any credential or credit awarded pursuant to items (aa) through (cc) of clause (viii)(I);

“(II) the industry organizations, employers, training providers, and institutions of higher education located within the State that recognize the knowledge, skills, and abilities of an individual validated by such assessments;

“(III) how such assessments may be provided to, and accessed by, individuals through the one-stop delivery system; and

“(IV) information on the extent to which such assessments are being used by employers and local areas in the State.”.

(3) ALLOWABLE STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—Section 134(a)(3)(A) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3174(a)(3)(A))—

(A) in clause (i)—

1 (i) by inserting “or evidence-based”
2 after “innovative”;

3 (ii) by inserting “local communities
4 and” after “needs of”;

5 (iii) by striking “customized training”
6 and inserting “employer-directed skills de-
7 velopment”;

8 (iv) by inserting “and partnerships
9 with” after “utilization of”;

10 (v) by inserting “and labor-manage-
11 ment partnerships” after “business inter-
12 mediaries”; and

13 (vi) by inserting “and medium-sized”
14 before “employers) in the State, and”;

15 (B) in clause (ii)—

16 (i) by inserting “, or bringing evi-
17 dence-based strategies to scale,” after
18 “strategies”; and

19 (ii) by inserting “supporting such in-
20 dividuals in achieving economic self-suffi-
21 ciency and mobility, and” after “employ-
22 ment and”;

23 (C) in clause (iii)—

24 (i) by striking “ and prior learning as-
25 sessment to” and inserting “, prior learn-

1 ing assessment, or a competency-based as-
2 sessment identified or developed by the
3 State under paragraph (2)(B)(viii), to”;
4 and

5 (ii) by striking “stackable” and insert-
6 ing “permit articulation into higher level
7 degree or other credential programs”;

8 (D) in clause (iv), by inserting “, which
9 may include on-the-job training, employer-di-
10 rected skills development, transitional jobs, in-
11 dustry or sector partnerships, apprenticeships,
12 and other programs” after “employment”;

13 (E) in clause (viii)—

14 (i) in subclause (I), by inserting “, in-
15 cluding such activities funded through
16 other Federal and State laws” after “de-
17 velopment activities”; and

18 (ii) in subclause (II)—

19 (I) in item (cc), by inserting “ac-
20 tivities carried out by comprehensive
21 transition and postsecondary pro-
22 grams for students with intellectual
23 disabilities established under section
24 767 of the Higher Education Act of

1 1965 (20 U.S.C. 1140g),” after “de-
2 velopmental disabilities,”;

3 (II) in item (dd), by striking “ac-
4 tivities, including those” and inserting
5 “activities and services to promote
6 digital literacy skills, including activi-
7 ties and services”; and

8 (III) by adding at the end the
9 following:

10 “(gg) programs under the
11 Older Americans Act of 1965 (42
12 U.S.C. 3001 et seq.) that support
13 employment and economic secu-
14 rity; and”;

15 (F) in clause (xi), by inserting “that ex-
16 ceed the local levels of performance” after
17 “local areas”;

18 (G) in clause (xiii), by striking “and” at
19 the end;

20 (H) in clause (xiv)—

21 (i) by inserting “conducting feasibility
22 studies for the effectiveness of such strate-
23 gies in meeting the employment and skills
24 development needs of target populations in

1 the local areas that are using such feasi-
2 bility studies,” after “data collection,”; and

3 (ii) by striking the period at the end
4 and inserting a semicolon; and

5 (I) by adding at the end the following:

6 “(xv) supporting employers seeking to
7 implement skills-based hiring practices,
8 which may include technical assistance on
9 the use and validation of employment as-
10 sessments (including competency-based as-
11 sessments developed or identified by the
12 State pursuant to paragraph (2)(B)(viii)),
13 and support in the creation of skills-based
14 job descriptions;

15 “(xvi) developing partnerships be-
16 tween educational institutions (including
17 area career and technical education
18 schools, local educational agencies, and in-
19 stitutions of higher education) and employ-
20 ers to create or improve workforce develop-
21 ment programs to address the identified
22 education and skill needs of the workforce
23 and the employment needs of employers in
24 regions of the State, as determined by the
25 most recent analysis conducted under sub-

paragraphs (A), (B), and (D) of section 102(b)(1);

“(xvii) identifying and making available to residents of the State, free or reduced cost access to online skills development programs that are aligned with in-demand industries or occupations in the State and lead to attainment of a recognized postsecondary credential valued by employers in such industries or occupations;

“(xviii) establishing and administering a critical industry skills fund described in paragraph (4); and

“(xix) establishing and administering an industry or sector partnership and career pathways development fund described in paragraph (5).”.

