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WORKFORCE REINVESTMENT AND ADULT EDUCATION ACT OF 2003

MAY 1, 2003.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BOEHNER, from the Committee on Education and the Workforce, submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 1261]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and the Workforce, to whom was referred the bill (H.R. 1261) 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, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Workforce Reinvestment and Adult Education Act of 2003".

SEC. 2. TABLE OF CONTENTS.

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.

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.

SEC. 3. REFERENCES.

Except as otherwise expressly provided, wherever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the amendment or repeal shall be considered to be made to a section or other provision of the Workforce Investment Act of 1998 (20 U.S.C. 9201 et seq.).

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

SEC. 101. DEFINITIONS.

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

(1) in paragraph (8)(C), by striking "not less than 50 percent of the cost of the training" and inserting "a significant portion of the cost of training, as determined by the local board";

(2) by striking paragraph (13) and redesignating paragraphs (1) through (12) as paragraphs (2) through (13) respectively;

(3) by inserting the following new paragraph after "In this title:":

"(1) ACCRUED EXPENDITURES.—The term 'accrued expenditures' includes the sum of actual cash disbursements for direct charges for goods and services, the

net increase or decrease in the amounts owed by recipients, goods and other property received for services performed by employees, contractors, subgrantees, or other payees, and other amounts becoming owned for which no current service or performance is required.";

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

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

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

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

"(D) receives or is eligible to receive free or reduced price lunch;"; and

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

SEC. 102. PURPOSE.

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.".

SEC. 103. STATE WORKFORCE INVESTMENT BOARDS.

(a) MEMBERSHIP.—

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

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

"(C) representatives appointed by the Governor, who are—

"(i)(I) the lead State agency officials with responsibility for the programs and activities that are described in section 121(b) and carried out by one-stop partners;

"(II) in any case in which no lead State agency official has responsibility for such a program or activity, a representative in the State with expertise relating to such program or activity; and

"(III) if not included under subclause (I), the director of the designated State entity responsible for carrying out title I of the Rehabilitation Act (29 U.S.C. 701 et seq.);

"(ii) the State agency officials responsible for economic development;

"(iii) representatives of business in the State who—

"(I) are owners of businesses, chief executive or operating officers of businesses, and other business executives or employers with optimum policy making or hiring authority, including members of local boards described in section 117(b)(2)(A)(i);

"(II) represent businesses with employment opportunities that reflect employment opportunities in the State; and

"(III) are appointed from among individuals nominated by State business organizations and business trade associations;

"(iv) chief elected officials (representing both cities and counties, where appropriate);

"(v) representatives of labor organizations, who have been nominated by State labor federations; and

"(vi) such other representatives and State agency officials as the Governor may designate."; and

(B) in paragraph (3), by striking "paragraph (1)(C)(i)" and inserting "paragraph (1)(C)(iii)".

(2) CONFORMING AMENDMENT.—Section 111(c) (29 U.S.C 2811(c)) is amended by striking "subsection (b)(1)(C)(i)" and inserting "subsection (b)(1)(C)(iii)".

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

(1) by amending paragraph (3) to read as follows:

"(3) development and review of statewide policies affecting the integrated provision of services through the one-stop delivery system described in section 121, including—

"(A) the development of criteria for, and the issuance of, certifications of one-stop centers;

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

"(C) approaches to facilitating equitable and efficient cost allocation in one-stop delivery systems; and

"(D) such other matters that may promote statewide objectives for, and enhance the performance of, one-stop delivery systems within the State;";

(2) in paragraph (4), by inserting "and the development of State criteria relating to the appointment and certification of local boards under section 117" after "section 116";

(3) in paragraph (5), by striking "sections 128(b)(3)(B) and 133(b)(3)(B)" and inserting "sections 128(b)(3) and 133(b)(3)"; and

(4) in paragraph (9), by striking "section 503" and inserting "section 136(i)".

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

"(e) AUTHORITY TO HIRE STAFF.—The State board may hire staff to assist in carrying out the functions described in subsection (d).".

SEC. 104. STATE PLAN.

(a) PLANNING CYCLE.—Section 112(a) (29 U.S.C. 2822(a)) is amended by striking "5-year strategy" and inserting "2-year strategy".

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

(1) in clause (iii) by striking "and";

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

"(iv) how the State will serve the employment and training needs of dislocated workers (including displaced homemakers and formerly self-employed and transitioning farmers, ranchers, and fisherman) low income individuals (including recipients of public assistance), homeless individuals, ex-offenders, individuals training for nontraditional employment, and other individuals with multiple barriers to employment (including older individuals);"; and

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

"(v) how the State will serve the employment and training needs of individuals with disabilities, consistent with section 188 and Executive Order 13217 (relating to community-based alternatives for individuals with disabilities) including the provision of outreach, intake, assessments, and service delivery, the development of performance measures, and the training of staff; and".

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

SEC. 105. LOCAL WORKFORCE INVESTMENT AREAS.

(a) DESIGNATION OF AREAS.—

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

"(vi) The extent to which such local areas will promote efficiency in the administration and provision of services.".

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

"(2) AUTOMATIC DESIGNATION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B) of this paragraph and subsection (b), the Governor shall approve a request for designation as a local area from—

"(i) any unit of general local government with a population of 500,000 or more; and

"(ii) an area served by a rural concentrated employment program grant recipient that served as a service delivery area or substate area under the Job training Partnership Act (29 U.S.C. 1501 et seq.),

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

"(B) CONTINUED DESIGNATION BASED ON PERFORMANCE.—The Governor may deny a request for designation submitted pursuant to subparagraph (A) if such unit of government was designated as a local area for the preceding 2-year period covered by a State plan and the Governor determines that such local area did not perform successfully during such period.".

(b) REGIONAL PLANNING.—Section 116(c)(1) (29 U.S.C. 2831(c)(1)) is amended by adding at the end the following: "The State may require the local boards for the designated region to prepare a single regional plan that incorporates the elements of the local plan under section 118 and that is submitted and approved in lieu of separate local plans under such section.".

SEC. 106. LOCAL WORKFORCE INVESTMENT BOARDS.

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

(1) in clause (i)(II), by inserting ", businesses that are in the leading industries in the local area, and large and small businesses in the local area" after "local area";

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

"(ii) superintendents of the local secondary school systems and the presidents or chief executive officers of postsecondary educational institutions (including community colleges, where such entities exist);";

(3) in clause (iv), by striking the semicolon and inserting "and faith-based organizations; and"; and

(4) by striking clause (vi).

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

(1) in the heading, by inserting "AND REPRESENTATION" after "MEMBERS"; and

(2) by adding at the end the following: "The members of the board shall represent diverse geographic sections within the local area.".

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

(1) in paragraph (2)(B), by striking "local area" and all that follows and inserting "local area."; and

(2) in paragraph (4) by inserting "and ensure the appropriate use and management of the funds provided under this title for such programs, activities, and system" after "area".

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

"(h) ESTABLISHMENT OF COUNCILS.—The local board may establish councils to provide information and advice to assist the local board in carrying out activities under this title. Such councils may include a council composed of one-stop partners to advise the local board on the operation of the one-stop delivery system, a youth council composed of experts and stakeholders in youth programs to advise the local board on activities for youth, and such other councils as the local board determines are appropriate.".

(e) REPEAL OF ALTERNATIVE ENTITY PROVISION.—Section 117 (29 U.S.C. 2832) is further amended by striking subsection (i).

SEC. 107. LOCAL PLAN.

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

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

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

"(2) a description of the one-stop delivery system to be established or designated in the local area, including a description of how the local board will ensure the continuous improvement of eligible providers of services through the system and ensure that such providers meets the employment needs of local employers and participants."; and

(2) in paragraph (4), by striking "and dislocated worker".

SEC. 108. ESTABLISHMENT OF ONE-STOP DELIVERY SYSTEMS.

(a) ONE-STOP PARTNERS.—Section 121(b)(2)(B) (29 U.S.C. 2841(b)(2)(B)) is amended—

(1) in clause (iv) by striking "and" at the end;

(2) in clause (v) by striking the period and inserting a semicolon; and

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

"(vi) employment and training programs administered by the Social Security Administration, including the Ticket to Work program (established by Public Law 106–170);

"(vii) programs under part D of title IV of the Social Security Act (42 U.S.C. 451 et seq.) (relating to child support enforcement); and

"(viii) programs carried out in the local area for individuals with disabilities, including programs carried out by State agencies relating to mental health, mental retardation, and developmental disabilities, State Medicaid agencies, State Independent Living Councils, and Independent Living Centers.".

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

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

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

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

(A) in paragraph (1)(A), by striking "subsection (d)(2)" and inserting "section 134(c)(2)";

(B) in paragraph (1)(B)—

(i) by striking "subsection (d)" and inserting "section 134(c)"; and

(ii) by striking "subsection (d)(4)(G)" and inserting "section 134(c)(4)(G)";

(C) in paragraph (1)(C), by striking "subsection (e)" and inserting "section 134(d)";

(D) in paragraph (1)(D)—

(i) by striking "section 121(b)" and inserting "subsection (b)"; and

(ii) by striking "and" at the end; and

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

"(E) shall provide access to the information described in section 15(e) of the Wagner-Peyser Act (29 U.S.C. 49*l*–2(e)).".

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

"(g) CERTIFICATION OF ONE-STOP CENTERS.—

"(1) IN GENERAL.—The State board shall establish procedures and criteria for periodically certifying one-stop center for the purpose of awarding the one-stop infrastructure funding described in subsection (h).

"(2) CRITERIA.—The criteria for certification under this subsection shall include minimum standards relating to the scope and degree of service integration achieved by the centers involving the programs provided by the one-stop partners.

"(3) EFFECT OF CERTIFICATION.—One-stop centers certified under this subsection shall be eligible to receive the infrastructure grants authorized under subsection (h).

"(h) ONE-STOP INFRASTRUCTURE FUNDING.—

"(1) PARTNER CONTRIBUTIONS.—

"(A) PROVISION OF FUNDS.—Notwithstanding any other provision of law, as determined under subparagraph (B), a portion of the Federal funds provided to the State and areas within the State under the Federal laws authorizing the one-stop partner programs described in subsection (b) for a fiscal year shall be provided to the Governor by such programs to carry out this subsection.

"(B) DETERMINATION.—The portion of funds to be provided under subparagraph (A) by each one-stop partner shall be determined by the Governor, after consultation with the State board.

"(2) ALLOCATION BY GOVERNOR.—From the funds provided under paragraph (1), the Governor shall allocate funds to local areas for the purposes of assisting in paying the costs of the infrastructure of One-Stop centers certified under subsection (g).

"(3) ALLOCATION FORMULA.—The State board shall develop a formula to be used by the Governor to allocate the funds described in paragraph (1). The formula shall include such factors as the State board determines are appropriate, which may include factors such as the number of centers in the local area that have been certified, the population served by such centers, and the performance of such centers.

"(4) COSTS OF INFRASTRUCTURE.—For purposes of this subsection, the term 'costs of infrastructure' means the nonpersonnel costs that are necessary for the general operation of a one-stop center, including the rental costs of the facilities, the costs of utilities and maintenance, equipment (including adaptive technology for individuals with disabilities), strategic planning activities for the center, and common outreach activities.

"(i) OTHER FUNDS.—

"(1) IN GENERAL.—In addition to the funds provided to carry out subsection (h), a portion of funds made available under Federal law authorizing the one-stop partner programs described in subsection (b) shall be used to pay the costs relating to the operation of the one-stop delivery system that are not paid for from the funds provided under subsection (h), to the extent not inconsistent with the Federal law involved including—

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

"(B) common costs that are in addition to the costs of infrastructure; and

"(C) the costs of the provision of core services applicable to each program.

"(2) DETERMINATION AND GUIDANCE.—The method for determining the appropriate portion of funds to be provided by each program under paragraph (1) shall be determined as part of the memorandum of understanding under subsection (c). The State board shall provide guidance to facilitate the determination of appropriate funding allocation in local areas.".

SEC. 109. ELIGIBLE PROVIDERS OF TRAINING SERVICES.

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

"SEC. 122. IDENTIFICATION OF ELIGIBLE PROVIDERS OF TRAINING SERVICES.

"(a) IN GENERAL.—The Governor shall establish criteria and procedures regarding the eligibility of providers of training services described in section 134(c)(4) to receive funds provided under section 133(b) for the provision of such training services.

"(b) CRITERIA.—

"(1) IN GENERAL.—The criteria established pursuant to subsection (a) shall take into account the performance of providers of training services with respect to the indicators described in section 136 or other appropriate indicators (taking into consideration the characteristics of the population served and relevant economic conditions), and such other factors as the Governor determines are appropriate to ensure the quality of services, the accountability of providers, and the informed choice of participants under chapter 5. Such criteria shall require that the provider submit appropriate, accurate and timely information to the State for purposes of carrying out subsection (d). The criteria shall also provide for periodic review and renewal of eligibility under this section for providers of training services. The Governor may authorize local areas in the State to establish additional criteria or to modify the criteria established by the Governor under this section for purposes of determining the eligibility of providers of training services to provide such services in the local area.

"(2) LIMITATION.—In carrying out the requirements of this subsection, no personally identifiable information regarding a student, including Social Security number, student identification number, or other identifier, may be disclosed without the prior written consent of the parent or eligible student in compliance with section 444 of the General Education Provisions Act (20 U.S.C. 1232g).

"(c) PROCEDURES.—The procedures established under subsection (a) shall identify the application process for a provider of training services to become eligible to receive funds under section 133(b), and identify the respective roles of the State and local areas in receiving and reviewing applications and in making determinations of eligibility based on the criteria established under this section. The procedures shall also establish a process for a provider of training services to appeal a denial or termination of eligibility under this section that includes an opportunity for a hearing and prescribes appropriate time limits to ensure prompt resolution of the appeal.

"(d) INFORMATION TO ASSIST PARTICIPANTS IN CHOOSING PROVIDERS.—In order to facilitate and assist participants under chapter 5 in choosing providers of training services, the Governor shall ensure that an appropriate list or lists of providers determined eligible under this section in the State, accompanied by such information as the Governor determines is appropriate, is provided to the local boards in the State to be made available to such participants and to members of the public through the one-stop delivery system in the State.

"(e) AGREEMENTS WITH OTHER STATES.—States may enter into agreements, on a reciprocal basis, to permit eligible providers of training services to accept individual training accounts provided in another State.

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

"(g) OPPORTUNITY TO SUBMIT COMMENTS.—During the development of the criteria, procedures, and information required under this section, the Governor shall provide an opportunity for interested members of the public, including representatives of business and labor organizations, to submit comments regarding such criteria, procedures, and information.".

SEC. 110. ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.

Section 123 (29 U.S.C. 2843) and the item relating to such section in the table of contents are repealed.

SEC. 111. YOUTH ACTIVITIES.

(a) STATE ALLOTMENTS.—

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

"(a) ALLOTMENT AMONG STATES.—

"(1) YOUTH ACTIVITIES.—

"(A) YOUTH CHALLENGE GRANTS.—

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

"(ii) LIMITATION.—Notwithstanding clause (i), if the amount appropriated under section 137(a) for a fiscal year exceeds $1,000,000,000,

the Secretary shall reserve $250,000,000 to provide youth challenge grants under section 169.

"(B) OUTLYING AREAS AND NATIVE AMERICANS.—After determining the amount to be reserved under subparagraph (A), of the remainder of the amount appropriated under section 137(a) for each fiscal year the Secretary shall—

"(i) reserve not more than ¼ of one percent of such amount to provide assistance to the outlying areas to carry out youth activities and statewide workforce investment activities; and

"(ii) reserve not more than 1 and ½ percent of such amount to provide youth activities under section 166 (relating to Native Americans).

"(C) STATES.—

"(i) IN GENERAL.—After determining the amounts to be reserved under subparagraphs (A) and (B), the Secretary shall allot the remainder of the amount appropriated under section 137(a) for each fiscal year to the States pursuant to clause (ii) for youth activities and statewide workforce investment activities.

"(ii) FORMULA.—Subject to clauses (iii) and (iv), of the remainder—

"(I) 33 and ⅓ percent shall be allotted on the basis of the relative number of high school dropouts who are ages 16 through 21 in the State, compared to the total number of high school dropouts who are ages 16 through 21 in all States;

"(II) 33 and ⅓ percent shall be allotted on the basis of the relative number of jobless out-of-school youth who are ages 16 through 21 in the State, compared to the total number of jobless out-of-school youth who are ages 16 through 21 in all States; and

"(III) 33 and ⅓ percent shall be allotted on the basis of the relative number of disadvantaged youth who are ages 16 through 21 in the State, compared to the total number of disadvantaged youth who are ages 16 through 21 in all States.

"(iii) MINIMUM AND MAXIMUM PERCENTAGES.—The Secretary shall ensure that no State shall receive an allotment for a fiscal year that is less than 90 percent or greater than 130 percent of the allotment percentage of that State for the preceding fiscal year.

"(iv) SMALL STATE MINIMUM ALLOTMENT.—Subject to clause (iii), the Secretary shall ensure that no State shall receive an allotment under this paragraph that is less than 3/10 of 1 percent of the amount available under subparagraph (A).

"(2) DEFINITIONS.—For the purposes of paragraph (1), the following definitions apply:

"(A) ALLOTMENT PERCENTAGE.—The term 'allotment percentage', used with respect to fiscal year 2004 or a subsequent fiscal year, means a percentage of the remainder described in paragraph (1)(C)(i) that is received through an allotment made under this subsection for the fiscal year. The term, with respect to fiscal year 2003, means the percentage of the amounts allotted to States under this chapter (as in effect on the day before the date of enactment of the Workforce Reinvestment and Adult Education Act of 2003) that is received by the State involved for fiscal year 2003.

"(B) DISADVANTAGED YOUTH.—The term 'disadvantaged youth' means an individual who is age 16 through 21 who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the poverty line.

"(C) NUMBER OF HIGH SCHOOL DROPOUTS.—The term 'number of high school dropouts' means the number of high school dropouts as is determined by the Secretary based on the Current Population Survey.

"(D) NUMBER OF JOBLESS OUT-OF-SCHOOL YOUTH.—The term 'number of jobless out-of-school youth' means the number of jobless out-of-school youth as is determined by the Secretary based on the Current Population Survey.

"(3) SPECIAL RULE.—For purposes of the formula specified in paragraph (1)(C), the Secretary shall, as appropriate and to the extent practicable, exclude college students and members of the Armed Forces from the determination of the number of disadvantaged youth.