(4) CRITICAL INDUSTRY SKILLS FUND.—Section 134(a) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3174(a)), as amended, is further amended by adding at the end the following:

“(4) CRITICAL INDUSTRY SKILLS FUND.—

“(A) PERFORMANCE-BASED PAYMENTS.—

In addition to the funds described in paragraph

(3)(A), a State may use any funds reserved under paragraph (3)(A) of section 128(a) to establish and administer a critical industry skills fund to award performance-based payments on a per-worker basis to eligible entities that provide, to prospective workers or incumbent workers (which may include youth age 18 through age 24), eligible skills development programs that are in any of the industries and occupations identified by the Governor (in consultation with the State board) for purposes of this paragraph, and that will result in employment or retention with an employer in such an industry or occupation (in this paragraph referred to as a ‘participating employer’).

“(B) OPTIONAL PRIORITY.—The Governor (in consultation with the State board) may select the industries and occupations identified under subparagraph (A) that should be prioritized under this paragraph.

“(C) SUBMISSION OF PROPOSALS.—To be eligible to receive a payment under the critical industry skills fund established under this paragraph by a State, an eligible entity shall submit to the Governor, a proposal describing the eligi-

1 ble skills development program to be provided
2 by the eligible entity under this paragraph, in
3 such form, at such time, and containing such
4 information, as the Governor may reasonably
5 require.

6 “(D) REIMBURSEMENT FOR APPROVED
7 PROPOSALS.—

8 “(i) STATE REQUIREMENTS.—

9 “(I) IN GENERAL.—With respect
10 to each eligible entity whose proposal
11 under subparagraph (C) has been ap-
12 proved by the Governor, the Governor
13 shall make payments (in an amount
14 determined by the Governor and sub-
15 ject to the requirements of subclause
16 (II) of this clause, subparagraph (E),
17 and any other limitations determined
18 necessary by the State) from the crit-
19 ical industry skills fund established
20 under this paragraph to such eligible
21 entity for each participant of the eligi-
22 ble skills development program de-
23 scribed in such proposal and with re-
24 spect to whom the eligible entity
25 meets the requirements of clause (ii).

1 “(II) PAYMENTS.—In making
2 payments to an eligible entity under
3 subclause (I) with respect to a partici-
4 pant—

5 “(aa) a portion of the total
6 payment shall be made after the
7 participant successfully completes
8 the eligible skills development
9 program offered by the eligible
10 entity; and

11 “(bb) the remainder of such
12 total payment shall be made after
13 the participant has been em-
14 ployed by the participating em-
15 ployer of the eligible entity for
16 the 6-month period after success-
17 ful completion of the program.

18 “(ii) ELIGIBLE ENTITY REQUIRE-
19 MENTS.—To be eligible to receive the pay-
20 ments described in clause (i) with respect
21 to a participant, an eligible entity shall
22 submit such documentation as the Gov-
23 ernor determines necessary to verify
24 whether the participant meets the require-
25 ments of items (aa) and (bb) of clause

1 (i)(II), and to comply with the perform-
2 ance reporting described in subparagraph
3 (F).

4 “(E) NON-FEDERAL COST SHARING.—

5 “(i) LIMITS ON FEDERAL SHARE.—An
6 eligible entity may not receive funds under
7 subparagraph (D) with respect to a partici-
8 pant of the eligible skills development pro-
9 gram offered by the eligible entity in ex-
10 cess of the following costs of such program
11 with respect to such participant:

12 “(I) In the case of a partici-
13 pating employer of such eligible entity
14 with 25 or fewer employees, 90 per-
15 cent of the costs.

16 “(II) In the case of a partici-
17 pating employer of such eligible entity
18 with more than 25 employees, but
19 fewer than 100 employees, 75 percent
20 of the costs.

21 “(III) In the case of a partici-
22 pating employer of such eligible entity
23 with 100 or more employees, 50 per-
24 cent of the costs.

25 “(ii) NON-FEDERAL SHARE.—

1 “(I) IN GENERAL.—Any costs of
2 the eligible skills development pro-
3 gram offered to a participant by such
4 eligible entity that are not covered by
5 the funds received under subpara-
6 graph (D) shall be the non-Federal
7 share provided by the eligible entity
8 (in cash or in-kind).

9 “(II) EMPLOYER COST SHAR-
10 ING.—If the eligible skills develop-
11 ment program is being provided on-
12 the-job, the non-Federal share pro-
13 vided by an eligible entity may include
14 the amount of the wages paid by the
15 participating employer of the eligible
16 entity to a participant while such par-
17 ticipant is receiving the training.

18 “(F) PERFORMANCE REPORTING.—Using
19 the participant information provided by eligible
20 entities under subparagraph (D)(ii), the State
21 shall submit to the Secretary a report, on an
22 annual basis, with respect to all participants for
23 which the eligible entities received funds under
24 this paragraph for the most recent program
25 year, which shall include—

“(i) the number of individuals who participated in eligible skills development programs provided by such eligible entities through the critical industry skills fund under this paragraph; and

“(ii) the performance of such participants on the primary indicators of performance described in subclauses (I) through (III) of section 116(b)(2)(A)(i).

“(G) DEFINITIONS.—In this paragraph:

“(i) ELIGIBLE ENTITY.—The term ‘eligible entity’ means—

“(I) a participating employer or a group of participating employers;

“(II) an industry or sector partnership that includes a participating employer; or

“(III) another entity serving as an intermediary (such as a local board) that is in partnership with a participating employer.

“(ii) ELIGIBLE SKILLS DEVELOPMENT PROGRAM.—The term ‘eligible skills development program’, when used with respect to an eligible entity—

1 “(I) means a program with re-
2 spect to which a State may set a max-
3 imum and minimum length (in
4 weeks);

5 “(II) includes work-based edu-
6 cation or related occupational skills
7 instruction that—

8 “(aa) develops the specific
9 technical skills necessary for suc-
10 cessful performance of the occu-
11 pations in which participants are
12 to be employed upon completion;
13 and

14 “(bb) may be provided—

15 “(AA) by the eligible
16 entity; or

17 “(BB) by any training
18 provider that is selected by
19 the eligible entity and with-
20 out regard to whether such
21 provider is on a list of eligi-
22 ble providers of training
23 services described in section
24 122(d); and

1 “(III) does not include employee
2 onboarding, orientation, or profes-
3 sional development generally provided
4 to employees.”.

5 (5) INDUSTRY OR SECTOR PARTNERSHIP AND
6 CAREER PATHWAYS DEVELOPMENT FUND.—Section
7 134(a) of the Workforce Innovation and Opportunity
8 Act (29 U.S.C. 3174(a)), as amended, is further
9 amended by adding at the end the following:

10 “(5) INDUSTRY OR SECTOR PARTNERSHIP AND
11 CAREER PATHWAYS DEVELOPMENT FUND.—

12 “(A) PURPOSE.—The purpose of this para-
13 graph is to establish new or expand existing in-
14 dustry or sector partnerships and career path-
15 way programs to encourage regional economic
16 growth and competitiveness, and improve work-
17 er training, retention, and advancement.

18 “(B) DESCRIPTION OF FUND.—In addition
19 to the funds described in paragraph (3)(A), a
20 State may use any funds reserved under para-
21 graph (3)(A) of section 128(a) to establish and
22 administer an industry or sector partnership
23 and career pathways development fund to
24 award grants to eligible partnerships to estab-
25 lish or expand industry or sector partnerships

1 that include employers in a high-growth or
2 high-wage industry of the State in order to
3 meet the following objectives:

4 “(i) Build capacity among such part-
5 nerships to prepare jobseekers and incum-
6 bent workers participating in such partner-
7 ships for careers in such a high-growth or
8 high-wage industry.

9 “(ii) Leverage the capacity of such
10 partnerships to develop, improve, expand,
11 or implement education, employment, and
12 training opportunities for individuals with
13 barriers to employment.