"(4) MINIMUM ALLOTMENT.—Notwithstanding any other provision of this section, no State shall receive an allotment under this section that is less than the amount received by such State for fiscal year 2003.".

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

(A) by striking subsection (b);

(B) by redesignating subsection (c) as subsection (b);

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

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

"(2) AMOUNT.—The amount available for reallotment for a program year is equal to the amount by which the unexpended balance, excluding accrued expenditures, at the end of such program year of the total amount of funds available to the State under this section during such program year (including amounts allotted to the State in prior program years that remain available during the program year for which the determination is made) exceeds 30 percent of such total amount.";

(ii) in paragraph (3)—

(I) by striking "for the prior program year" and inserting "for the program year in which the determination is made"; and

(II) by striking "such prior program year" and inserting "such program year";

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

"(4) ELIGIBILITY.—For purposes of this subsection, an eligible State means a State which does not have an amount available for reallotment under paragraph (2) for the program year for which the determination under paragraph (2) is made.".

(b) WITHIN STATE ALLOCATIONS.—

(1) RESERVATION FOR STATEWIDE ACTIVITIES.—Section 128(a) is amended to read as follows:

"(a) RESERVATION FOR STATEWIDE ACTIVITIES.—

"(1) IN GENERAL.—The Governor of a State shall reserve not more than 10 percent of the amount allotted to the State under section 127(a)(1)(C) for a fiscal year for statewide activities.

"(2) USE OF FUNDS.—Regardless of whether the amounts are allotted under section 127(a)(1)(C) and reserved under paragraph (1) or allotted under section 132 and reserved under section 133(a), the Governor may use the reserved amounts to carry out statewide youth activities under section 129(b) or statewide employment and training activities under section 133.".

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

"(b) WITHIN STATE ALLOCATION.—

"(1) IN GENERAL.—Of the amounts allotted to the State under section 127(a)(1)(C) and not reserved under subsection (a)(1)—

"(A) 80 percent of such amounts shall be allocated by the Governor to local areas in accordance with paragraph (2); and

"(B) 20 percent of such amounts shall be allocated by the Governor to local areas in accordance with paragraph (3).

"(2) ESTABLISHED FORMULA.—

"(A) IN GENERAL.—Of the amounts described in paragraph (1)(A), the Governor shall allocate—

"(i) 33 and ⅓ percent on the basis of the relative number of high school dropouts who are ages 16 through 21 in each local area, compared to the total number of high school dropouts who are ages 16 through 21 in all local areas in the State;

"(ii) 33 and ⅓ percent on the basis of the relative number of jobless out-of-school youth who are ages 16 through 21 in each local area, compared to the total number of jobless out-of-school youth who are ages 16 through 21 in all local areas in the State; and

"(iii) 33 and ⅓ percent on the basis of the relative number of disadvantaged youth who are ages 16 through 21 in each local area, compared to the total number of disadvantaged youth who are ages 16 through 21 in all local areas in the State.

"(B) MINIMUM AND MAXIMUM PERCENTAGES.—The Governor shall ensure that no local area shall receive an allocation for a fiscal year under this paragraph that is less than 90 percent or greater than 130 percent of the allocation percentage of the local area for the preceding fiscal year.

"(C) DEFINITIONS.—

"(i) ALLOCATION PERCENTAGE.—For purposes of this paragraph, the term 'allocation percentage', used with respect to fiscal year 2004 or a subsequent fiscal year, means a percentage of amount described in paragraph(1)(A) that is received through an allocation made under this paragraph for the fiscal year. The term, with respect to fiscal year 2003, means the percentage of the amounts allocated to local areas under this chapter (as in effect on the day before the date of enactment of the Workforce Investment Act Amendments of 2003) that is received by the local area involved for fiscal year 2003.

"(ii) OTHER TERMS.—For purposes of this paragraph, all other terms shall have the meaning given such terms in section 127(a)(2).

"(3) YOUTH DISCRETIONARY ALLOCATION.—The Governor shall allocate to local areas the amounts described in paragraph (1)(B) in accordance with such demographic and economic factors as the Governor, after consultation with the State board and local boards, determines are appropriate.

"(4) LOCAL ADMINISTRATIVE COST LIMIT.—

"(A) IN GENERAL.—Of the amounts allocated to a local area under this subsection and section 133(b) for a fiscal year, not more than 10 percent of the amount may be used by the local boards for the administrative costs of carrying out local workforce investment activities under this chapter or chapter 5.

"(B) USE OF FUNDS.—Funds made available for administrative costs under subparagraph (A) may be used for the administrative costs of any of the local workforce investment activities described in this chapter or chapter 5, regardless of whether the funds were allocated under this subsection or section 133(b).".

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

(A) in paragraph (1), by striking "paragraph (2)(A) or (3) of";

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

"(2) AMOUNT.—The amount available for reallocation for a program year is equal to the amount by which the unexpended balance, excluding accrued expenditures, at the end of such program year of the total amount of funds available to the local area under this section during such program year (including amounts allotted to the local area in prior program years that remain available during the program year for which the determination is made) exceeds 30 percent of such total amount.";

(C) by amending paragraph (3)—

(i) by striking "subsection (b)(3)" each place it appears and inserting "subsection (b)";

(ii) by striking "the prior program year" and inserting "the program year in which the determination is made";

(iii) by striking "such prior program year" and inserting "such program year"; and

(iv) by striking the last sentence; and

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

"(4) ELIGIBILITY.—For purposes of this subsection, an eligible local area means a local area which does not have an amount available for reallocation under paragraph (2) for the program year for which the determination under paragraph (2) is made.".

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

"(a) YOUTH PARTICIPANT ELIGIBILITY.—

"(1) IN GENERAL.—The individuals participating in activities carried out under this chapter by a local area during any program year shall be individuals who, at the time the eligibility determination is made, are—

"(A) not younger than age 16 or older than age 21; and

"(B) one or more of the following:

"(i) school dropouts;

"(ii) recipients of a secondary school diploma or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities);

"(iii) court-involved youth attending an alternative school;

"(iv) youth in foster care or who have been in foster care; or

"(v) in school youth who are low-income individuals and one or more of the following:

"(I) Deficient in literacy skills.

"(II) Homeless, runaway, or foster children.

"(III) Pregnant or parents.

"(IV) Offenders.

"(V) Individuals who require additional assistance to complete an educational program, or to secure and hold employment.

"(2) PRIORITY FOR SCHOOL DROPOUTS.—A priority in the provision of services under this chapter shall be given to individuals who are school dropouts.

"(3) LIMITATIONS ON ACTIVITIES FOR IN-SCHOOL YOUTH.—

"(A) PERCENTAGE OF FUNDS.—For any program year, not more than 30 percent of the funds available for statewide activities under subsection (b), and not more than 30 percent of funds available to local areas under subsection (c), may be used to provide activities for in-school youth meeting the requirements of paragraph (1)(B)(v).

"(B) NON-SCHOOL HOURS REQUIRED.—Activities carried out under this chapter for in-school youth meeting the requirements of paragraph (1)(B)(v) shall only be carried out in non-school hours or periods when school is not in session (such as before and after school or during summer recess.".

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

"(b) STATEWIDE ACTIVITIES.—

"(1) IN GENERAL.—Funds reserved by a Governor for a State as described in sections 128(a) and 133(a)(1) may be used for statewide activities including—

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

"(B) supporting the provision of core services described in section 134(c)(2) in the one-stop delivery system;

"(C) conducting evaluations under section 136(e) of activities authorized under this chapter and chapter 5 in coordination with evaluations carried out by the Secretary under section 172, research, and demonstration projects;

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

"(E) providing technical assistance and capacity building to local areas, one-stop operators, one-stop partners, and eligible providers, including the development and training of staff, the development of exemplary program activities, and the provision of technical assistance to local areas that fail to meet local performance measures;

"(F) operating a fiscal and management accountability system under section 136(f); and

"(G) carrying out monitoring and oversight of activities under this chapter and chapter 5.

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

"(3) PROHIBITION.—No funds described in this subsection or in section 134(a) may be used to develop or implement education curricula for school systems in the State.".

(e) LOCAL ELEMENTS AND REQUIREMENTS.——

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

(A) in the matter preceding subparagraph (A), by striking "paragraph (2)(A) or (3), as appropriate, of";

(B) in subparagraph (B), by inserting "are directly linked to one or more of the performance outcomes relating to this chapter under section 136, and that" after "for each participant that"; and

(C) in subparagraph (C)—

(i) by redesignating clauses (i) through (iv) as clauses (ii) through (v), respectively;

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

"(i) activities leading to the attainment of a secondary school diploma or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities);";

(iii) in clause (ii) (as redesignated by this subparagraph), by inserting "and advanced training" after "opportunities";

(iv) in clause (iii) (as redesignated by this subparagraph), by inserting "that lead to the attainment of recognized credentials" after "learning"; and

(v) by amending clause (v) (as redesignated by this subparagraph) to read as follows:

"(v) effective connections to employers in sectors of the local labor market experiencing high growth in employment opportunities.".

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

(A) in subparagraph (A), by striking "secondary school, including dropout prevention strategies" and inserting "secondary school diploma or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities), including dropout prevention strategies";

(B) in subparagraph (I), by striking "and" at the end;

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

(D) by adding at the end the following:

"(K) on-the-job training opportunities; and

"(L) financial literacy skills.".

(3) ADDITIONAL REQUIREMENTS.—Section 129(c)(3)(A) (29 U.S.C. 2854(c)(3)(A)) is amended in the matter preceding clause (i) by striking "or applicant who meets the minimum income criteria to be considered an eligible youth";

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

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

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

(C) by redesignating paragraph (7) as paragraph (5), and in such redesignated paragraph (5) by striking "youth councils" and inserting "local boards"; and

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

SEC. 112. COMPREHENSIVE PROGRAM FOR ADULTS.

(a) TITLE OF CHAPTER 5.—

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

"CHAPTER 5—COMPREHENSIVE EMPLOYMENT AND TRAINING ACTIVITIES FOR ADULTS".

(2) CONFORMING AMENDMENT.—Table of contents in section 1(b) is amended by amending the item related to the heading for chapter 5 to read as follows:

"CHAPTER 5—COMPREHENSIVE EMPLOYMENT AND TRAINING ACTIVITIES FOR ADULTS".

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

(1) by striking "paragraphs (1)(B) and (2)(B) of "; and

(2) by striking ", and dislocated workers,".

(c) STATE ALLOTMENTS.—

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

"(a) IN GENERAL.—The Secretary shall—

"(1) reserve 10 percent of the amount appropriated under section 137(b) for a fiscal year, of which—

"(A) not less than 75 percent shall be used for national dislocated worker grants under section 173;

"(B) not more than 20 percent may be used for demonstration projects under section 171; and

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

"(2) make allotments from 90 percent of the amount appropriated under section 137(b) for a fiscal year in accordance with subsection (b).".

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

"(b) ALLOTMENT AMONG STATES FOR ADULT EMPLOYMENT AND TRAINING ACTIVITIES.—

"(1) RESERVATION FOR OUTLYING AREAS.—From the amount made available under subsection (a)(2) for a fiscal year, the Secretary shall reserve not more than ¼ of 1 percent to provide assistance to outlying areas to carry out employment and training activities for adults and statewide workforce investment activities.

"(2) STATES.—

"(A) IN GENERAL.—After determining the amount to be reserved under paragraph (1), the Secretary shall allot the remainder of the amount referred to under subsection (a)(2) for a fiscal year to the States pursuant to subparagraph (B) for employment and training activities for adults and statewide workforce investment activities.

"(B) FORMULA.—Subject to subparagraphs (C) and (D), of the remainder—

"(i) 60 percent shall be allotted on the basis of the relative number of unemployed individuals in each State, compared to the total number of unemployed individuals in all States;

"(ii) 15 percent shall be allotted on the basis of the relative excess number of unemployed individuals in each State, compared to the total excess number of unemployed individuals in all States;

"(iii) 15 percent shall be allotted on the basis of the relative number of individuals in the civilian labor force in each State, compared to the total number of individuals in the civilian labor force in all States; and

"(iv) 10 percent shall be allotted on the basis of the relative number of disadvantaged adults in each State, compared to the total number of disadvantaged adults in all States.

"(C) MINIMUM AND MAXIMUM PERCENTAGES.—The Secretary shall ensure that no State shall receive an allotment for a fiscal year that is less than 90 percent or greater than 130 percent of the allotment percentage of the State for the preceding fiscal year.

"(D) MINIMUM ALLOTMENT.—Notwithstanding any other provision of this section, no State shall receive an allotment under this section that is less than the amount received by such State for fiscal year 2003.

"(E) SMALL STATE MINIMUM ALLOTMENT.—Subject to subparagraph (C), the Secretary shall ensure that no State shall receive an allotment under this paragraph that is less than 3/10 of 1 percent of the amount available under subparagraph (A).

"(F) DEFINITIONS.—For the purposes of this paragraph, the following definitions apply:

"(i) ALLOTMENT PERCENTAGE.—The term 'allotment percentage', used with respect to fiscal year 2004 or a subsequent fiscal year, means a percentage of the remainder described in subparagraph (A) that is received through an allotment made under this paragraph for the fiscal year. The term, with respect to fiscal year 2003, means the percentage of the amounts allotted to States under this chapter (as in effect on the day before the date of enactment of the Workforce Reinvestment and Adult Education Act of 2003) and under section 6 of the Wagner-Peyser Act that is received by the State involved for fiscal year 2003.

"(ii) DISADVANTAGED ADULT.—The term 'disadvantaged adult' means an individual who is age 22 through 72 who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the poverty line.

"(iii) EXCESS NUMBER.—The term 'excess number' means, used with respect to the excess number of unemployed individuals within a State, the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the State.".

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

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

"(2) AMOUNT.—The amount available for reallotment for a program year is equal to the amount by which the unexpended balance, excluding accrued expenditures, at the end of such program year of the total amount of funds available to the State under this section during such program year (including amounts allotted to the State in prior program years that remain available during the program year for which the determination is made) exceeds 30 percent of such total amount.";

(B) in paragraph (3)—

(i) by striking "for the prior program year" and inserting "for the program year in which the determination is made"; and

(ii) by striking "such prior program year" and inserting "such program year"; and

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

"(4) ELIGIBILITY.—For purposes of this subsection, an eligible State means a State that does not have an amount available for reallotment under paragraph (2) for the program year for which the determination under paragraph (2) is made.".

(d) WITHIN STATE ALLOCATIONS.—

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

"(a) RESERVATION FOR STATEWIDE ACTIVITIES.—The Governor of a State may reserve up to 50 percent of the total amount allotted to the State under section 132 for a fiscal year to carry out the statewide activities described in section 134(a).".

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

"(b) ALLOCATIONS TO LOCAL AREAS.—

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

"(A) 80 percent of such amounts shall be allocated by the Governor to local areas in accordance with paragraph (2); and

"(B) 20 percent of such amounts shall be allocated by the Governor to local areas in accordance with paragraph (3).

"(2) ESTABLISHED FORMULA.—

"(A) IN GENERAL.—Of the amounts described in paragraph (1)(A), the Governor shall allocate—

"(i) 60 percent on the basis of the relative number of unemployed individuals in each local area, compared to the total number of unemployed individuals in all local areas in the State;

"(ii) 15 percent on the basis of the relative excess number of unemployed individuals in each local area, compared to the total excess number of unemployed individuals in all local areas in the State;

"(iii) 15 percent on the basis of the relative number of individuals in the civilian labor force in each local area, compared to the total number of individuals in the civilian labor force in all local areas in the State; and

"(iv) 10 percent shall be allotted on the basis of the relative number of disadvantaged adults in each local area, compared to the total number of disadvantaged adults in all local areas in the State.

"(B) MINIMUM AND MAXIMUM PERCENTAGES.—The Governor shall ensure that no local area shall receive an allocation for a fiscal year under this paragraph that is less than 90 percent or greater than 130 percent of the allocation percentage of the local area for the preceding fiscal year.

"(C) DEFINITIONS.—

"(i) ALLOCATION PERCENTAGE.—The term 'allocation percentage', used with respect to fiscal year 2004 or a subsequent fiscal year, means a percentage of amount described in paragraph (1)(A) that is received through an allocation made under this paragraph for the fiscal year. The term, with respect to fiscal year 2003, means the percentage of the amounts allocated to local areas under this chapter (as in effect on the day before the date of enactment of the Workforce Reinvestment and Adult Education Act of 2003) that is received by the local area involved for fiscal year 2003.

"(ii) DISADVANTAGED ADULT.—The term 'disadvantaged adult' means an individual who is age 22 through 72 who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the poverty line.

"(iii) EXCESS NUMBER.—The term 'excess number' means, used with respect to the excess number of unemployed individuals within a local area, the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the local area.

"(3) DISCRETIONARY ALLOCATION.—The Governor shall allocate to local areas the amounts described in paragraph (1)(B) based on a formula developed in consultation with the State board and local boards. Such formula shall be objective and geographically equitable and may include such demographic and economic factors as the Governor, after consultation with the State board and local boards, determines are appropriate.

"(4) LOCAL ADMINISTRATIVE COST LIMIT.—

"(A) IN GENERAL.—Of the amounts allocated to a local area under this subsection and section 128(b) for a fiscal year, not more than 10 percent of the amount may be used by the local boards for the administrative costs of carrying out local workforce investment activities under this chapter or chapter 4.

"(B) USE OF FUNDS.—Funds made available for administrative costs under subparagraph (A) may be used for the administrative costs of any of the local workforce investment activities described in this chapter or chapter 4, regardless of whether the funds were allocated under this subsection or section 128(b).".

(3) REALLOCATION AMONG LOCAL AREAS.—Section 133(c) (29 U.S.C. 2863(c)) is amended—

(A) in paragraph (1), by striking "paragraph (2)(A) or (3) of";

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

"(2) AMOUNT.—The amount available for reallocation for a program year is equal to the amount by which the unexpended balance, excluding accrued expenditures, at the end of such program year of the total amount of funds available to the local area under this section during such program year (including amounts allotted to the local area in prior program years that remain available during the program year for which the determination is made) exceeds 30 percent of such total amount.";

(C) by amending paragraph (3)—

(i) by striking "subsection (b)(3)" each place it appears and inserting "subsection (b)";

(ii) by striking "the prior program year" and inserting "the program year in which the determination is made";

(iii) by striking "such prior program year" and inserting "such program year"; and

(iv) by striking the last sentence; and

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

"(4) ELIGIBILITY.—For purposes of this subsection, an eligible local area means a local area which does not have an amount available for reallocation under paragraph (2) for the program year for which the determination under paragraph (2) is made.".