14 “(iii) Strengthen coordination between
15 such industry or sector partnerships and
16 one-stop partners for the local areas in-
17 volved that are described in paragraphs (1)
18 and (2) of section 121(b).

19 “(iv) Develop or expand a career
20 pathway program that utilizes integrated
21 education and training strategies and sup-
22 ports multiple points of entry and exit for
23 working learners.

1 “(C) DURATION.—Each grant awarded
2 under this paragraph shall be for a period of
3 not more than 2 years.

4 “(D) AWARD BASIS.—

5 “(i) GEOGRAPHIC DIVERSITY.—The
6 Governor shall award grants under this
7 paragraph in a manner that ensures geo-
8 graphic diversity in the areas in the State
9 in which activities will be carried out under
10 the grants.

11 “(ii) PRIORITY.—In awarding grants
12 under this paragraph, the Governor shall
13 give priority consideration to eligible part-
14 nerships that—

15 “(I) include (or will include) as a
16 partner in the industry or sector part-
17 nership to be established or expanded
18 under this paragraph, a 2-year public
19 institution of higher education;

20 “(II) demonstrate long-term sus-
21 tainability of such industry or sector
22 partnership; and

23 “(III) demonstrate the ability of
24 such industry or sector partnership to
25 serve individuals who—

1 “(aa) are individuals with a
2 barrier to employment, including
3 individuals with disabilities;

4 “(bb) are facing significant
5 worker dislocation due to a dis-
6 ruption or change in the regional
7 or State economy or labor mar-
8 ket;

9 “(cc) have traditionally been
10 underserved by regional economic
11 development and sector partner-
12 ship activities (including rural
13 areas in the State); or

14 “(dd) are—

15 “(AA) out-of-school
16 youth, disadvantaged youth,
17 or disadvantaged adults; or

18 “(BB) unemployed in-
19 dividuals, within the mean-
20 ing of section 6(b)(1)(B) of
21 the Wagner-Peyser Act (29
22 U.S.C. 49e(b)(1)(B)).

23 “(iii) ADDITIONAL OPTIONAL PRI-
24 ORITY.—In awarding grants under this
25 paragraph, in addition to the priority con-

1 sideration required under clause (ii), the
2 Governor may give priority consideration
3 to eligible partnerships that include, or will
4 include, as a partner in the industry or
5 sector partnership to be established or ex-
6 panded under this section—

7 “(I) a 4-year public institution of
8 higher education at which the highest
9 degree that is predominantly awarded
10 to students is an associate degree; or

11 “(II) a 2-year Tribal College or
12 University (as defined in section
13 316(b) of the Higher Education Act
14 of 1965 (20 U.S.C. 1059c(b))).

15 “(E) APPLICATION.—

16 “(i) IN GENERAL.—An eligible part-
17 nership seeking a grant under this para-
18 graph shall submit an application to the
19 Governor at such time, in such manner,
20 and containing such information as the
21 Governor may reasonably require, includ-
22 ing the contents described in clause (ii).

23 “(ii) CONTENTS.—An eligible partner-
24 ship seeking a grant under this paragraph

1 shall submit an application to the Governor
2 under clause (i) containing, at minimum—

3 “(I) a description of the eligible
4 partnership, and the industry or sec-
5 tor partnership that will be estab-
6 lished or expanded with such grant;

7 “(II) the expected participation
8 and responsibilities of each of the
9 partners that will be included in such
10 industry or sector partnership;

11 “(III) a description of the high-
12 growth or high-wage industry sector
13 to be served by such industry or sec-
14 tor partnership, and a description of
15 how such industry sector was identi-
16 fied;

17 “(IV) a description of the work-
18 ers and other individuals who will be
19 targeted or recruited by such industry
20 or sector partnership, including the
21 number of workers and other individ-
22 uals who will be served by the part-
23 nership;

24 “(V) an analysis of the existing
25 labor market to be served by such in-

1 industry or sector partnership, which in-
2 cludes—

3 “(aa) a description of poten-
4 tial barriers to employment for
5 the targeted workers and other
6 individuals;

7 “(bb) the estimated share of
8 such workers and other individ-
9 uals who are individuals with a
10 barrier to employment; and

11 “(cc) a description of strate-
12 gies that will be developed to help
13 such workers and other individ-
14 uals overcome such barriers;

15 “(VI) a description of the Fed-
16 eral and non-Federal resources, avail-
17 able under provisions of law other
18 than this paragraph, that will be le-
19 veraged in support of such industry or
20 sector partnership and the activities
21 carried out by the partnership under
22 this paragraph;

23 “(VII) a description, using com-
24 mon, linked, open-data descriptive
25 language, of the recognized postsec-

ondary credential that will be provided to individuals who successfully complete the education and training program provided through an education provider in such industry or sector partnership;

“(VIII) an assurance that any eligible provider of training services in such industry or sector partnership is on a list of eligible providers of training services described in section 122(d); and

“(IX) a commitment from a participating employer in such industry or sector partnership to employ each participant of such education and training program (which may be a career pathway program) for not less than a 1-year period, in accordance with the employment policies of such employer, after successful completion of the training portion of the education and training program operated by such participating employer.

“(F) USES OF FUNDS.—

1 “(i) IN GENERAL.—An eligible part-
2 nership awarded a grant under this para-
3 graph shall use such grant funds to estab-
4 lish a new industry or sector partnership
5 or expand the industry or sector partner-
6 ship of the eligible partnership to meet the
7 objectives listed in subparagraph (B)—

8 “(I) by engaging businesses in
9 accordance with clause (iii); and

10 “(II) by carrying out an edu-
11 cation and training program that—

12 “(aa) leads to the recognized
13 postsecondary credential de-
14 scribed in the eligible partner-
15 ship’s application in subpara-
16 graph (E)(ii)(VII);

17 “(bb) includes an appren-
18 ticeship, work-based learning, or
19 on-the-job training program that
20 leads to an employment commit-
21 ment described in subparagraph
22 (E)(ii)(IX) with a participating
23 employer of the industry or sec-
24 tor partnership;

1 “(cc) may include the devel-
2 opment or expansion of a new or
3 existing career pathway program
4 as described in clause (iv); and

5 “(dd) may include the provi-
6 sion of supportive services as de-
7 scribed in clause (v).

8 “(ii) PLANNING ACTIVITIES.—An eli-
9 gible partnership receiving a grant under
10 this paragraph may use not more than 20
11 percent of the grant funds to carry out
12 planning activities during the first year of
13 the grant period that are necessary to es-
14 tablish a new industry or sector partner-
15 ship or expand the industry or sector part-
16 nership of the eligible partnership, which
17 may include—

18 “(I) recruiting key stakeholders
19 in the high-growth or high-wage in-
20 dustry to be served by such industry
21 or sector partnership;

22 “(II) conducting outreach to local
23 businesses, employers, labor organiza-
24 tions, local boards, education and

1 training providers, and business and
2 employer associations;

3 “(III) identifying, through an
4 evaluation, the training needs of mul-
5 tiple businesses in the high-growth or
6 high-wage industry, including identi-
7 fying any needs for—

8 “(aa) skills critical to com-
9 petitiveness and innovation in the
10 high-growth or high-wage indus-
11 try;

12 “(bb) an education and
13 training program, including any
14 apprenticeship program or other
15 work-based learning program
16 supported by the grant; and

17 “(cc) the usage of career
18 pathways to align education and
19 training with job openings in the
20 high-growth or high-wage indus-
21 try; and

22 “(IV) recruiting individuals with
23 barriers to employment to participate
24 in the education and training pro-
25 gram.

1 “(iii) BUSINESS ENGAGEMENT.—An
2 industry or sector partnership established
3 or expanded with a grant under this para-
4 graph shall use the grant funds to engage
5 businesses (including small and medium-
6 sized businesses that are in the high-
7 growth or high-wage industry and that
8 may be a participating employer of the
9 partnership) in the establishment and im-
10 plementation of an apprenticeship, work-
11 based learning, or on-the-job training pro-
12 gram offered through the education and
13 training program of the partnership, and
14 which may include—

15 “(I) the navigation of the reg-
16 istration process for a sponsor of such
17 an apprenticeship program;