(e) USE OF FUNDS FOR EMPLOYMENT AND TRAINING ACTIVITIES.—

(1) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—

(A) IN GENERAL.—Section 134(a)(1) (29 U.S.C. 2864(a)(1) is amended to read as follows:

"(1) IN GENERAL.—

"(A) REQUIRED USE OF FUNDS.—Not less than 50 percent of the funds reserved by a Governor under section 133(a) shall be used to support the provision of core services in local areas, consistent with the local plan, through one-stop delivery systems by distributing funds to local areas in accordance with subparagraph (B). Such funds may be used by States to employ State personnel to provide such services in designated local areas in consultation with local boards.

"(B) METHOD OF DISTRIBUTING FUNDS.—The method of distributing funds under this paragraph shall be developed in consultation with the State board and local boards. Such method of distribution, which may include the formula established under section 121(h)(3), shall be objective and geographically equitable, and may include factors such as the number of centers in the local area that have been certified, the population served by such centers, and the performance of such centers.

"(C) OTHER USE OF FUNDS.—Funds reserved by a Governor for a State—

"(i) under section 133(a) and not used under subparagraph (A), may be used for statewide activities described in paragraph (2); and

"(ii) under section 133(a) and not used under subparagraph (A), and under section 128(a) may be used to carry out any of the statewide employment and training activities described in paragraph (3).".

(B) STATEWIDE RAPID RESPONSE ACTIVITIES.—Section 134(a)(2) (29 U.S.C. 2864(a)(2)) is amended to read as follows:

"(2) STATEWIDE RAPID RESPONSE ACTIVITIES.—A State shall carry out statewide rapid response activities using funds reserved as described in section 133(a). Such activities shall include—

"(A) provision of rapid response activities, carried out in local areas by the State or by an entity designated by the State, working in conjunction with the local boards and the chief elected officials in the local areas; and

"(B) provision of additional assistance to local areas that experience disasters, mass layoffs or plant closings, or other events that precipitate substantial increases in the number of unemployed individuals, carried out in local areas by the State, working in conjunction with the local boards and the chief elected officials in the local areas.".

(C) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—Section 134(a)(3) (29 U.S.C. 2864(a)(3)) is amended to read as follows:

"(3) STATEWIDE ACTIVITIES.—Funds reserved by a Governor for a State as described in sections 133(a) and 128(a) may be used for statewide activities including—

"(A) supporting the provision of core services described in section 134(c)(2) in the one-stop delivery system;

"(B) conducting evaluations under section 136(e) of activities authorized under this chapter and chapter 4 in coordination with evaluations carried out by the Secretary under section 172, research, and demonstration projects;

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

"(D) providing technical assistance and capacity building to local areas, one-stop operators, one-stop partners, and eligible providers, including the development and training of staff, the development of exemplary program

activities, and the provision of technical assistance to local areas that fail to meet local performance measures;

"(E) operating a fiscal and management accountability system under section 136(f);

"(F) carrying out monitoring and oversight of activities carried out under this chapter and chapter 4;

"(G) implementing innovative programs, such as incumbent worker training programs, programs serving individuals with disabilities consistent with section 188;

"(H) developing strategies for effectively serving hard-to-serve populations and for integrating programs and services among one-stop partners;

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

"(J) implementing programs to increase the number of individuals training for and placed in nontraditional employment.".

(D) LIMITATION ON STATE ADMINISTRATIVE EXPENDITURES.—Section 134(a) is further amended by adding the following new paragraph:

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

(2) LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.— Section 134(b) (29 U.S.C. 2864(b)) is amended—

(A) by striking "under paragraph (2)(A)" and all that follows through "section 133(b)(2)(B)" and inserting "under section 133(b)";

(B) in paragraphs (1) and (2), by striking "or dislocated workers, respectively" both places it appears; and

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

(3) REQUIRED LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.—

(A) ALLOCATED FUNDS.—Section 134(c)(1) (29 U.S.C. 2864(c)(1)) (as redesignated by paragraph (2)) is amended to read as follows:

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

"(A) to establish a one-stop delivery system as described in section 121(e);

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

"(C) to provide the intensive services described in paragraph (3) to adults described in such paragraph; and

"(D) to provide training services described in paragraph (4) to adults described in such paragraph.".

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

(i) by striking "who are adults or dislocated workers";

(ii) in subparagraph (A), by striking "under this subtitle" and inserting "under the one-stop partner programs described in section 121(b)";

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

"(D) labor exchange services, including—

"(i) job search and placement assistance, and where appropriate career counseling; and

"(ii) appropriate recruitment services for employers;"

(iv) in subparagraph (I), by inserting "and the administration of the work test for the unemployment compensation system" after "compensation"; and

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

"(J) assistance in establishing eligibility for programs of financial aid assistance for training and education programs that are not funded under this Act and are available in the local area; and".

(C) INTENSIVE SERVICES.—Section 134(c)(3) (29 U.S.C. 2864(c)(3) (as redesignated by paragraph (2) of this subsection) is amended—

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

"(A) IN GENERAL.—

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

"(I) are unemployed and who have been determined by the one-stop operator to be—

"(aa) unlikely or unable to obtain suitable employment through core services; and

"(bb) in need of intensive services in order to obtain suitable employment; or

"(II) are employed, but who are determined by a one-stop operator to be in need of intensive services to obtain or retain suitable employment.

"(ii) DEFINITION.—The Governor shall define the term 'suitable employment' for purposes of this subparagraph."; and

(ii) in subparagraph (C)—

(I) in clause (v), by striking "for participants seeking training services under paragraph (4)"; and

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

"(vii) Internships and work experience.

"(viii) Literacy activities relating to basic work readiness, and financial literacy activities.

"(ix) Out-of-area job search assistance and relocation assistance.".

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

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

"(A) IN GENERAL.—

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

"(I) after an interview, evaluation, or assessment, and case management, have been determined by a one-stop operator or one-stop partner, as appropriate, to—

"(aa) be unlikely or unable to obtain or retain suitable employment through intensive services under paragraph (3)(A);

"(bb) be in need of training services to obtain or retain suitable employment; and

"(cc) have the skills and qualifications to successfully participate in the selected program of training services;

"(II) select programs of training services that are directly linked to the employment opportunities in the local area involved or in another area in which the adults receiving such services are willing to commute or relocate;

"(III) who meet the requirements of subparagraph (B); and

"(IV) who are determined eligible in accordance with the priority system in effect under subparagraph (E).

"(ii) The Governor shall define the term 'suitable employment' for purposes of this subparagraph.";

(ii) in subparagraph (B)(i), by striking "Except" and inserting "Notwithstanding section 479B of the Higher Education Act of 1965 (20 U.S.C. 1087uu) and except";

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

"(E) PRIORITY.—

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

"(ii) ADDITIONAL PRIORITY.—If the funds in the local area, including the funds allocated under section 133(b), for serving recipients of public assistance and other low-income individuals is limited, the priority for the provision of intensive and training services under this subsection shall include such recipients and individuals.

"(iii) DETERMINATIONS.—The Governor and the appropriate local board shall direct the one-stop operators in the local area with regard to making determinations with respect to the priority of service under this subparagraph.";

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

"(iv) ENHANCED INDIVIDUAL TRAINING ACCOUNTS.—Each local board may, through one-stop centers, assist individuals receiving individual training accounts through the establishment of such accounts that include, in addition to the funds provided under this paragraph, funds from other programs and sources that will assist the individual in obtaining training services."; and

(v) in subparagraph (G)(iv), by redesignating subclause (IV) as subclause (V) and inserting after subclause (III) the following:

"(IV) Individuals with disabilities.".

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

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

"(1) DISCRETIONARY ONE-STOP DELIVERY ACTIVITIES.—

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

"(i) customized screening and referral of qualified participants in training services to employers;

"(ii) customized employment-related services to employers on a fee-for-service basis;

"(iii) customer support to navigate among multiple services and activities for special participant populations that face multiple barriers to employment, including individuals with disabilities; and

"(iv) employment and training assistance provided in coordination with child support enforcement activities of the State agency carrying out subtitle D of title IV of the Social Security Act.

"(B) WORK SUPPORT ACTIVITIES FOR LOW-WAGE WORKERS.—

"(i) IN GENERAL.— Funds allocated to a local area under 133(b) may be used to provide, through the one-stop delivery system and in collaboration with the appropriate programs and resources of the one-stop partners, work support activities designed to assist low-wage workers in retaining and enhancing employment.

"(ii) ACTIVITIES.—The activities described in clause (i) may include assistance in accessing financial supports for which such workers may be eligible and the provision of activities available through the one-stop delivery system in a manner that enhances the opportunities of such workers to participate, such as the provision of employment and training activities during nontraditional hours and the provision of on-site child care while such activities are being provided."; and

(B) by adding after paragraph (3) the following new paragraph:

"(4) INCUMBENT WORKER TRAINING PROGRAMS.—

"(A) IN GENERAL.—The local board may use up to 10 percent of the funds allocated to a local area under section 133(b) to carry out incumbent worker training programs in accordance with this paragraph.

"(B) TRAINING ACTIVITIES.—The training programs for incumbent workers under this paragraph shall be carried out by the local area in conjunction with the employers of such workers for the purpose of assisting such workers in obtaining the skills necessary to retain employment and avert layoffs.

"(C) EMPLOYER MATCH REQUIRED.—

"(i) IN GENERAL.—Employers participating in programs under this paragraph shall be required to pay a proportion of the costs of providing the training to the incumbent workers. The Governor shall establish, or may authorize the local board to establish, the required portion of such costs, which shall not be less than—

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

"(II) 25 percent of the costs, for employers with more than 50 employees but fewer than 100 employees; and

"(III) 50 percent of the costs, for employers with 100 or more employees.

"(ii) CALCULATION OF MATCH.—The wages paid by an employer to a worker while they are attending training may be included as part of the requirement payment of the employer.".

SEC. 113. PERFORMANCE ACCOUNTABILITY SYSTEM.

(a) STATE PERFORMANCE MEASURES.—

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

(A) in subparagraph (A)(i), by striking "and the customer satisfaction indicator of performance described in paragraph (2)(B)"; and

(B) in subparagraph (A)(ii), by striking "paragraph (2)(C)" and inserting "paragraph (2)(B)".

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

(A) in subparagraph (A)(i), by striking "(except for self-service and information activities) and (for participants who are eligible youth age 19 through 21) for youth activities authorized under section 129";

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

"(IV) the efficiency of the program in obtaining the outcomes described in subclauses (I) through (III).";

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

"(ii) CORE INDICATORS FOR ELIGIBLE YOUTH.—The core indicators of performance for youth activities authorized under section 129 shall consist of—

"(I) entry into employment, education or advanced training, or military service;

"(II) attainment of secondary school diplomas or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities);

"(III) attainment of literacy or numeracy skills; and

"(IV) the efficiency of the program in obtaining the outcomes described in subclauses (I) through (III).";

(D) by striking subparagraph (B);

(E) by redesignating subparagraph (C) as subparagraph (B), and by adding at the end of such subparagraph (as so redesignated) the following new sentence: "Such indicators may include customer satisfaction of employers and participants with services received from the workforce investment activities authorized under this subtitle.".

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

(A) in clause (i), by striking "and the customer satisfaction indicator described in paragraph (2)(B)";

(B) in clause (ii), by striking "and the customer satisfaction indicator of performance, for the first 3" and inserting "for the 2";

(C) in clause (iii)—

(i) in the heading, by striking "FOR FIRST 3 YEARS"; and

(ii) by striking "and the customer satisfaction indicator of performance, for the first 3" and inserting "for the 2";

(D) in clause (iv)—

(i) by striking subclause (I);

(ii) by redesignating subclauses (II) and (III) as subclauses (I) and (II), respectively; and

(iii) in subclause (I) (as so redesignated)—

(I) by striking "taking into account" and inserting "which shall be adjusted based on";

(II) by inserting "such as unemployment rates and job losses or gains in particular industries" after "economic conditions"; and

(III) by inserting "such as indicators of poor work history, lack of work experience, low levels of literacy or English proficiency, disability status, and welfare dependency" after "program";

(E) by striking clause (v); and

(F) by redesignating clause (vi) as clause (v).

(4) ADDITIONAL INDICATORS.—Section 136(b)(3)(B) is amended by striking "paragraph (2)(C)" and inserting "paragraph (2)(B)".

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

(1) in paragraph (1)(A)(i), by striking ", and the customer satisfaction indicator of performance described in subsection (b)(2)(B),";

(2) in paragraph (1)(A)(ii), by striking "subsection (b)(2)(C)" and inserting "subsection (b)(2)(B)"; and

(3) by amending paragraph (3) to read as follows:

"(3) DETERMINATIONS.—In determining such local levels of performance, the local board, the chief elected official, and the Governor shall ensure such levels are adjusted based on the specific economic characteristics (such as unemployment rates and job losses or gains in particular industries), demographic characteristics, or other characteristics of the population to be served in the local area, such as poor work history, lack of work experience, low levels of literacy or English proficiency, disability status, and welfare dependency.".

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

(1) in paragraph (1), by striking "and the customer satisfaction indicator" in both places that it appears;

(2) in paragraph (2)(E), by striking "(excluding participants who received only self-service and informational activities)"; and

(3) by adding at the end the following:

"(4) DATA VALIDATION.—In preparing the reports described in this subsection, the States shall establish procedures, consistent with guidelines issued by the Secretary, to ensure the information contained in the report is valid and reliable.".

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

(1) in paragraph (1)(A), by striking "or (B)"; and

(2) in paragraph (2), by striking "section 503" and inserting "section 136(i)".

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

(1) in paragraph (1), by striking "or (B)"; and

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

"(B) APPEAL TO GOVERNOR.—A local area that is subject to a reorganization plan under subparagraph (A) may, not later than 30 days after receiving notice of the reorganization plan, appeal to the Governor to rescind or revise such plan. In such case, the Governor shall make a final decision not later than 30 days after the receipt of the appeal.".

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

"(i) INCENTIVE GRANTS FOR STATES AND LOCAL AREAS.—

"(1) INCENTIVE GRANTS FOR STATES.—

"(A) IN GENERAL.—From funds appropriated under section 174, the Secretary may award grants to States for exemplary performance in carrying programs under this chapters 4 and 5 of this title. Such awards may be based on States meeting or exceeding the performance measures established under this section, on the performance of the State in serving special populations, including the levels of service provided and the performance outcomes, and such other factors relating to the performance of the State under this title as the Secretary determines is appropriate.

"(B) USE OF FUNDS.—The funds awarded to a State under this paragraph may be used to carry out any activities authorized under chapters 4 and 5 of this title, including demonstrations and innovative programs for special populations.

"(2) INCENTIVE GRANTS FOR LOCAL AREAS.—

"(A) IN GENERAL.—From funds reserved under sections 128(a) and 133(a), the Governor may award incentive grants to local areas for exemplary performance with respect to the measures established under this section and with the performance of the local area in serving special populations, including the levels of service and the performance outcomes.

"(B) USE OF FUNDS.—The funds awarded to a local area may be used to carry out activities authorized for local areas under chapters 4 and 5 of this title, and such demonstration or other innovative programs to serve special populations as may be approved by the Governor.".

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

SEC. 114. AUTHORIZATION OF APPROPRIATIONS.

(a) YOUTH ACTIVITIES.— Section 137(a) (29 U.S.C. 2872(a)) is amended by striking "such sums as may be necessary for each of fiscal years 1999 through 2003" and inserting "$1,001,000,000 for fiscal year 2004 and such sums as may be necessary for each of fiscal years 2005 through 2009".

(b) ADULT EMPLOYMENT AND TRAINING ACTIVITIES.—Section 137(b) (29 U.S.C. 2872(b)) is amended by striking "section 132(a)(1), such sums as may be necessary for each of fiscal years 1999 through 2003" and inserting "132(a), $3,079,800,000 for fiscal year 2004 and such sums as may be necessary for each of fiscal years 2005 through 2009".

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

SEC. 115. JOB CORPS.

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

(1) by amending subsection (a) to read as follows:

"(a) BUSINESS AND COMMUNITY PARTICIPATION.—The director of each Job Corps center shall ensure the establishment and development of the business and community relationships and networks described in subsection (b) in order to enhance the effectiveness of such center.";

(2) in subsection (b)—

(A) in the heading, by striking "RESPONSIBILITIES" and inserting "NETWORKS"; and

(B) by striking "The responsibilities of the Liaison" and inserting "The activities carried out by each Job Corps center under this section"; and

(3) in subsection (c), by striking "The Liaison for" and inserting "The director of".

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

(1) in paragraph (1)(A), by striking "local and distant"; and

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

"(3) EMPLOYERS OUTSIDE OF LOCAL AREAS.—The industry council may include, or otherwise provide for consultation with, employers from outside the local area who are likely to hire a significant number of enrollees from the Job Corps center.".

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

(1) by amending paragraph (1) to read as follows:

"(1) CORE INDICATORS.—The Secretary shall annually establish expected levels of performance for Job Corps centers and the Job Corps program relating to each of the core indicators for youth identified in section 136(b)(2)(A)(ii).";

and

(2) in paragraph (2), by striking "measures" each place it appears and inserting "indicators".

SEC. 116. NATIVE AMERICAN PROGRAMS.

(a) AUTHORIZED ACTIVITIES.—Section 166(d)(2) (29 U.S.C. 2911(d)(2)) is amended to read as follows:

"(2) WORKFORCE INVESTMENT ACTIVITIES AND SUPPLEMENTAL SERVICES.—Funds made available under subsection (c) shall be used for—

"(A) comprehensive workforce investment activities for Indians or Native Hawaiians; or

"(B) supplemental services for Indian or Native Hawaiian youth on or near Indian reservations and in Oklahoma, Alaska, or Hawaii.".

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

"(C) DUTIES.—The Council shall advise the Secretary on the operation and administration of the programs assisted under this section.".

(c) ASSISTANCE TO AMERICAN SAMOANS IN HAWAII.—Section 166 (29 U.S.C. 2911) is further amended by striking subsection (j).

SEC. 117. YOUTH CHALLENGE GRANTS.

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

"SEC. 169 YOUTH CHALLENGE GRANTS.