18 “(II) the connection of the busi-
19 ness with an education provider in the
20 industry or sector partnership to de-
21 velop classroom instruction to com-
22 plement learning through such an ap-
23 prenticeship, work-based learning, or
24 on-the-job training program;

1 “(III) the development of such a
2 work-based learning program;

3 “(IV) the provision of career
4 awareness activities for participants of
5 such an apprenticeship, work-based
6 learning, or on-the-job training pro-
7 gram, such as career guidance and
8 academic counseling;

9 “(V) the recruitment of individ-
10 uals with barriers to employment to
11 participate in such an apprenticeship,
12 work-based learning, or on-the-job
13 training program; and

14 “(VI) other evidence-based ap-
15 proaches to connecting businesses
16 with workers and establishing path-
17 ways to unsubsidized employment for
18 individuals participating in the edu-
19 cation and training program and
20 other programs funded under this
21 title.

22 “(iv) CAREER PATHWAY PROGRAMS.—

23 “(I) IN GENERAL.—An industry
24 or sector partnership established or
25 expanded with a grant under this

1 paragraph may use such grant funds
2 for the development or expansion of a
3 new or existing career pathway pro-
4 gram that utilizes integrated edu-
5 cation and training strategies and
6 supports multiple entry and exit
7 points for working students and other
8 working participants, which may in-
9 clude—

10 “(aa) dual-enrollment ap-
11 proaches for participants, includ-
12 ing youth, seeking to participate
13 in a career pathway program;
14 and

15 “(bb) strategies that help
16 working students and other non-
17 traditional and adult student
18 populations access skills and the
19 recognized postsecondary creden-
20 tials described in subparagraph
21 (E)(ii)(VII) of the eligible part-
22 nership’s application.

23 “(II) AUTHORIZED ACTIVITIES.—

24 In establishing or expanding such new
25 or existing career pathway program,

1 the industry or sector partnership
2 may use a grant under this paragraph
3 for—

4 “(aa) the provision of evi-
5 dence-based professional develop-
6 ment for faculty and other staff
7 of an education provider in the
8 industry or sector partnership;

9 “(bb) the acquisition of
10 equipment necessary to support
11 the delivery of the career path-
12 way program; and

13 “(cc) any other evidence-
14 based activities to support the
15 development or implementation
16 of the career pathway program.

17 “(v) SUPPORTIVE SERVICES.—In ac-
18 cordance with section 181(h), an industry
19 or sector partnership established or ex-
20 panded with a grant under this paragraph
21 may use such grant funds to provide sup-
22 portive services to support the success of
23 individuals, including individuals with bar-
24 riers to employment, who are participating
25 in training services, as described in sub-

1 section (c)(3)(D), which are offered
2 through such partnership.

3 “(G) DESIGNATION OF A FISCAL AGENT.—

4 An eligible partnership receiving a grant under
5 this paragraph shall designate an entity of the
6 eligible partnership as the fiscal agent for the
7 receipt, management, and expenditure of the
8 grant funds.

9 “(H) NON-FEDERAL COST SHARING.—

10 “(i) LIMITS ON FEDERAL SHARE.—An
11 industry or sector partnership established
12 or expanded with a grant under this para-
13 graph may not receive such grant funds
14 for purposes of funding the education and
15 training program offered through such
16 partnership in excess of the following costs
17 of establishing, operating, and sustaining
18 such program:

19 “(I) In the case in which the par-
20 ticipating employers in such eligible
21 partnership employ 25 or fewer em-
22 ployees, 70 percent of the costs.

23 “(II) In the case in which the
24 participating employers in such eligi-
25 ble partnership employ more than 25

1 employees, but fewer than 100 em-
2 ployees, 55 percent of the costs.

3 “(III) In the case in which the
4 participating employers in such eligi-
5 ble partnership employ 100 or more
6 employees, 40 percent of the costs.

7 “(ii) NON-FEDERAL SHARE.—Any
8 costs of establishing, operating, and sus-
9 taining such program that are not covered
10 by the grant received under this paragraph
11 shall be the non-Federal share provided by
12 the industry or sector partnership.

13 “(I) PERFORMANCE REPORTING.—Not
14 later than 2 years after the first award of funds
15 under this paragraph is made by the Governor
16 and on an annual basis thereafter, the Governor
17 shall prepare and submit to the Secretary a re-
18 port with respect to the participants served by
19 each eligible partnership receiving funds under
20 this paragraph in the most recent program
21 year, which report shall include—

22 “(i) levels of performance achieved by
23 the eligible partnership, with respect to the
24 primary indicators of performance under
25 clause (i) or (ii) of section 116(b)(2)(A), as

1 applicable, for all individuals served by the
2 eligible partnership, disaggregated by race,
3 ethnicity, sex, disability status, and age;
4 and

5 “(ii) levels of performance achieved by
6 the eligible partnership with respect to the
7 primary indicators of performance under
8 clause (i) or (ii) of section 116(b)(2)(A), as
9 applicable, for individuals with barriers to
10 employment served by the eligible partner-
11 ship, disaggregated by race, ethnicity, sex,
12 disability status, and age.

13 “(J) AVAILABILITY OF REPORT.—The re-
14 port submitted by eligible partnerships under
15 subparagraph (I) shall—

16 “(i) be made digitally available by the
17 Secretary using linked, open, and inter-
18 operable data; and

19 “(ii) include the number of individuals
20 who were served by each such eligible part-
21 nership.

22 “(K) LIMIT ON ADMINISTRATIVE COSTS.—
23 An eligible partnership receiving a grant under
24 this paragraph may not use more than 10 per-
25 cent of the grant funds for administrative costs.

1 “(L) DEFINITIONS.—In this paragraph:

2 “(i) ELIGIBLE PARTNERSHIP.—The
3 term ‘eligible partnership’ means—

4 “(I) an industry or sector part-
5 nership that—

6 “(aa) includes a partici-
7 pating employer; and

8 “(bb) is seeking to further
9 implement or expand such indus-
10 try or sector partnership; or

11 “(II) a workforce collaborative
12 that is seeking to become an industry
13 or sector partnership that includes a
14 participating employer.

15 “(ii) HIGH-GROWTH OR HIGH-WAGE
16 INDUSTRY.—The term ‘high-growth or
17 high-wage industry’, when used with re-
18 spect to an eligible partnership, means an
19 industry that—

20 “(I) has, or is expected to have,
21 a high rate of growth and an unmet
22 demand for skilled workers, as deter-
23 mined by the Governor of the State in
24 which the eligible partnership is lo-
25 cated;

1 “(II) has been designated by the
2 Governor as an in-demand industry
3 experiencing high growth in such
4 State; and

5 “(III) includes occupations deter-
6 mined by the Governor—

7 “(aa) with wages that are
8 significantly higher than an occu-
9 pation of similar level of skill or
10 needed skill development; or

11 “(bb) that are aligned with
12 career pathways into higher wage
13 occupations.

14 “(iii) PARTICIPATING EMPLOYER.—
15 The term ‘participating employer’, when
16 used with respect to an eligible partner-
17 ship, means an employer in a high-growth
18 or high-wage industry that is (or will be)
19 part of the industry or sector partnership
20 that will be expanded (or established) by
21 the eligible partnership under this para-
22 graph.”.

1 **SEC. 5. STUDY ON STATEWIDE CRITICAL INDUSTRY SKILLS**
2 **FUNDS.**

3 Section 169(b)(4) of the Workforce Innovation and
4 Opportunity Act (29 U.S.C. 3224(b)(4)) is amended—

5 (1) by redesignating subparagraph (K) as sub-
6 paragraph (L); and

7 (2) by inserting after subparagraph (J) the fol-
8 lowing:

9 “(K) STUDY ON STATEWIDE CRITICAL IN-
10 DUSTRY SKILLS FUNDS.—The Secretary shall,
11 not later than 4 years after the date of enact-
12 ment of this subparagraph, conduct a study
13 that will review the usage of statewide critical
14 industry skills funds established by States
15 under section 134(a)(4) and identify, for pur-
16 poses of measuring the overall effectiveness of
17 the program—

18 “(i) the industries targeted by the
19 funds under section 134(a)(4);

20 “(ii) the occupations for which work-
21 ers are being upskilled;

22 “(iii) how frequently skills develop-
23 ment is provided to prospective workers
24 and incumbent workers; and

1 “(iv) the reported performance out-
2 comes.”.

○