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

"(1) the Secretary shall use not less than 80 percent to award competitive grants under subsection (b); and

"(2) the Secretary may use not more than 20 percent to award discretionary grants under subsection (c).

"(b) COMPETITIVE GRANTS TO STATES AND LOCAL AREAS.—

"(1) ESTABLISHMENT.—From the funds described in subsection (a)(1), the Secretary shall award competitive grants to eligible entities to carry out activities authorized under this section to assist eligible youth in acquiring the skills, credentials and employment experience necessary to succeed in the labor market.

"(2) ELIGIBLE ENTITIES.—Grants under this subsection may be awarded to States, local boards, recipients of grants under section 166 (relating to Native American programs), and public or private entities (including consortia of such entities) applying in conjunction with local boards.

"(3) GRANT PERIOD.—The Secretary may make a grant under this section for a period of 1 year and may renew the grants for each of the 4 succeeding years.

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

"(5) PARTICIPANT ELIGIBILITY.—Youth ages 14 through 19 as of the time the eligibility determination is made may be eligible to participate in activities provided under this subsection.

"(6) USE OF FUNDS.—Funds under this subsection may be used for activities that are designed to assist youth in acquiring the skills, credentials and employment experience that are necessary to succeed in the labor market, including the activities identified in section 129. The activities may include activities such as—

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

"(B) after-school dropout prevention activities for in-school youth;

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

"(D) activities combining remediation of academic skills, work readiness training, and work experience, and including linkages to postsecondary education, apprenticeships, and career-ladder employment.

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

"(A) a description of the activities the eligible entity will provide to eligible youth under this subsection;

"(B) a description of the programs of demonstrated effectiveness on which the provision of the activities under subparagraph (A) are based, and a description of how such activities will expand the base of knowledge relating to the provision of activities for youth;

"(C) a description of the private and public, and local and State resources that will be leveraged to provide the activities described under subparagraph (A) in addition the funds provided under this subsection; and

"(D) the levels of performance the eligible entity expects to achieve with respect to the indicators of performance for youth specified in section 136(b)(2)(A)(ii).

"(8) FACTORS FOR AWARD.—In awarding grants under this subsection the Secretary may consider the quality of the proposed project, the goals to be achieved, the likelihood of successful implementation, the extent to which the project is based on proven strategies or the extent to which the project will expand the knowledge base on activities for youth, and the additional State, local or private resources that will be provided.

"(9) EVALUATION.—The Secretary may reserve up to 5 percent of the funds described in subsection(a)(1) to provide technical assistance to, and conduct evaluations of the projects funded under this subsection (using appropriate techniques as described in section 172(c)).

"(c) DISCRETIONARY GRANTS FOR YOUTH ACTIVITIES.—

"(1) IN GENERAL.—From the funds described in subsection(a)(2), the Secretary may award grants to eligible entities to provide activities that will assist youth in preparing for, and entering and retaining, employment.

"(2) ELIGIBLE ENTITIES.—Grants under this subsection may be awarded to public or private entities that the Secretary determines would effectively carry out activities relating to youth under this subsection.

"(3) PARTICIPANT ELIGIBILITY.—Youth ages 14 through 19 at the time the eligibility determination is made may be eligible to participate in activities under this subsection.

"(4) USE OF FUNDS.—Funds provided under this subsection may be used for activities that will assist youth in preparing for, and entering and retaining, employment, including the activities described in section 129 for out-of-school youth, activities designed to assist in-school youth to stay in school and gain work experience, and such other activities that the Secretary determines are appropriate.

"(5) APPLICATIONS.—To be eligible to receive a grant under this subsection, an eligible entity shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

"(6) ADDITIONAL REQUIREMENTS.—The Secretary may require the provision of a non-Federal share for projects funded under this subsection and may require participation of grantees in evaluations of such projects, including evaluations using the techniques as described in section 172(c).".

SEC. 118. TECHNICAL ASSISTANCE.

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

(1) by striking subsection (b);

(2) by striking "(a) GENERAL TECHNICAL ASSISTANCE.—";

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

(4) in subsection (a) (as redesignated by paragraph (3))—

(A) by inserting "the training of staff providing rapid response services, the training of other staff of recipients of funds under this title, peer review activities under this title," after "localities,"; and

(B) by striking "from carrying out activities" and all that follows up to the period and inserting "to implement the amendments made by the Workforce Reinvestment and Adult Education Act of 2003".

SEC. 119. DEMONSTRATION, PILOT, MULTISERVICE, RESEARCH AND MULTISTATE PROJECTS.

(a) DEMONSTRATION AND PILOT PROJECTS.—Section 171(b) (29 U.S.C. 2916(b)) is amended—

(1) in paragraph (1)—

(A) by striking "Under a" and inserting "Consistent with the priorities specified in the";

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

"(A) projects that assist national employers in connecting with the workforce investment system established under this title in order to facilitate the recruitment and employment of needed workers and to provide information to such system on skills and occupations in demand;

"(B) projects that promote the development of systems that will improve the effectiveness and efficiency of programs carried out under this title;

"(C) projects that focus on opportunities for employment in industries and sectors of industries that are experiencing or are likely to experience high rates of growth;

"(D) projects carried out by States and local areas to test innovative approaches to delivering employment-related services;";

(C) by striking subparagraph (E);

(D) by redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively;

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

"(G) projects that provide retention grants to qualified job training programs upon placement or retention of a low-income individual trained by that program in employment with a single employer for a period of 1 year, provided that such employment is providing to the low-income individual an income not less than twice the poverty line for that individual."; and

(F) by striking subparagraph (H); and

(2) in paragraph (2)—

(A) by striking subparagraph (B); and

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

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

"(B) NET IMPACT STUDIES AND REPORTS.—The Secretary shall conduct studies to determine the net impacts of programs, services, and activities carried out under this title. The Secretary shall prepare and disseminate to the public reports containing the results of such studies.".

(c) WAIVER AUTHORITY TO CARRY OUT DEMONSTRATIONS AND EVALUATIONS.—Section 171 (29 U.S.C. 2916(d)) is further amended by striking subsection (d).

SEC. 120. EVALUATIONS.

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

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

"SEC. 173. NATIONAL DISLOCATED WORKER GRANTS."; and

(2) in subsection (a)—

(A) by striking "national emergency grants" in the matter preceding paragraph (1) and inserting "national dislocated worker grants"; and

(B) in paragraph (1), by striking "subsection (c)" and inserting "subsection (b)".

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

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

(2) by striking subsection (e) and redesignating subsections (f) and (g) as subsection (d) and (e), respectively.

(c) ELIGIBLE ENTITIES.—Section 173(b)(1)(B) (29 U.S.C.2918(b)(1)(B)) (as redesignated by subsection (b) of this section) is amended by striking ", and other entities" and all that follows and inserting a period.

(d) CONFORMING AMENDMENT.—The table of contents in section 1(b) is amended by amending the item related to section 173 to read as follows:

"Sec. 173. National dislocated worker grants.".

SEC. 121. AUTHORIZATION OF APPROPRIATIONS FOR NATIONAL ACTIVITIES.

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

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

"(b) TECHNICAL ASSISTANCE; DEMONSTRATION AND PILOT PROJECTS; EVALUATIONS; INCENTIVE GRANTS.—There are authorized to be appropriated to carry out sections 170 through 172 and section 136 such sums as may be necessary for each of fiscal years 2004 through 2009.".

SEC. 122. REQUIREMENTS AND RESTRICTIONS.

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

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

SEC. 123. NONDISCRIMINATION.

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

(1) by striking "EMPLOYMENT.—No" and inserting "EMPLOYMENT.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), no"; and

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

"(B) EXEMPTION FOR RELIGIOUS ORGANIZATIONS.—Subparagraph (A) shall not apply to recipients of financial assistance under this title that is a religious corporation, association, educational institution, or society, with respect to the employment of individuals of a particular religion to perform work connected with the carrying on by such corporation, association, educational institution, or society of its activities Such recipients shall comply with the other requirements contained in subparagraph (A).".

SEC. 124. ADMINISTRATIVE PROVISIONS.

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

"(1) IN GENERAL.—Appropriations for any fiscal year for programs and activities carried out under this title shall be available for obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made.".

(b) AVAILABILITY.—Section 189(g)(2) (29 U.S.C. 2939(g)(2)) is amended by striking "each State" and inserting "each recipient".

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

(1) in subparagraph (A), in the matter preceding clause (i), by inserting ", or in accordance with subparagraph (D)," after "subparagraph (B)"; and

(2) by adding the following subparagraph:

"(D) EXPEDITED PROCESS FOR EXTENDING APPROVED WAIVERS TO ADDITIONAL STATES.—In lieu of the requirements of subparagraphs (B) and (C), the Secretary may establish an expedited procedure for the purpose of extending to additional States the waiver of statutory or regulatory requirements that have been approved for a State pursuant to a request under subparagraph (B). Such procedure shall ensure that the extension of such waivers to additional States are accompanied by appropriate conditions relating the implementation of such waivers.".

SEC. 125. GENERAL PROGRAM REQUIREMENTS.

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

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

TITLE II—ADULT EDUCATION

PART A—ADULT BASIC SKILLS AND FAMILY LITERACY EDUCATION

SEC. 201. TABLE OF CONTENTS.

The table of contents in section 1(b) is amended by 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.".

SEC. 202. AMENDMENT.

Title II is amended to read as follows:

"TITLE II—ADULT BASIC SKILLS AND FAMILY LITERACY EDUCATION

"SEC. 201. SHORT TITLE.

"This title may be cited as the 'Adult Basic Skills and Family Literacy Education Act'.

"SEC. 202. PURPOSE.

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

"(1) increase the basic reading, writing, speaking, and math skills necessary for adults to obtain employment and self-sufficiency and to successfully advance in the workforce;

"(2) assist adults in the completion of a secondary school education (or its equivalent) and the transition to a postsecondary educational institution;

"(3) increase the basic reading, writing, speaking, and math skills of parents to enable them to support the educational development of their children and make informed choices regarding their children's education; and

"(4) assist immigrants who are not proficient in English in improving their reading, writing, speaking, and math skills and acquiring an understanding of the American free enterprise system, individual freedom, and the responsibilities of citizenship.

"SEC. 203. DEFINITIONS.

"In this title:

"(1) ADULT BASIC SKILLS AND FAMILY LITERACY EDUCATION PROGRAMS.—The term 'adult basic skills and family literacy education programs' means a sequence of academic instruction and educational services below the postsecondary level that increase an individual's ability to read, write, and speak in English and perform mathematical computations leading to a level of proficiency equivalent to secondary school completion that is provided for individuals—

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

"(B) who are not enrolled or required to be enrolled in secondary school under State law; and

"(C) who—

"(i) lack sufficient mastery of basic reading, writing, speaking, and math skills to enable the individuals to function effectively in society;

"(ii) do not have a secondary school diploma or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities), and have not achieved an equivalent level of education; or

"(iii) are unable to read, write, or speak the English language.

"(2) ELIGIBLE AGENCY.—The term 'eligible agency'—

"(A) means the sole entity or agency in a State or an outlying area responsible for administering or supervising policy for adult basic skills and family literacy education programs in the State or outlying area, respectively, consistent with the law of the State or outlying area, respectively; and

"(B) may be the State educational agency, the State agency responsible for administering workforce investment activities, or the State agency responsible for administering community or technical colleges.

"(3) ELIGIBLE PROVIDER.—The term 'eligible provider' means—

"(A) a local educational agency;

"(B) a community-based or faith-based organization of demonstrated effectiveness;

"(C) a volunteer literacy organization of demonstrated effectiveness;

"(D) an institution of higher education;

"(E) a public or private educational agency;

"(F) a library;

"(G) a public housing authority;

"(H) an institution that is not described in any of subparagraphs (A) through (G) and has the ability to provide adult basic skills and family literacy education programs to adults and families; or

"(I) a consortium of the agencies, organizations, institutions, libraries, or authorities described in any of subparagraphs (A) through (H).

"(4) ENGLISH LANGUAGE ACQUISITION PROGRAM.—The term 'English language acquisition program' means a program of instruction designed to help individuals with limited English proficiency achieve competence in reading, writing, and speaking the English language.

"(5) ESSENTIAL COMPONENTS OF READING INSTRUCTION.—The term 'essential components of reading instruction' has the meaning given to that term in section 1208 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6368).

"(6) FAMILY LITERACY EDUCATION PROGRAMS.—The term 'family literacy education programs' means educational programs that—

"(A) assist parents and students, on a voluntary basis, in achieving the purposes of this title as described in section 202; and

"(B) are of sufficient intensity in terms of hours and of sufficient duration to make sustainable changes in a family, are based upon scientific research-based principles, and for the purpose of substantially increasing the ability of parents and children to read, write, and speak English integrate—

"(i) interactive literacy activities between parents and their children;

"(ii) training for parents regarding how to be the primary teacher for their children and full partners in the education of their children;

"(iii) parent literacy training that leads to economic self-sufficiency; and

"(iv) an age-appropriate education to prepare children for success in school and life experiences.

"(7) GOVERNOR.—The term 'Governor' means the chief executive officer of a State or outlying area.

"(8) INDIVIDUAL WITH A DISABILITY.—

"(A) IN GENERAL.—The term 'individual with a disability' means an individual with any disability (as defined in section 3 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102)).

"(B) INDIVIDUALS WITH DISABILITIES.—The term 'individuals with disabilities' means more than one individual with a disability.

"(9) INDIVIDUAL WITH LIMITED ENGLISH PROFICIENCY.—The term 'individual with limited English proficiency' means an adult or out-of-school youth who has limited ability in reading, writing, speaking, or understanding the English language, and—

"(A) whose native language is a language other than English; or

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

"(10) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given to that term in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001).

"(11) LITERACY.—The term 'literacy' means the ability to read, write, and speak the English language with competence, knowledge, and comprehension.

"(12) LOCAL EDUCATIONAL AGENCY.—The term 'local educational agency' has the meaning given to that term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

"(13) OUTLYING AREA.—The term 'outlying area' has the meaning given to that term in section 101 of this Act.

"(14) POSTSECONDARY EDUCATIONAL INSTITUTION.—The term 'postsecondary educational institution' means—

"(A) an institution of higher education that provides not less than a 2-year program of instruction that is acceptable for credit toward a bachelor's degree;

"(B) a tribally controlled community college; or

"(C) a nonprofit educational institution offering certificate or apprenticeship programs at the postsecondary level.

"(15) READING.—The term 'reading' has the meaning given to that term in section 1208 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6368).

"(16) SCIENTIFICALLY BASED READING RESEARCH.—The term 'scientifically based reading research' has the meaning given to that term in section 1208 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6368).

"(17) SECRETARY.—The term 'Secretary' means the Secretary of Education.

"(18) STATE.—The term 'State' means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

"(19) STATE EDUCATIONAL AGENCY.—The term 'State educational agency' has the meaning given to that term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

"(20) WORKPLACE LITERACY PROGRAM.—The term 'workplace literacy program' means an educational program that is offered in collaboration between eligible providers and employers or employee organizations for the purpose of improving the productivity of the workforce through the improvement of reading, writing, speaking, and math skills.

"SEC. 204. HOME SCHOOLS.

"Nothing in this title shall be construed to affect home schools, whether or not a home school is treated as a home school or a private school under State law, or to compel a parent engaged in home schooling to participate in an English language acquisition program, a family literacy education program, or an adult basic skills and family literacy education program.

"SEC. 205. AUTHORIZATION OF APPROPRIATIONS.

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

"CHAPTER 1—FEDERAL PROVISIONS

"SEC. 211. RESERVATION OF FUNDS; GRANTS TO ELIGIBLE AGENCIES; ALLOTMENTS.

"(a) RESERVATION OF FUNDS.—From the sums appropriated under section 205 for a fiscal year, the Secretary—

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

"(2) shall reserve up to 1.72 percent for incentive grants under section 213; and

"(3) shall reserve up to 1.55 percent to carry out section 242.

"(b) GRANTS TO ELIGIBLE AGENCIES.—

"(1) IN GENERAL.—From the sums appropriated under section 205 and not reserved under subsection (a) for a fiscal year, the Secretary shall award a grant to each eligible agency having a State plan approved under section 224 in an amount equal to the sum of the initial allotment under subsection (c)(1) and the additional allotment under subsection (c)(2) for the eligible agency for the fiscal year, subject to subsections (f) and (g).

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

"(c) ALLOTMENTS.—

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

"(A) $100,000, in the case of an eligible agency serving an outlying area; and

"(B) $250,000, in the case of any other eligible agency.

"(2) ADDITIONAL ALLOTMENTS.—From the sums appropriated under section 205, not reserved under subsection (a), and not allotted under paragraph (1), for a fiscal year, the Secretary shall allot to each eligible agency that receives an initial allotment under paragraph (1) an additional amount that bears the same relationship to such sums as the number of qualifying adults in the State or outlying area served by the eligible agency bears to the number of such adults in all States and outlying areas.

"(d) QUALIFYING ADULT.—For the purpose of subsection (c)(2), the term 'qualifying adult' means an adult who—

"(1) is at least 16 years of age;

"(2) is beyond the age of compulsory school attendance under the law of the State or outlying area;

"(3) does not have a secondary school diploma or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities); and

"(4) is not enrolled in secondary school.

"(e) SPECIAL RULE.—

"(1) IN GENERAL.—From amounts made available under subsection (c) for the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau, the Secretary shall award grants to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau to carry out activities described in this title in accordance with the provisions of this title as determined by the Secretary.

"(2) TERMINATION OF ELIGIBILITY.—Notwithstanding any other provision of law, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau shall be eligible to receive a grant under this title until an agreement for the extension of United States education assistance under the Compact of Free Association for each of the Freely Associated States becomes effective.

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

"(f) HOLD-HARMLESS PROVISIONS.—

"(1) IN GENERAL.—Notwithstanding subsection (c), and subject to paragraphs (2) and (3), for fiscal year 2004 and each succeeding fiscal year, no eligible agency shall receive an allotment under this title that is less than 90 percent of the allotment the eligible agency received for the preceding fiscal year under this title.

"(2) EXCEPTION.—An eligible agency that receives for the preceding fiscal year only an initial allotment under subsection 211(c)(1) (and no additional allotment under 211(c)(2)) shall receive an allotment equal to 100 percent of the initial allotment.

"(3) RATABLE REDUCTION.—If for any fiscal year the amount available for allotment under this title is insufficient to satisfy the provisions of paragraph (1), the Secretary shall ratably reduce the payments to all eligible agencies, as necessary.

"(g) REALLOTMENT.—The portion of any eligible agency's allotment under this title for a fiscal year that the Secretary determines will not be required for the period such allotment is available for carrying out activities under this title, shall be available for reallotment from time to time, on such dates during such period as the Secretary shall fix, to other eligible agencies in proportion to the original allotments to such agencies under this title for such year.

"SEC. 212. PERFORMANCE ACCOUNTABILITY SYSTEM.

"(a) PURPOSE.—The purpose of this section is to establish a comprehensive performance accountability system, composed of the activities described in this section, to assess the effectiveness of eligible agencies in achieving continuous improvement of adult basic skills and family literacy education programs funded under this title, in order to optimize the return on investment of Federal funds in adult basic skills and family literacy education programs.

"(b) ELIGIBLE AGENCY PERFORMANCE MEASURES.—

"(1) IN GENERAL.—For each eligible agency, the eligible agency performance measures shall consist of—

"(A)(i) the core indicators of performance described in paragraph (2)(A); and

"(ii) employment performance indicators identified by the eligible agency under paragraph (2)(B); and

"(B) an eligible agency adjusted level of performance for each indicator described in subparagraph (A).

"(2) INDICATORS OF PERFORMANCE.—

"(A) CORE INDICATORS OF PERFORMANCE.—The core indicators of performance shall include the following:

"(i) Measurable improvements in basic skill levels in reading, writing, and speaking the English language and math, and English language acquisition leading to proficiency in each skill.

"(ii) Receipt of a secondary school diploma or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities).

"(iii) Placement in postsecondary education or other training programs.

"(B) EMPLOYMENT PERFORMANCE INDICATORS.—Consistent with applicable Federal and State privacy laws, an eligible agency shall identify in the State plan the following individual participant employment performance indicators—

"(i) entry into employment;

"(ii) retention in employment; and

"(iii) increase in earnings.

"(3) LEVELS OF PERFORMANCE.—

"(A) ELIGIBLE AGENCY ADJUSTED LEVELS OF PERFORMANCE FOR CORE INDICATORS.—

"(i) IN GENERAL.—For each eligible agency submitting a State plan, there shall be established, in accordance with this subparagraph, levels of performance for each of the core indicators of performance described in paragraph (2)(A) for adult basic skills and family literacy education programs authorized under this title. The levels of performance established under this subparagraph shall, at a minimum—

"(I) be expressed in an objective, quantifiable, and measurable form; and

"(II) show the progress of the eligible agency toward continuously and significantly improving the agency's performance outcomes in an objective, quantifiable, and measurable form.

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

"(iii) AGREEMENT ON ELIGIBLE AGENCY ADJUSTED LEVELS OF PERFORMANCE FOR FIRST 3 YEARS.—In order to ensure an optimal return on the investment of Federal funds in adult basic skills and family literacy education programs authorized under this title, the Secretary and each eligible agency shall reach agreement on levels of student proficiency for each of the core indicators of performance, for the first 3 program years covered by the State plan, taking into account the levels identified in the State plan under clause (ii) and the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the eligible agency adjusted levels of performance for the eligible agency for such years and shall be incorporated into the State plan prior to the approval of such plan.

"(iv) FACTORS.—The agreement described in clause (iii) or (v) shall take into account—

"(I) how the levels involved compare with the eligible agency's adjusted levels of performance, taking into account factors including the characteristics of participants when the participants entered the program; and

"(II) the extent to which such levels promote continuous and significant improvement in performance on the student proficiency measures used by such eligible agency and ensure optimal return on the investment of Federal funds.

"(v) AGREEMENT ON ELIGIBLE AGENCY ADJUSTED LEVELS OF PERFORMANCE FOR SECOND 3 YEARS.—Prior to the fourth program year covered by the State plan, the Secretary and each eligible agency shall reach agreement on levels of student proficiency for each of the core indicators of performance for the fourth, fifth, and sixth program years covered by the State plan, taking into account the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the eligible agency adjusted levels of performance for the eligible agency for such years and shall be incorporated into the State plan.

"(vi) REVISIONS.—If unanticipated circumstances arise in a State resulting in a significant change in the factors described in clause (iv)(I), the eligible agency may request that the eligible agency adjusted levels of performance agreed to under clause (iii) or (v) be revised.

"(B) LEVELS OF EMPLOYMENT PERFORMANCE.—The eligible agency shall identify, in the State plan, eligible agency levels of performance for each of the employment performance indicators described in paragraph (2)(B). Such levels shall be considered to be eligible agency adjusted levels of performance for purposes of this title.

"(c) REPORT.—

"(1) IN GENERAL.—Each eligible agency that receives a grant under section 211(b) shall annually prepare and submit to the Secretary, the Governor, the State legislature, eligible providers, and the general public within the State, a report on the progress of the eligible agency in achieving eligible agency performance measures, including the following:

"(A) Information on the levels of performance achieved by the eligible agency with respect to the core indicators of performance and employment performance indicators.

"(B) The number and type of each eligible provider that receives funding under such grant.

"(2) INFORMATION DISSEMINATION.—The Secretary—

"(A) shall make the information contained in such reports available to the general public through publication and other appropriate methods;

"(B) shall disseminate State-by-State comparisons of the information; and

"(C) shall provide the appropriate committees of the Congress with copies of such reports.

"SEC. 213. INCENTIVE GRANTS FOR STATES.

"(a) IN GENERAL.—From funds appropriated under section 211(a)(2), the Secretary may award grants to States for exemplary performance in carrying out programs under this title. Such awards shall be based on States meeting or exceeding the core indicators of performance established under section 212(b)(2)(A) and may be based on the performance of the State in serving populations, such as those described in section 224(b)(10), including the levels of service provided and the performance outcomes, and such other factors relating to the performance of the State under this title as the Secretary determines appropriate.

"(b) USE OF FUNDS.—The funds awarded to a State under this paragraph may be used to carry out any activities authorized under this title, including demonstrations and innovative programs for hard-to-serve populations.

"CHAPTER 2—STATE PROVISIONS

"SEC. 221. STATE ADMINISTRATION.

"Each eligible agency shall be responsible for the following activities under this title:

"(1) The development, submission, implementation, and monitoring of the State plan.

"(2) Consultation with other appropriate agencies, groups, and individuals that are involved in, or interested in, the development and implementation of activities assisted under this title.

"(3) Coordination and avoidance of duplication with other Federal and State education, training, corrections, public housing, and social service programs.

"SEC. 222. STATE DISTRIBUTION OF FUNDS; MATCHING REQUIREMENT.

"(a) STATE DISTRIBUTION OF FUNDS.—Each eligible agency receiving a grant under this title for a fiscal year—

"(1) shall use an amount not less than 82.5 percent of the grant funds to award grants and contracts under section 231 and to carry out section 225, of which not more than 10 percent of such amount shall be available to carry out section 225;

"(2) shall use not more than 12.5 percent of the grant funds to carry out State leadership activities under section 223; and

"(3) shall use not more than 5 percent of the grant funds, or $75,000, whichever is greater, for the administrative expenses of the eligible agency.

"(b) MATCHING REQUIREMENT.—

"(1) IN GENERAL.—In order to receive a grant from the Secretary under section 211(b), each eligible agency shall provide, for the costs to be incurred by the eligible agency in carrying out the adult basic skills and family literacy education programs for which the grant is awarded, a non-Federal contribution in an amount at least equal to—

"(A) in the case of an eligible agency serving an outlying area, 12 percent of the total amount of funds expended for adult basic skills and family literacy education programs in the outlying area, except that the Secretary may decrease the amount of funds required under this subparagraph for an eligible agency; and

"(B) in the case of an eligible agency serving a State, 25 percent of the total amount of funds expended for adult basic skills and family literacy education programs in the State.

"(2) NON-FEDERAL CONTRIBUTION.—An eligible agency's non-Federal contribution required under paragraph (1) may be provided in cash or in kind, fairly

evaluated, and shall include only non-Federal funds that are used for adult basic skills and family literacy education programs in a manner that is consistent with the purpose of this title.

"SEC. 223. STATE LEADERSHIP ACTIVITIES.

"(a) IN GENERAL.—Each eligible agency may use funds made available under section 222(a)(2) for any of the following adult basic skills and family literacy education programs:

"(1) The establishment or operation of professional development programs to improve the quality of instruction provided pursuant to local activities required under section 231(b), including instruction incorporating the essential components of reading instruction and instruction provided by volunteers or by personnel of a State or outlying area.

"(2) The provision of technical assistance to eligible providers of adult basic skills and family literacy education programs for development and dissemination of scientific research-based instructional practices in reading, writing, speaking, math, and English language acquisition programs.

"(3) The provision of assistance to eligible providers in developing, implementing, and reporting measurable progress in achieving the objectives of this title.

"(4) The provision of technology assistance, including staff training, to eligible providers of adult basic skills and family literacy education programs, including distance learning activities, to enable the eligible providers to improve the quality of such activities.

"(5) The development and implementation of technology applications or distance learning, including professional development to support the use of instructional technology.

"(6) Coordination with other public programs, including welfare-to-work, workforce development, and job training programs.

"(7) Coordination with existing support services, such as transportation, child care, and other assistance designed to increase rates of enrollment in, and successful completion of, adult basic skills and family literacy education programs, for adults enrolled in such activities.

"(8) The development and implementation of a system to assist in the transition from adult basic education to postsecondary education.

"(9) Activities to promote workplace literacy programs.

"(10) Activities to promote and complement local outreach initiatives described in section 242(7).

"(11) Other activities of statewide significance, including assisting eligible agencies in achieving progress in improving the skill levels of adults who participate in programs under this title.

"(b) COORDINATION.—In carrying out this section, eligible agencies shall coordinate where possible, and avoid duplicating efforts, in order to maximize the impact of the activities described in subsection (a).

"(c) STATE-IMPOSED REQUIREMENTS.—Whenever a State or outlying area implements any rule or policy relating to the administration or operation of a program authorized under this title that has the effect of imposing a requirement that is not imposed under Federal law (including any rule or policy based on a State or outlying area interpretation of a Federal statute, regulation, or guideline), the State or outlying area shall identify, to eligible providers, the rule or policy as being imposed by the State or outlying area.

"SEC. 224. STATE PLAN.

"(a) 6-YEAR PLANS.—

"(1) IN GENERAL.—Each eligible agency desiring a grant under this title for any fiscal year shall submit to, or have on file with, the Secretary a 6-year State plan.

"(2) COMPREHENSIVE PLAN OR APPLICATION.—The eligible agency may submit the State plan as part of a comprehensive plan or application for Federal education assistance.

"(b) PLAN CONTENTS.—The eligible agency shall include in the State plan or any revisions to the State plan—

"(1) an objective assessment of the needs of individuals in the State or outlying area for adult basic skills and family literacy education programs, including individuals most in need or hardest to serve;

"(2) a description of the adult basic skills and family literacy education programs that will be carried out with funds received under this title;

"(3) a description of how the eligible agency will evaluate and measure annually the effectiveness and improvement of the adult basic skills and family lit-

eracy education programs based on the performance measures described in section 212 including—

"(A) how the eligible agency will evaluate and measure annually such effectiveness on a grant-by-grant basis; and

"(B) how the eligible agency—

"(i) will hold eligible providers accountable regarding the progress of such providers in improving the academic achievement of participants in adult education programs under this title and regarding the core indicators of performance described in section 212(b)(2)(A); and

"(ii) will use technical assistance, sanctions, and rewards (including allocation of grant funds based on performance and termination of grant funds based on nonperformance);

"(4) a description of the performance measures described in section 212 and how such performance measures have significantly improved adult basic skills and family literacy education programs in the State or outlying area;

"(5) an assurance that the eligible agency will, in addition to meeting all of the other requirements of this title, award not less than one grant under this title to an eligible provider that—

"(A) offers flexible schedules and necessary support services (such as child care and transportation) to enable individuals, including individuals with disabilities, or individuals with other special needs, to participate in adult basic skills and family literacy education programs; and

"(B) attempts to coordinate with support services that are not provided under this title prior to using funds for adult basic skills and family literacy education programs provided under this title for support services;

"(6) an assurance that the funds received under this title will not be expended for any purpose other than for activities under this title;

"(7) a description of how the eligible agency will fund local activities in accordance with the measurable goals described in section 231(d);

"(8) an assurance that the eligible agency will expend the funds under this title only in a manner consistent with fiscal requirements in section 241;

"(9) a description of the process that will be used for public participation and comment with respect to the State plan, which process—

"(A) shall include consultation with the State workforce investment board, the State board responsible for administering community or technical colleges, the Governor, the State educational agency, the State board or agency responsible for administering block grants for temporary assistance to needy families under title IV of the Social Security Act, the State council on disabilities, the State vocational rehabilitation agency, other State agencies that promote the improvement of adult basic skills and family literacy education programs, and direct providers of such programs; and

"(B) may include consultation with the State agency on higher education, institutions responsible for professional development of adult basic skills and family literacy education programs instructors, representatives of business and industry, refugee assistance programs, and faith-based organizations;

"(10) a description of the eligible agency's strategies for serving populations that include, at a minimum—

"(A) low-income individuals;

"(B) individuals with disabilities;

"(C) the unemployed;

"(D) the underemployed; and

"(E) individuals with multiple barriers to educational enhancement, including individuals with limited English proficiency;

"(11) a description of how the adult basic skills and family literacy education programs that will be carried out with any funds received under this title will be integrated with other adult education, career development, and employment and training activities in the State or outlying area served by the eligible agency;

"(12) a description of the steps the eligible agency will take to ensure direct and equitable access, as required in section 231(c)(1), including—

"(A) how the State will build the capacity of community-based and faith-based organizations to provide adult basic skills and family literacy education programs; and

"(B) how the State will increase the participation of business and industry in adult basic skills and family literacy education programs; and

"(13) a description of how the eligible agency will consult with any State agency responsible for postsecondary education to develop adult education that

prepares students to enter postsecondary education without the need for remediation upon completion of secondary school equivalency programs.

"(c) PLAN REVISIONS.—When changes in conditions or other factors require substantial revisions to an approved State plan, the eligible agency shall submit the revisions of the State plan to the Secretary.

"(d) CONSULTATION.—The eligible agency shall—

"(1) submit the State plan, and any revisions to the State plan, to the Governor, the chief State school officer, or the State officer responsible for administering community or technical colleges, or outlying area for review and comment; and

"(2) ensure that any comments regarding the State plan by the Governor, the chief State school officer, or the State officer responsible for administering community or technical colleges, and any revision to the State plan, are submitted to the Secretary.

"(e) PLAN APPROVAL.—A State plan submitted to the Secretary shall be approved by the Secretary only if the plan is consistent with the specific provisions of this title.

"SEC. 225. PROGRAMS FOR CORRECTIONS EDUCATION AND OTHER INSTITUTIONALIZED INDIVIDUALS.

"(a) PROGRAM AUTHORIZED.—From funds made available under section 222(a)(1) for a fiscal year, each eligible agency shall carry out corrections education and education for other institutionalized individuals.

"(b) USES OF FUNDS.—The funds described in subsection (a) shall be used for the cost of educational programs for criminal offenders in correctional institutions and for other institutionalized individuals, including academic programs for—

"(1) basic skills education;

"(2) special education programs as determined by the eligible agency;

"(3) reading, writing, speaking, and math programs; and

"(4) secondary school credit or diploma programs or their recognized equivalent.

"(c) PRIORITY.—Each eligible agency that is using assistance provided under this section to carry out a program for criminal offenders within a correctional institution shall give priority to serving individuals who are likely to leave the correctional institution within 5 years of participation in the program.

"(d) DEFINITION OF CRIMINAL OFFENDER.—For purposes of this section:

"(1) CORRECTIONAL INSTITUTION.—The term 'correctional institution' means any—

"(A) prison;

"(B) jail;

"(C) reformatory;

"(D) work farm;

"(E) detention center; or

"(F) halfway house, community-based rehabilitation center, or any other similar institution designed for the confinement or rehabilitation of criminal offenders.

"(2) CRIMINAL OFFENDER.—The term 'criminal offender' means any individual who is charged with, or convicted of, any criminal offense.

"CHAPTER 3—LOCAL PROVISIONS

"SEC. 231. GRANTS AND CONTRACTS FOR ELIGIBLE PROVIDERS.

"(a) GRANTS AND CONTRACTS.—From grant funds made available under section 211(b), each eligible agency shall award multiyear grants or contracts, on a competitive basis, to eligible providers within the State or outlying area that meet the conditions and requirements of this title to enable the eligible providers to develop, implement, and improve adult basic skills and family literacy education programs within the State.

"(b) LOCAL ACTIVITIES.—The eligible agency shall require eligible providers receiving a grant or contract under subsection (a) to establish or operate one or more programs of instruction that provide services or instruction in one or more of the following categories:

"(1) Adult basic skills and family literacy education programs, including essential workplace skills (including proficiency in reading, writing, speaking, and math).

"(2) Workplace literacy programs.

"(3) English language acquisition programs.

"(4) family literacy education programs.

"(c) DIRECT AND EQUITABLE ACCESS; SAME PROCESS.—Each eligible agency receiving funds under this title shall ensure that—

"(1) all eligible providers have direct and equitable access to apply for grants or contracts under this section; and

"(2) the same grant or contract announcement process and application process is used for all eligible providers in the State or outlying area.

"(d) MEASURABLE GOALS.—The eligible agency shall require eligible providers receiving a grant or contract under subsection (a) to demonstrate—

"(1) the eligible provider's measurable goals for participant outcomes to be achieved annually on the core indicators of performance and employment performance indicators described in section 212(b)(2);

"(2) the past effectiveness of the eligible provider in improving the basic academic skills of adults and, for eligible providers receiving grants in the prior year, the success of the eligible provider receiving funding under this title in meeting or exceeding its performance goals in the prior year;

"(3) the commitment of the eligible provider to serve individuals in the community who are the most in need of basic academic skills instruction services, including individuals who are low-income or have minimal reading, writing, speaking, and math skills, or limited English proficiency.

"(4) whether or not the program—

"(A) is of sufficient intensity and duration for participants to achieve substantial learning gains; and

"(B) uses instructional practices that include the essential components of reading instruction;

"(5) whether educational practices are based on scientifically based research;

"(6) whether the activities of the eligible provider effectively employ advances in technology, as appropriate, including the use of computers;

"(7) whether the activities provide instruction in real-life contexts, to ensure that an individual has the skills needed to compete in the workplace and exercise the rights and responsibilities of citizenship;

"(8) whether the activities are staffed by well-trained instructors, counselors, and administrators;

"(9) whether the activities are coordinated with other available resources in the community, such as through strong links with elementary schools and secondary schools, postsecondary educational institutions, one-stop centers, job training programs, community-based and faith-based organizations, and social service agencies;

"(10) whether the activities offer flexible schedules and support services (such as child care and transportation) that are necessary to enable individuals, including individuals with disabilities or other special needs, to attend and complete programs;

"(11) whether the activities include a high-quality information management system that has the capacity to report measurable participant outcomes and to monitor program performance against the performance measures established by the eligible agency;

"(12) whether the local communities have a demonstrated need for additional English language acquisition programs;

"(13) the capacity of the eligible provider to produce valid information on performance results, including enrollments and measurable participant outcomes;

"(14) whether adult basic skills and family literacy education programs offer rigorous reading, writing, speaking, and math content that are based on scientific research; and

"(15) whether applications of technology, and services to be provided by the eligible providers, is of sufficient intensity and duration to increase the amount and quality of learning and lead to measurable learning gains within specified time periods.

"SEC. 232. LOCAL APPLICATION.

"Each eligible provider desiring a grant or contract under this title shall submit an application to the eligible agency containing such information and assurances as the eligible agency may require, including—

"(1) a description of how funds awarded under this title will be spent consistent with the requirements of this title;

"(2) a description of any cooperative arrangements the eligible provider has with other agencies, institutions, or organizations for the delivery of adult basic skills and family literacy education programs; and

"(3) each of the demonstrations required by section 231(d).

"SEC. 233. LOCAL ADMINISTRATIVE COST LIMITS.

"(a) IN GENERAL.—Subject to subsection (b), of the amount that is made available under this title to an eligible provider—

"(1) at least 95 percent shall be expended for carrying out adult basic skills and family literacy education programs; and

"(2) the remaining amount shall be used for planning, administration, personnel and professional development, development of measurable goals in reading, writing, speaking, and math, and interagency coordination.

"(b) SPECIAL RULE.—In cases where the cost limits described in subsection (a) are too restrictive to allow for adequate planning, administration, personnel development, and interagency coordination, the eligible provider may negotiate with the eligible agency in order to determine an adequate level of funds to be used for non-instructional purposes.

"CHAPTER 4—GENERAL PROVISIONS

"SEC. 241. ADMINISTRATIVE PROVISIONS.

"(a) SUPPLEMENT NOT SUPPLANT.—Funds made available for adult basic skills and family literacy education programs under this title shall supplement and not supplant other State or local public funds expended for adult basic skills and family literacy education programs.

"(b) MAINTENANCE OF EFFORT.—

"(1) IN GENERAL.—

"(A) DETERMINATION.—An eligible agency may receive funds under this title for any fiscal year if the Secretary finds that the fiscal effort per student or the aggregate expenditures of such eligible agency for activities under this title, in the second preceding fiscal year, were not less than 90 percent of the fiscal effort per student or the aggregate expenditures of such eligible agency for adult basic skills and family literacy education programs, in the third preceding fiscal year.

"(B) PROPORTIONATE REDUCTION.—Subject to paragraphs (2), (3), and (4), for any fiscal year with respect to which the Secretary determines under subparagraph (A) that the fiscal effort or the aggregate expenditures of an eligible agency for the preceding program year were less than such effort or expenditures for the second preceding program year, the Secretary—

"(i) shall determine the percentage decreases in such effort or in such expenditures; and

"(ii) shall decrease the payment made under this title for such program year to the agency for adult basic skills and family literacy education programs by the lesser of such percentages.

"(2) COMPUTATION.—In computing the fiscal effort and aggregate expenditures under paragraph (1), the Secretary shall exclude capital expenditures and special one-time project costs.

"(3) DECREASE IN FEDERAL SUPPORT.—If the amount made available for adult basic skills and family literacy education programs under this title for a fiscal year is less than the amount made available for adult basic skills and family literacy education programs under this title for the preceding fiscal year, then the fiscal effort per student and the aggregate expenditures of an eligible agency required in order to avoid a reduction under paragraph (1)(B) shall be decreased by the same percentage as the percentage decrease in the amount so made available.

"(4) WAIVER.—The Secretary may waive the requirements of this subsection for not more than 1 fiscal year, if the Secretary determines that a waiver would be equitable due to exceptional or uncontrollable circumstances, such as a natural disaster or an unforeseen and precipitous decline in the financial resources of the State or outlying area of the eligible agency. If the Secretary grants a waiver under the preceding sentence for a fiscal year, the level of effort required under paragraph (1) shall not be reduced in the subsequent fiscal year because of the waiver.

"SEC. 242. NATIONAL LEADERSHIP ACTIVITIES.

"The Secretary shall establish and carry out a program of national leadership activities that may include the following:

"(1) Technical assistance, on request, including assistance—

"(A) on requests to volunteer community- and faith-based organizations, including but not limited to, improving their fiscal management, research-based instruction, and reporting requirements, and the development of measurable objectives to carry out the requirements of this title;

"(B) in developing valid, measurable, and reliable performance data, and using performance information for the improvement of adult basic skills and family literacy education programs;

"(C) on adult education professional development; and

"(D) in using distance learning and improving the application of technology in the classroom.

"(2) Providing for the conduct of research on national literacy basic skill acquisition levels among adults, including the number of adults functioning at different levels of reading proficiency.

"(3) Improving the coordination, efficiency, and effectiveness of adult education and workforce development services at the national, State, and local levels.

"(4) Determining how participation in adult basic skills and family literacy education programs prepares individuals for entry into and success in postsecondary education and employment, and in the case of prison-based services, the effect on recidivism.

"(5) Evaluating how different types of providers, including community and faith-based organizations or private for-profit agencies measurably improve the skills of participants in adult basic skills and family literacy education programs.

"(6) Identifying model integrated basic and workplace skills education programs, coordinated literacy and employment services, and effective strategies for serving adults with disabilities.

"(7) Supporting the development of an entity that would produce and distribute technology-based programs and materials for adult basic skills and family literacy education programs using an intercommunication system, as that term is defined in section 397 of the Communications Act of 1934 (47 U.S.C. 397), and expand the effective outreach and use of such programs and materials to adult education eligible providers.

"(8) Initiating other activities designed to improve the measurable quality and effectiveness of adult basic skills and family literacy education programs nationwide.".

PART B—NATIONAL INSTITUTE FOR LITERACY

SEC. 211. SHORT TITLE; PURPOSE.

(a) SHORT TITLE.—This part may be cited as the "National Institute for Literacy Establishment Act".

(b) PURPOSE.—The purpose of this part is to establish a National Institute for Literacy to provide national leadership in promoting reading research, reading instruction, and professional development in reading based on scientifically based research by—

(1) disseminating widely information on scientifically based reading research to improve academic achievement for children, youth, and adults;

(2) identifying and disseminating information about schools, local educational agencies, and State educational agencies that have effectively developed and implemented classroom reading programs that meet the requirements of subpart 1 of part B of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6361 et seq.), including those State educational agencies, local educational agencies, and schools that are identified as effective through the External Evaluation of Reading First under section 1205 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6365);

(3) serving as a national resource for information on reading instruction programs that contain the essential components of reading instruction as supported by scientifically based reading research, and that can lead to improved reading outcomes for children, youth, and adults;

(4) developing print and electronic materials that describe and model the application of scientifically based reading research;

(5) providing national and regional reading leadership for State and local personnel for the application and implementation of scientifically based reading research;

(6) coordinating efforts among Federal agencies, especially the Department of Labor, the Department of Health and Human Services, and the National Institute of Child Health and Human Development, that provide reading programs, conduct research, and provide services to recipients of Federal financial assistance under titles I and III of the Elementary and Secondary Education Act of 1965, the Head Start Act, the Individuals with Disabilities Education Act, and the Adult Basic Skills and Family Literacy Education Act, and each Bureau funded school (as defined in title XI of the Education Amendments of 1978 (25 U.S.C. 2001 et seq.)); and

(7) informing the Congress, Federal departments and agencies, schools of education, and the public of successful local, State, and Federal program activities

in reading instruction that are determined to be effective based on the findings of scientifically based reading research.

SEC. 212. ESTABLISHMENT.

(a) IN GENERAL.—There is established within the executive branch an independent establishment (as defined in title 104 of title 5, United States Code) to be known as the "National Institute for Literacy". The Institute shall be administered, in accordance with this part, under the supervision and direction of a Director in consultation with the Board, and subject to all fiscal and ethical requirements of an executive branch agency.

(b) DIRECTOR.—

(1) APPOINTMENT.—The Board (established under section 216 of this part), in consultation with the Secretary of Education, shall appoint a Director of the Institute, who has an understanding of, supports, and is familiar with scientifically based reading research, instruction, and professional development applicable to children, youth, and adults.

(2) PAY.—The Director of the Institute shall receive the rate of basic pay for level IV of the Executive Schedule.

(3) TERM.—The Director of the Institute shall be appointed for an initial term of 3 years and, if approved by the Board, may serve not more than 1 additional term of 3 years.

SEC. 213. ADMINISTRATION.

(a) IN GENERAL.—The Institute shall be administered by the Director of the Institute in consultation with the Board.

(b) AUTHORITY.—Subject to the general policies, decisions, findings, and determinations of the Board, the Director of the Institute shall be responsible for administering the Institute. The Director may delegate the powers granted under this paragraph to an officer, employee, or office of the Institute. The Director shall—

(1) provide leadership for the Institute, consistent with the purposes defined in section 211;

(2) appoint and supervise all employees in the Institute, including attorneys, to provide legal aid and service to the Board and the Institute, and to represent the Board and the Institute in any case in court;

(3) appoint the heads of offices in the Institute with the approval of the Board;

(4) assign responsibility to carry out the duties of the Institute among officers and employees, and offices of the Institute;

(5) prepare requests for appropriations for the Institute and submit those requests to the President and the Congress with the prior approval of the Board;

(6) oversee the expenditure of all funds allocated for the Institute to carry out the purposes under section 211; and

(7) confer regularly with the Board on matters of policy, personnel, and progress in carrying out the mission of the Institute.

(c) AGENCY DESIGNATION.—For purposes of section 552b of title 5, United States Code, the Institute is deemed to be an agency.

(d) BUDGET REQUESTS.—In each annual request for appropriations by the President, the Director of the Institute, in consultation with the Board, shall submit a budget to carry out the mission of the Institute including—

(1) the amount requested by the Institute in its budgetary presentation to the Office of Management and Budget; and

(2) an assessment of the budgetary needs of the Institute.

(e) BUDGET TRANSMITTAL TO CONGRESS.—The Institute shall transmit to the Congress copies of budget estimates, requests, and information (including personnel needs), legislative recommendations, prepared testimony for congressional hearings, and comments on legislation.

(f) OFFICES.—The Institute shall have offices separate from the offices of the Department of Education.

(g) ADMINISTRATIVE SUPPORT.—

(1) IN GENERAL.—The Secretary of Education shall provide administrative support for the Institute, including the administration of grants, contracts and cooperative agreements, personnel, legal counsel, and payroll after the Office of Management and Budget has approved the Institute's budget.

(2) OTHER DEPARTMENTS AND AGENCIES.—In addition to any support obtained under paragraph (1) from the Secretary of Education, the Institute may obtain administrative support services from other departments and agencies within the executive branch if determined by the Director of the Institute, in consultation with the Board, to be in the best interest of the Institute.

SEC. 214. DUTIES.

(a) IN GENERAL.—In order to provide leadership for the improvement and expansion of the system for delivery of scientifically based reading instructional practices, the Institute shall—

(1) establish a national electronic database of effective reading programs for children, youth, and adults that include the essential components of reading instruction, and disseminate such information to parents, teachers, State and Federal elected officials, and the public;

(2) develop print and electronic materials for professional development that provide applications of scientifically based reading research, and instructional practices in reading for children, youth, and adults;

(3) provide, when requested, policy and technical assistance to the Congress, school Boards, Federal agencies, State departments of education, adult education programs, local school districts, local public and private schools, and schools of education, on scientifically based reading instructional practices including diagnostic and assessment instruments and instructional materials;

(4) collaborate and support Federal research programs in reading instruction, including, where appropriate, those areas of study addressed by the National Institute of Child Health and Human Development, the Institute for Education Sciences, the National Science Foundation, the Department of Labor, and the National Research Council;

(5) coordinate with the Department of Education, the Department of Labor, the Department of Health and Human Services, and the National Institute of Child Health and Human Development on all programs that include improving reading instructional practices for children, youth, and adults, and teacher training in reading instructional practices;

(6) use and support the collection of the best possible information in carrying out this section, and where appropriate, including reviews of research on instruction using the criteria for quality identified by the Institute for Education Sciences; and

(7) conduct reviews of research, including randomized field trials, on reading programs, and conduct reviews of Federal reading policies and reading program implementation using a board of visitors as described in subchapter 300 of the National Science Foundation Administrative Manual.

(b) GRANTS, CONTRACTS, AND COOPERATIVE AGREEMENTS.—The Institute may award grants to, or enter into contracts or cooperative agreements with, individuals, public or private institutions, agencies, organizations, or other legal entities to carry out the activities of the Institute.

(c) RELATION TO OTHER LAWS.—The duties and powers of the Institute under this part are in addition to the duties and powers of the Institute under subparts 1, 2, and 3 of part B of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 1201 et seq.) (commonly referred to as Reading First, Early Reading First, and the William F. Goodling Even Start Family Literacy Programs, respectively).

SEC. 215. LEADERSHIP IN SCIENTIFICALLY BASED READING INSTRUCTION.

(a) IN GENERAL.—The Institute, in consultation with the Board, may award fellowships, with such stipends and allowances as the Director of the Institute considers necessary, to outstanding individuals who are pursuing careers in scientifically based research in reading instruction or pre-service or in-service training in reading instruction, including teaching children and adults to read.

(b) FELLOWSHIPS.—Fellowships awarded under this subsection shall be used, under the auspices of the Institute, to engage in research, education training, technical assistance, or other activities to advance the field of scientifically based reading instruction for children, youth, and adults, including the training of volunteers in such reading skills instruction.

(c) INTERNS AND VOLUNTEERS.—The Institute, in consultation with the Board, may award paid and unpaid internships to individuals seeking to assist the Institute in carrying out its mission. Notwithstanding section 1342 of title 31, United States Code, the Institute may accept and use voluntary and uncompensated services as the Institute deems necessary.

SEC. 216. NATIONAL INSTITUTE FOR LITERACY ADVISORY BOARD.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—There shall be a National Institute for Literacy Advisory Board, which shall consist of 10 individuals appointed by the President with the advice and consent of the Senate.

(2) COMPOSITION.—The Board shall be comprised of individuals who are not otherwise officers or employees of the Federal Government and who are knowledgeable about scientifically based reading instruction, and the findings of scientifically based reading research. The members of the Board may include—

(A) representatives from teacher training institutions where scientifically based reading instruction is a major component of pre-service training;

(B) teachers who have been successful in teaching children to read proficiently;

(C) members of the business community who have developed successful employee reading instruction programs;

(D) volunteer tutors in reading who are using scientifically based reading instruction;

(E) reading researchers who have conducted scientifically based research; and

(F) other qualified individuals knowledgeable about scientifically based reading instruction, including adult education.

(b) DUTIES.—The Board shall—

(1) work closely with the Director of the Institute to ensure that the purposes of the Institute under section 211 are carried out effectively;

(2) approve the annual report to the Congress;

(3) provide policy guidance and advice to the Director of the Institute in the administration of the Institute; and

(4) appoint the Director of the Institute, in consultation with the Secretary.

(c) FEDERAL ADVISORY COMMITTEE ACT.—Except as otherwise provided in this part, the Board established by this section shall be subject to the provisions of the Federal Advisory Committee Act (5 U.S.C. App.).

(d) APPOINTMENTS.—

(1) IN GENERAL.—Each member of the Board shall be appointed for a term of 3 years, except that the initial terms for members may be 1, 2, or 3 years in order to establish a rotation, in which ⅓ of the members are selected each year. Any such member may be appointed for not more than 2 consecutive terms.

(2) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until a successor has taken office.

(e) QUORUM.—A majority of the members of the Board shall constitute a quorum, but a lesser number may hold hearings. Any recommendation of the Board may be passed only by a majority of the Board members present.

(f) ELECTION OF OFFICERS.—The Chairperson and Vice Chairperson of the Board shall be elected by the members of the Board. The term of office of the Chairperson and Vice Chairperson shall be 2 years.

(g) MEETINGS.—The Board shall meet at the call of the Chairperson, or a majority of the members of the Board, but not less than quarterly.

SEC. 217. GIFTS, BEQUESTS, AND DEVISES.

(a) IN GENERAL.—The Institute may accept, administer, and use gifts or donations of services, money, or property, whether real or personal, tangible or intangible.

(b) RULES.—The Board, in consultation with the Director of the Institute, shall establish written rules setting forth the criteria to be used by the Institute in determining whether the acceptance of contributions of services, money, or property whether real or personal, tangible or intangible, would reflect unfavorably upon the ability of the Institute or any employee to carry out the responsibilities of the Institute or employee, or official duties, in a fair and objective manner, or would compromise the integrity or the appearance of the integrity of the Institute's programs or any official involved in those programs.

SEC. 218. MAILS.

The Board and the Institute may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

SEC. 219. APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.

The Director of the Institute and the staff of the Institute may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of the annual rate of basic pay payable for level IV of the Executive Schedule.

SEC. 220. EXPERTS AND CONSULTANTS.

The Institute may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

SEC. 221. REPORT.

(a) IN GENERAL.—The Institute shall submit a biennial report to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate. Each report submitted under this section shall include—

(1) a comprehensive and detailed description of the Institute's operations, activities, financial condition, and accomplishments in carrying out the purposes of the Institute as specified in section 211, for the period covered by the report; and

(2) a summary description of how the Institute will advance the purposes of the Institute for the next biennium.

(b) FIRST REPORT.—The Institute shall submit a report under this section not later than 1 year after the date of enactment of this part.

SEC. 222. DEFINITIONS.

For purposes of this part—

(1) the term "Board" means the National Institute for Literacy Advisory Board;

(2) the term "Institute" means the National Institute for Literacy; and

(3) the terms "reading", "scientifically based reading research", and "essential components of reading instruction" have the meanings given those terms in section 1208 of part B of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6368).

SEC. 223. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to administer and carry out this part $6,700,000 for fiscal year 2004 and such sums as may be necessary for each of the 5 succeeding fiscal years.

SEC. 224. RESERVATION.

From amounts appropriated to the Institute, the Director of the Institute may use not more than 5 percent of such amounts for information dissemination under section 1207 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6367).

SEC. 225. AUTHORITY TO PUBLISH.

The Institute, including the Board, may prepare, publish, and present (including through oral presentations) such research-based information and research reports as needed to carry out the purposes and mission of the Institute.

TITLE III—AMENDMENTS TO THE WAGNER-PEYSER ACT

SEC. 301. AMENDMENTS TO THE WAGNER-PEYSER ACT.

The Wagner-Peyser Act (29 U.S.C. 49 et. seq.) is amended—

(1) by striking sections 1 through 13;

(2) in section 14 by inserting "of Labor" after "Secretary"; and

(3) by amending section 15 to read as follows:

"SEC. 15. WORKFORCE AND LABOR MARKET INFORMATION SYSTEM.

"(a) SYSTEM CONTENT.—

"(1) IN GENERAL.—The Secretary of Labor, in accordance with the provisions of this section, shall oversee the development, maintenance, and continuous improvement of a nationwide workforce and labor market information system that includes—

"(A) statistical data from cooperative statistical survey and projection programs and data from administrative reporting systems that, taken together, enumerate, estimate, and project employment opportunities and conditions at national, State, and local levels in a timely manner, including statistics on—

"(i) employment and unemployment status of national, State, and local populations, including self-employed, part-time, and seasonal workers;

"(ii) industrial distribution of occupations, as well as current and projected employment opportunities, wages, benefits (where data is available), and skill trends by occupation and industry, with particular attention paid to State and local conditions;

"(iii) the incidence of, industrial and geographical location of, and number of workers displaced by, permanent layoffs and plant closings; and

"(iv) employment and earnings information maintained in a longitudinal manner to be used for research and program evaluation;

"(B) information on State and local employment opportunities, and other appropriate statistical data related to labor market dynamics, which—

"(i) shall be current and comprehensive;

"(ii) shall meet the needs identified through the consultations described in subparagraphs (A) and (B) of subsection (e)(2); and

"(iii) shall meet the needs for the information identified in section 134(d);

"(C) technical standards (which the Secretary shall publish annually) for data and information described in subparagraphs (A) and (B) that, at a minimum, meet the criteria of chapter 35 of title 44, United States Code;

"(D) procedures to ensure compatibility and additivity of the data and information described in subparagraphs (A) and (B) from national, State, and local levels;

"(E) procedures to support standardization and aggregation of data from administrative reporting systems described in subparagraph (A) of employment-related programs;

"(F) analysis of data and information described in subparagraphs (A) and (B) for uses such as—

"(i) national, State, and local policymaking;

"(ii) implementation of Federal policies (including allocation formulas);

"(iii) program planning and evaluation; and

"(iv) researching labor market dynamics;

"(G) wide dissemination of such data, information, and analysis in a user-friendly manner and voluntary technical standards for dissemination mechanisms; and

"(H) programs of—

"(i) training for effective data dissemination;

"(ii) research and demonstration; and

"(iii) programs and technical assistance.

"(2) INFORMATION TO BE CONFIDENTIAL.—

"(A) IN GENERAL.—No officer or employee of the Federal Government or agent of the Federal Government may—

"(i) use any submission that is furnished for exclusively statistical purposes under the provisions of this section for any purpose other than the statistical purposes for which the submission is furnished;

"(ii) make any publication or media transmittal of the data contained in the submission described in clause (i) that permits information concerning individual subjects to be reasonably inferred by either direct or indirect means; or

"(iii) permit anyone other than a sworn officer, employee, or agent of any Federal department or agency, or a contractor (including an employee of a contractor) of such department or agency, to examine an individual submission described in clause (i);

without the consent of the individual, agency, or other person who is the subject of the submission or provides that submission.

"(B) IMMUNITY FROM LEGAL PROCESS.—Any submission (including any data derived from the submission) that is collected and retained by a Federal department or agency, or an officer, employee, agent, or contractor of such a department or agency, for exclusively statistical purposes under this section shall be immune from the legal process and shall not, without the consent of the individual, agency, or other person who is the subject of the submission or provides that submission, be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceeding.

"(C) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to provide immunity from the legal process for such submission (including any data derived from the submission) if the submission is in the possession of any person, agency, or entity other than the Federal Government or an officer, employee, agent, or contractor of the Federal Government, or if the submission is independently collected, retained, or produced for purposes other than the purposes of this Act.

"(b) SYSTEM RESPONSIBILITIES.—

"(1) IN GENERAL.—The workforce and labor market information system described in subsection (a) shall be planned, administered, overseen, and evaluated through a cooperative governance structure involving the Federal Government and States.

"(2) DUTIES.—The Secretary, with respect to data collection, analysis, and dissemination of labor employment statistics for the system, shall carry out the following duties:

"(A) Assign responsibilities within the Department of Labor for elements of the workforce and labor market information system described in subsection (a) to ensure that all statistical and administrative data collected is consistent with appropriate Bureau of Labor Statistics standards and definitions.

"(B) Actively seek the cooperation of other Federal agencies to establish and maintain mechanisms for ensuring complementarity and nonduplication in the development and operation of statistical and administrative data collection activities.

"(C) Eliminate gaps and duplication in statistical undertakings, with the systemization of wage surveys as an early priority.

"(D) In collaboration with the Bureau of Labor Statistics and States, develop and maintain the elements of the workforce and labor market information system described in subsection (a), including the development of consistent procedures and definitions for use by the States in collecting the data and information described in subparagraphs (A) and (B) of subsection (a)(1).

"(E) Establish procedures for the system to ensure that—

"(i) such data and information are timely;

"(ii) paperwork and reporting for the system are reduced to a minimum; and

"(iii) States and localities are fully involved in the development and continuous improvement of the system at all levels, including ensuring the provision, to such States and localities, of budget information necessary for carrying out their responsibilities under subsection (e).

"(c) NATIONAL ELECTRONIC TOOLS TO PROVIDE SERVICES.—The Secretary is authorized to assist in the development of national electronic tools that may be used to facilitate the delivery of core services described in section 134 and to provide workforce information to individuals through the one-stop delivery systems descried in section 121 and through other appropriate delivery systems.

"(d) COORDINATION WITH THE STATES.—

"(1) IN GENERAL.—The Secretary, working through the Bureau of Labor Statistics and the Employment and Training Administration, shall regularly consult with representatives of State agencies carrying out workforce information activities regarding strategies for improving the workforce and labor market information system.

"(2) FORMAL CONSULTATIONS.—At least twice each year, the Secretary, working through the Bureau of Labor Statistics, shall conduct formal consultations regarding programs carried out by the Bureau of Labor Statistics with representatives of each of the 10 Federal regions of the Department of Labor, elected from the State directors affiliated with State agencies that perform the duties described in subsection (e)(2).

"(e) STATE RESPONSIBILITIES.—

"(1) DESIGNATION OF STATE AGENCY.—In order to receive Federal financial assistance under this section, the Governor of a State shall—

"(A) designate a single State agency to be responsible for the management of the portions of the workforce and labor market information system described in subsection (a) that comprise a statewide workforce and labor market information system and for the State's participation in the development of the annual plan; and

"(B) establish a process for the oversight of such system.

"(2) DUTIES.—In order to receive Federal financial assistance under this section, the State agency shall—

"(A) consult with State and local employers, participants, and local workforce investment boards about the labor market relevance of the data to be collected and disseminated through the statewide workforce and labor market information system;

"(B) consult with State educational agencies and local educational agencies concerning the provision of employment statistics in order to meet the needs of secondary school and postsecondary school students who seek such information;

"(C) collect and disseminate for the system, on behalf of the State and localities in the State, the information and data described in subparagraphs (A) and (B) of subsection (a)(1);

"(D) maintain and continuously improve the statewide workforce and labor market information system in accordance with this section;

"(E) perform contract and grant responsibilities for data collection, analysis, and dissemination for such system;

"(F) conduct such other data collection, analysis, and dissemination activities as will ensure an effective statewide workforce and labor market information system;

"(G) actively seek the participation of other State and local agencies in data collection, analysis, and dissemination activities in order to ensure complementarity, compatibility, and usefulness of data;

"(H) participate in the development of the annual plan described in subsection (c); and

"(I) utilize the quarterly records described in section 136(f)(2) of the Workforce Investment Act of 1998 to assist the State and other States in measuring State progress on State performance measures.

"(3) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as limiting the ability of a State agency to conduct additional data collection, analysis, and dissemination activities with State funds or with Federal funds from sources other than this section.

"(f) NONDUPLICATION REQUIREMENT.—None of the functions and activities carried out pursuant to this section shall duplicate the functions and activities carried out under the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

"(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the fiscal years 2004 through 2009.

"(h) DEFINITION.—In this section, the term 'local area' means the smallest geographical area for which data can be produced with statistical reliability.".

TITLE IV—AMENDMENTS TO THE REHABILITATION ACT OF 1973

SEC. 401. CHAIRPERSON.

Section 705(b)(5) of the Rehabilitation Act of 1973 (29 U.S.C. 796d(b)(5)) is amended to read as follows:

"(5) CHAIRPERSON.—The Council shall select a chairperson from among the voting membership of the Council.".

SEC. 402. REHABILITATION SERVICES ADMINISTRATION.

Section 3(a) of the Rehabilitation Act of 1973 (29 U.S.C. 702(a)) is amended—

(1) by striking "Office of the Secretary" and inserting "Department of Education";

(2) by striking "President by and with the advice and consent of the Senate" and inserting "Secretary, except that the current Commissioner appointed under the authority existing on the day prior to the date of enactment of this Act may continue to serve in the former capacity"; and

(3) by striking ", and the Commissioner shall be the principal officer,".

SEC. 403. DIRECTOR.

(a) IN GENERAL.—The Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.) is amended by striking "Commissioner" each place it appears, except in section 21, and inserting "Director".

(b) EXCEPTION.—Section 21 of the Rehabilitation Act of 1973 (29 U.S.C. 718) is amended—

(1) in subsection (b)(1)—

(A) by striking "Commissioner" the first place it appears and inserting "Director of the Rehabilitation Services Administration"; and

(B) by striking "(referred to in this subsection as the 'Director')"; and

(2) by striking "Commissioner and the Director" each place it appears and inserting "both such Directors".

SEC. 404. STATE GOALS.

Section 101(a) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)) is amended—

(1) in paragraph (11)(D)(i) by inserting ", which may be provided using alternative means of meeting participation (such as video conferences and conference calls)" before the semicolon; and

(2) in paragraph (15)—

(A) in subparagraph (A), by redesignating clauses (ii) and (iii) as clauses (iii) and (iv), respectively, and inserting after clause (i) the following:

"(ii) include an assessment of the transition services provided under this Act, and coordinated with transition services under the Individuals with Disabilities Education Act, as to those services meeting the needs of individuals with disabilities."; and

(B) by amending subparagraph (D)(i) to read as follows:

"(i) the methods to be used to expand and improve the services to individuals with disabilities including—

"(I) how a broad range of assistive technology services and assistive technology devices will be provided to such individuals at each stage of the rehabilitative process and how such services and devices will be provided to such individuals on a statewide basis; and

"(II) how transition services will be better coordinated with those services under the Individuals with Disabilities Education Act in order to improve transition services for individuals with disabilities served under this Act;".

SEC. 405. AUTHORIZATIONS OF APPROPRIATIONS.

The Rehabilitation Act of 1973 is further amended—

(1) in section 100(b)(1) by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009";

(2) in section 100(d)(1)(B) by striking "fiscal year 2003" and inserting "fiscal year 2009";

(3) in section 110(c) by amending paragraph (2) to read as follows:

"(2) The sum referred to in paragraph (1) shall be, as determined by the Secretary, not less than 1 percent and not more than 1.5 percent of the amount referred to in paragraph (1) for each of fiscal years 2003 through 2009.";

(4) in section 112(h) by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009";

(5) in section 201(a) by striking "fiscal years 1999 through 2003" each place it appears and inserting "fiscal years 2004 through 2009";

(6) in section 302(i) by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009";

(7) in section 303(e) by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009";

(8) in section 304(b) by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009";

(9) in section 305(b) by striking "fiscal years 1999 through 2003" and insert "fiscal years 2004 through 2009";

(10) in section 405 by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009";

(11) in section 502(j) by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009";

(12) in section 509(l) by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009";

(13) in section 612 by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009";

(14) in section 628 by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009";

(15) in section 714 by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009";

(16) in section 727 by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009"; and

(17) in section 753 by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".

SEC. 406. HELEN KELLER NATIONAL CENTER ACT.

(a) GENERAL AUTHORIZATION OF APPROPRIATIONS.—The first sentence of section 205(a) of the Helen Keller National Center Act (29 U.S.C. 1904(a)) is amended by striking "1999 through 2003" and inserting "2004 through 2009".

(b) HELEN KELLER NATIONAL CENTER FEDERAL ENDOWMENT FUND.—The first sentence of section 208(h) of such Act (29 U.S.C. 1907(h)) is amended by striking "1999 through 2003" and inserting "2004 through 2009".

TITLE V—TRANSITION AND EFFECTIVE DATE

SEC. 501. TRANSITION PROVISIONS.

The Secretary of Labor shall take such actions as the Secretary determines to be appropriate to provide for the orderly implementation of this Act.

SEC. 502. EFFECTIVE DATE.

Except as otherwise provided in this Act, this Act and the amendments made by this Act, shall take effect on the date of enactment of this Act.

PURPOSE

H.R. 1261, the Workforce Reinvestment and Adult Education Act of 2003, enhances the workforce investment system created under the Workforce Investment Act of 1998 by strengthening one-stop career centers, providing for more effective governance arrangements, promoting consumer choice, establishing a more targeted approach to serving youth, and improving performance accountability. The bill also improves our nation's adult education system using practices based on scientific research, and enhances vocational rehabilitation services for individuals with disabilities seeking to return to or enter the integrated workplace.

COMMITTEE ACTION

107TH AND 108TH CONGRESSES

Subcommittee hearings

On Tuesday, March 12, 2002, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, held a hearing in Washington D.C. on "Welfare to Work: Ties Between Temporary Assistance for Needy Families (TANF) and Workforce Development." The purpose of the hearing was to learn about the interaction between the TANF block grant and the workforce investment system created through the Workforce Investment Act (WIA). Sigurd Nilsen, Ph.D., Director of Health, Education, and Human Services Division, General Accounting Office (GAO), Washington, D.C. testified before the Committee about the GAO study regarding an increased coordination between the TANF programs and the One-Stop Centers. Mr. John B. O'Reilly, Jr., Executive Director, Southeast Michigan Community Alliance, Taylor, Michigan; Ms. Barbara Gault, Ph.D., Director of Research, Institute for Women's Policy Research, Washington, D.C.; Mr. Greg Gardner, Acting Director, Utah Department of Workforce Services, Salt Lake City, Utah; and Ms. Erika Kates, Ph.D., Executive Director, Welfare Education Training Access Coalition Center for Youth and Communities, Brandeis University, Boston, Massachusetts, also testified before the Committee.

On Thursday, September 12, 2002, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, held a hearing in Washington D.C. on the "Implementation of the Workforce Investment Act: Promising Practices in Workforce Development." The purpose of the hearing was to encourage and promote a seamless system that improves services to job seekers and employers. Testifying before the Committee were Mr. Bruce Stenslie, Director, Ventura County Workforce Investment Board, Ventura, California; Ms. Diane D. Rath, Chair, Texas Workforce Commission, Austin, Texas; Mr. Danny Wegman, President, Wegmans Food Markets, Rochester, New York; and Mr. Timothy Barnicle, Co-Director, Workforce Development Program, National Center on Education and the Economy, Washington, D.C.

On Tuesday, March 4, 2003, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness,

held a hearing in Washington, D.C. on "Improving Adult Education for the 21st Century." The purpose of the hearing was to learn about pertinent issues to be addressed in the reauthorization of the Adult Education and Family Literacy Act, Title II of the Workforce Investment Act. The Honorable Carol D'Amico, Assistant Secretary, U.S. Department of Education, Washington, D.C. testified before the Committee on the first panel on methods to improve accountability for academic results while ensuring the flexibility necessary to help adult education participants receive the services they need. Dr. Beth Buelmann, Executive Director, Center for Workforce Preparation for the U.S. Chamber of Commerce, Washington, D.C.; Dr. Randy Whitfield, Associate Vice President of Academic and Student Services, North Carolina Community College System, Raleigh, North Carolina; Ms. Ann-Marie Panella, Director of Human Resources, MCS Industries, Inc., Easton, Pennsylvania; and Ms. Hermelinda Morales Herrera, Adult Education Participant, Aurora, Colorado, testified before the Committee on the second panel.

On Tuesday, March 11, 2003, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, held a hearing in Washington D.C. on "Workforce Investment and Rehabilitation Acts: Improving Services and Empowering Individuals." The purpose of the hearing was to learn about methods to strengthen and improve current programs and results for both job seekers and employers. The Honorable Emily DeRocco, Assistant Secretary, U.S. Department of Labor, Washington, D.C., and the Honorable Robert Pasternack, Assistant Secretary, U.S. Department of Education, Washington, D.C., testified before the Committee on the first panel about the potential benefits of streamlining programs and funding to better serve populations as well as the need to improve coordination between vocational rehabilitation services and WIA programs to better serve individuals with disabilities. Mr. Thomas J. White, President and CEO, Greater Durham Chamber of Commerce, Durham, North Carolina; Mr. Steven Savner, Senior Staff Attorney, Center for Law and Social Policy, Washington, D.C.; Mr. John Twomey, President, National Workforce Association, Washington, D.C.; and Ms. Bettie Shaw-Henderson, District Manager, Michigan Department of Vocational Rehabilitation, Grand Rapids, Michigan, testified before the Committee on the second panel.

Full committee hearing

On Wednesday, February 12, 2003, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, held a hearing in Washington D.C. on "Back to Work: The Administration's Plan for Economic Recovery and the Workforce Investment Act." The purpose of the hearing was to learn about the Administration's proposal to speed the country's economic recovery, a component of which includes Back to Work accounts that provide assistance to help unemployed Americans who are struggling to return to work, and to learn about the Administration's proposal for the Workforce Investment Act reauthorization. The Honorable Elaine Chao, Secretary of Labor, Washington, D.C., testified before the Committee on the first panel. Mr. Kenneth Mayfield, President, National Association of Counties, Washington, D.C., and Dr. Law-

rence Mishel, President, Economic Policy Institute, Washington, D.C. testified before the Committee on the second panel.

Legislative action

On March 13, 2003, 21st Century Competitiveness Subcommittee Chairman Howard P. "Buck" McKeon (R–CA) and Chairman John Boehner (R-OH) introduced H.R. 1261, the Workforce Reinvestment and Adult Education Act of 2003, a bill to amend the Workforce Investment Act of 1998 to provide for the nation's One-Stop workforce development system. The legislation also contains the Adult Basic Education Skills Act, which reauthorizes State programs for adult education, and the provision reauthorizing the Rehabilitation Act of 1973, which provides services to help individuals with disabilities become employable and achieve full integration into society.

On March 20, 2003, the Subcommittee on 21st Century Competitiveness considered H.R. 1261 in legislative session and reported it favorably, as amended, to the Committee on Education and the Workforce by a vote of 15–12. The Subcommittee considered accepted amendments:

- The Subcommittee adopted, by voice vote, a substitute amendment offered by Subcommittee Chairman McKeon (R–CA). The substitute amendment clarifies the distribution of adult funding within states, allows some youth funding to be used to serve in-school youth, addresses the problem of determining system expenditures, adds adult education incentive grants, reinstates the National Institute for Literacy, and makes other technical changes.
- The Subcommittee adopted by unanimous consent a technical amendment offered by Representative Isakson (R–GA).

On March 27, 2003, the Committee on Education and the Workforce considered H.R. 1261 in legislative session and reported it favorably, as amended, to the House of Representatives by a vote of 26–21. The Committee considered 19 amendments and adopted the following 9 amendments:

- The Committee adopted, by voice vote, a substitute amendment offered by Subcommittee Chairman McKeon (R–CA). The substitute amendment ensures confidentiality of student records, allows states to measure customer satisfaction, amends the provisions relating to in-school youth, adds Family Literacy to the adult education program, reauthorizes the Helen Keller National Center Act, and makes additional technical changes. The amendment also removes Back to Work accounts from the bill, which had already been approved by the full Committee as a stand-alone bill (H.R. 444). The Back to Work Accounts was temporarily removed pending negotiations on the FY 2004 Budget Resolution.
- The Committee also adopted, by voice vote, an en bloc technical amendment offered by Mr. Isakson (R–GA).
- The Committee adopted, by unanimous consent, an amendment to require states to specify how they will address the needs of ex-offenders, offered by Mr. Davis (D–IL).
- The Committee adopted by a vote of 24–23, an amendment offered by Mr. Osborne (R–NE), which provides that the Commissioner of the Rehabilitation Services Administration will no longer be a Presidential appointment following the service by the current Commissioner.

• The Committee adopted, by unanimous consent, an amendment offered by Ms. Woolsey (D–CA) to allow states to provide programs for displaced homemakers using statewide employment and training funds.
• The Committee adopted, by unanimous consent, an amendment offered by Ms. McCollum (D–MN) that authorizes the Secretary of Labor to provide demonstration retention grants to qualified job training programs upon placement or retention of a low-income individual.
• The Committee adopted, by unanimous consent, an amendment offered by Mr. Andrews (D–NJ) to allow entrepreneurial training to eligible individuals.
• The Committee adopted, by unanimous consent, an amendment offered by Mr. Kind (D–WI) that requires states to specify how they will serve the employment and training needs of dislocated farmers, ranchers, and fishermen.
• The Committee adopted, by unanimous consent, an amendment offered by Ms. McCarthy (D–NY), which includes a "hold harmless" funding provision at 2003 levels pending amended allocation levels.

SUMMARY

H.R. 1261, The Workforce Reinvestment and Adult Education Act of 2003, reauthorizes and amends the Workforce Investment Act of 1998 (WIA), which provides for the nation's One-Stop workforce development system. The legislation also contains the Adult Basic Education Skills Act, which reauthorizes State programs for adult education, and the provision reauthorizing the Rehabilitation Act of 1973, which provides services to assist individuals with disabilities become employable and achieve full integration into society.

WORKFORCE INVESTMENT

H.R. 1261 provides workforce investment services and programs through state and local One-Stop Career Center systems. The goals of the legislation are to provide (1) enhanced employment, retention, and earnings of individuals; (2) increased occupational skills attainment; and (3) improved national economic growth through increased productivity and competitiveness.

The bill streamlines current WIA funding in order to provide more efficient and results-oriented services and programs to strengthen the coordinating infrastructure, eliminate duplication, strengthen resource allocation, improve accountability, enhance the role of employers, and increase state flexibility. H.R. 1261 provides enhanced improvements to the WIA system to effectively address the changing needs of both workers and employers and further address the needs of special populations by promoting a more productive workforce and youth development programs connected to the private sector, postsecondary education and training, social services, and economic development systems.

STATE AND LOCAL WORKFORCE INVESTMENT BOARDS

H.R. 1261 strengthens the membership requirements and the role of the State Workforce Investment Boards. Required member-

ship includes: (1) state agencies responsible for administering the One-Stop partner programs; (2) the state economic development agency; (3) business representatives; (4) local elected officials; (5) worker advocates; and (6) state legislators. The bill continues to require a business majority on the board, and a member of the business community must chair the board. Furthermore, State boards will be responsible for setting policies and priorities affecting the integration of services at the One-Stop Career Center systems to increase support for partner usage and create a more coordinated approach to addressing the workforce needs of each community.

Local Workforce Investment Board membership is streamlined to ensure greater responsiveness to local area needs by appropriately reflecting leading industry sectors and geographical areas and removing the requirement that One-Stop partner programs have a seat on the local boards. Local boards will have the option of creating advisory committees comprised of One-Stop partners and other key parties to provide advice on operational issues. State and local area requirements to submit strategic plans are reduced from five to two years to reflect economic conditions or state/local priorities.

ONE-STOP CAREER CENTER SYSTEM

The bill streamlines the operational cost of the One-Stop system through One-Stop infrastructure funding to alleviate current local negotiation issues. Each mandatory partner program will contribute funds for infrastructure grants. In addition, the State board will establish criteria for and issue certifications of one-stop career centers to ensure appropriate integration of services and consistency across states. Only certified centers are eligible for infrastructure grants.

CONSOLIDATED ADULT EMPLOYMENT AND TRAINING

H.R. 1261 combines the funding streams of the WIA Adult, WIA Dislocated Worker and Wagner-Peyser programs into one funding structure to reduce current duplication and inefficiency. H.R. 1261 authorizes this program at $3.08 billion for FY 04 and such sums as necessary for 2005 through 2009. The bill reserves 10 percent of the funds for the Secretary for national activities. State funding is held harmless at 2003 levels. Fifty percent of the funds are allocated to the local areas and 50 percent is retained by states. Of the State portion, 50 percent is required to go to the local areas for the delivery of core services. In addition, the bill defines "accrued expenditures" and bases the re-allotment of funds on expenditures, minus accrued expenditures, rather than obligations to effectively redistribute unspent, available funds between areas with greater needs.

H.R. 1261 also provides greater flexibility in the delivery of services. Individuals are no longer required to spend a specific amount of time in one tier of service. Individuals are now able to receive the services that are most appropriate for their needs. A priority is placed on unemployed workers, and if funds are determined by a State to be limited, a second-tier priority is placed on low-income individuals. Faith-based providers are added as eligible service providers. In addition, the bill gives States the authority to determine

the standards, information, and data required for eligible training providers to offer services to individuals.

PERFORMANCE MEASURES

H.R. 1261 reduces the number of required performance measures from seventeen to eight, four for adult outcomes and four for youth outcomes, to effectively evaluate the system. As provided under current law, the performance indicators are negotiated between each State and the Department of Labor. State-specific performance targets shall reflect appropriate economic and demographic factors of the population served so as not to create a disincentive to serve hard-to-serve populations. Governors have the authority to add additional measures for use within their State.

YOUTH PROGRAM

H.R. 1261 allows state and local areas to use up to 30 percent of local youth funds for the Youth Program to be spent on in-school youth during non-school hours; however, the bill targets funds on out-of-school youth. H.R. 1261 authorizes this program at $1 billion for FY 04. The distribution formula for the Youth Program includes ⅓ distributed based on the number of high school dropouts, ⅓ on the number of jobless out-of-school youth, and ⅓ on the number of disadvantaged youth. Furthermore, 25 percent of youth funding is available for competitive challenge grant targeted funding. The bill also eliminates the requirement for local Youth Councils, which have generally proven inefficient and ineffective in enhancing local system efforts.

ADULT EDUCATION AND LITERACY

Title II Part A of H.R. 1262 maintains the structure and purpose of the 1998 consolidation of adult education programs as reflected in P.L. 105–220. The funding formula remains the same, however accountability measures have been strengthened, and faith-based providers are allowed to compete to be local providers of adult education services. Because of the increasing number of individuals needing basic skills education in reading, writing, English language acquisition, and math, there is more focus on providing courses in these areas. Programs offered by local providers should include a sequence of rigorous, academic courses and activities leading to proficiency in the basic skills and family literacy. Part B of Title II modifies the mission of the National Institute for Literacy to include all levels of instruction in reading for children, youth and adults, improving the management structure by streamlining the decision making process, and aligning the activities with the objectives of the No Child Left Behind Act in areas of reading instruction and scientifically based research.

VOCATIONAL REHABILITATION

H.R. 1261 contains the vocational rehabilitation state grants program, which is the primary federal program to assist individuals with disabilities prepare for, obtain, and retain employment in order to achieve full integration into society. The bill reauthorizes through 2009 a variety of vocational rehabilitation services, research, training, and advocacy programs designed to assist individ-

uals with disabilities obtain employment. H.R. 1261 also includes transition improvements, state plan strategies used to address the needs identified in an assessment of transition services, and coordination with the Individuals with Disabilities Education Act (IDEA) services, including authorizing the use of alternative means of communication when participating in meetings under IDEA.

The bill also reauthorizes the Helen Keller National Center Act through 2009.

EFFECTIVE DATE

The Workforce Reinvestment and Adult Education Act of 2003 shall be effective immediately upon enactment.

COMMITTEE VIEWS

TITLE I—AMENDMENTS TO THE WORKFORCE INVESTMENT ACT

The Workforce Reinvestment and Adult Education Act of 2003 builds upon the historic Workforce Investment Act (WIA). In 1998, under this Committee's leadership, Congress passed WIA to reform the nation's job training system that formerly was fragmented, contained overlapping programs, and did not serve either job seekers or employers well. WIA consolidated and integrated employment and training services at the local level in a more unified workforce development system.

The WIA system contains the federal government's primary programs for investment in our nation's workforce preparation. Even though the system is still maturing since its full implementation in July 2000, states and local areas have created effective one-stop delivery systems.

Emily DeRocco, Assistant Secretary for the Employment and Training Administration at the Department of Labor, testified before the Subcommittee on 21st Century Competitiveness regarding the successes of the system to date. During program year 2001, 1.1 million people were assisted through WIA funds. (This figure captures only those individuals who receive intensive or training services. Millions of additional individuals accessed self-service job listings and placement assistance through the one-stop centers.) The outcomes for adults, mostly low-income individuals, demonstrated an increased employment rate between program years 2000 and 2001 from 69 percent to 76 percent. Overall, 82 percent of dislocated workers gained employment, up from 76 percent in 2000. Further, individuals replaced at least 100 percent of their pre-dislocation earnings during both program years 2000 and 2001. In addition, the diploma attainment rate for youth increased significantly (from 35 percent to 54 percent) during the same time period.

Yet, more work remains to be completed. Strengthening and improving programs that help Americans get back to work is essential in this time of war and economic recovery. Hundreds of thousands of Americans are searching for good, stable new jobs. The U.S. economy lost 308,000 jobs in February 2003, one of the sharpest drops in recent memory. As of March 2003, the unemployment rate is 5.8 percent. While this is relatively low by historical standards, the unemployment rate was only 4 percent as recently as 2000.

This legislation builds upon and improves the innovative system created in WIA. The Committee believes it is essential that Con-

gress remove barriers in current law that hamper Americans in their efforts to take full advantage of the assistance WIA offers.

The Committee has worked closely with the Bush Administration and the U.S. Department of Labor to incorporate the Administrations' priorities for reauthorization of the Workforce Investment Act, where possible.

In addition to hearings on these issues, the Committee also solicited comments via the Committee web page. As of March 31, 2003, the Committee has received 390 comments, most from individuals rather than associations, which has helped inform the Committee's debate and development of legislation. The Department of Labor also sought comments on WIA reauthorization through a Federal Resister notice published on February 28, 2002. Over 370 comments were received in response to this announcement. The Department also held twelve general public forums throughout the country to seek input on the issues. Over 1,400 people attended the forums, and more than 240 individuals presented oral remarks. Additional forums were held to discuss one-stop services to persons with disabilities and Native American programs.

Local elected officials, who are accountable for implementation at the local level, support H.R. 1261. Larry E. Naake, Executive Director of the National Association of Counties, wrote Subcommittee Chairman McKeon on March 20, 2003 to express the Association's support:

> NACo is very pleased to offer its support for a bill that we believe will substantially enhance the nation's workforce development system while retaining strong roles for local elected officials and local workforce investment boards. Such enhancements as expanding and enhancing the role of business representatives on the local workforce boards, establishing a single block grant for adult programs, clarifying the definition of expenditures to include accruals as well as actual expenditures and developing strategies for direct funding of locally established and locally run one-stops will dramatically improve the policymaking and program implementation aspects of the Workforce Investment Act.

Purpose

The Committee believes that all individuals should be able to participate actively in the decisions that will affect his or her employment and training choices. Therefore, the Committee has added as an additional purpose of WIA "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."

State workforce investment boards

The bill amends the membership requirements and required functions of state workforce investment boards. To better focus the state board on statewide labor market and economic issues, H.R. 1261 streamlines membership requirements. Members include the state agencies responsible for administering the one-stop partner programs; the state economic development agency; business representatives; labor representatives; chief local elected officials; and,

state legislators. As under current law, governors would retain the right to expand board membership. In addition, the Committee has maintained the requirements that a majority of board members be business representatives and the chairperson of the board be a business representative in order to emphasize the importance of the role of business in the system.

The Committee notes that, while strategic planning and delivery of services most appropriately belongs with the local delivery system, the one-stop delivery system created through WIA would be improved with greater continuity of services within states. As a result, H.R. 1261 includes new functions for the state board regarding statewide policies for the one-stop career center system. These include the development of criteria for and issuance of certifications on one-stop centers, allocation of one-stop infrastructure funding, and approaches to facilitating equitable and efficient cost allocation in the one-stop delivery system. The establishment of state-level criteria for one-stop centers should lead to more consistent and better performance within states. In addition, through the functions of the state board, the state-level administrators of the one-stop partner programs will have greater involvement in setting policies regarding the integration of services within the one-stop centers. The Committee asserts that new role should result in increasing their participation in the one-stop system.

H.R. 1261 eliminates the grandfathering provisions that give authority for states to use entities that were in existence prior to the enactment of WIA in place of state workforce investment boards. The Committee notes that the state boards are an important component of the reforms underlying WIA, and this change is intended to ensure state boards, with their enhanced functions, are established. Without enforcing the new board membership, one-stop partner programs may not have appropriate involvement in the workforce development system. The bill also allows the state board to hire staff to assist in carrying out its functions.

H.R. 1261 also revises the WIA planning cycle to require that state plans be submitted every two years instead of every five years. This is intended to ensure that the state plans are dynamic documents that are regularly updated to reflect changing economic situations and reflect state and local priorities.

The Committee wants to ensure that the workforce development needs of certain populations are addressed. Therefore, H.R. 1261 adds additional groups to those for which the states already must include a description in their state plans of how the states will address their needs. The new groups are homeless individuals; ex-offenders; and displaced farmers, ranchers and fishermen. Added emphasis is placed on serving individuals with disabilities by requiring states to assure that services for such individuals are consistent with President Bush's Executive Order 13217, which promotes community-based alternatives for assisting individuals with disabilities.

Local workforce investment boards

Currently, a unit of local government with a population of 500,000 or more, or an area served by a rural concentrated employment program grant recipient, receives an automatic designation as a local workforce investment area, if so desired. H.R. 1261 retains

this requirement but limits the duration of such designation to each two-year planning cycle and provides that continued automatic designation may be denied if the local area did not perform successfully during the preceding two-year period. The bill retains other provisions regarding the designation of local areas so as not to disrupt the operations of local areas.

Current law also permits states to require regional planning and cooperation among local areas that serve a single labor market area, economic development region, or other appropriate contiguous sub-area of a state. H.R. 1261 enhances this authority by allowing states to require a regional plan from such local areas in lieu of separate local plans.

The Committee acknowledges that the large size of the local workforce investment boards under current law have been unwieldy, making the decision making more difficult and deterring the participation of business representatives, in particular. The General Accounting Office (GAO), in its October 2001 report entitled "Workforce Investment Act: Better Guidance Needed to Address Concerns Over New Requirements," observed:

> Private-sector representatives we spoke with are frustrated with the operations of the workforce investment boards under WIA, believing that the boards are too large to effectively address their concerns * * * We were told that the size of the boards makes it difficult to recruit the necessary private-sector board members for several reasons * * * because private-sector representatives must make up the majority of board membership, the larger the board, the greater the requirement for private-sector members, which increases the difficulty of recruiting the requisite number of private-sector members.

The Committee believes that streamlined local board membership will provide greater representation and influence by local business representatives, education officials (particularly community colleges), community groups, and representatives of employees who frequently are frustrated that they are not able to connect with or access resources from the local boards.

To facilitate a more manageable board size, the requirement that each of the one-stop partner programs have a seat on the board is eliminated. The partners would retain significant opportunities to affect local policy, including as a part to the local memoranda of understanding (MOU) establishing one-stop arrangements. In addition, the partner programs have new authority as members of the state boards. The bill also permits the creation of specialized advisory councils as necessary, such as a council of one-stop partners.

Local leaders support the changes to the local workforce investment boards. In a letter to Subcommittee Chairman McKeon, dated March 20, 2003, Stephanie Powers, Chief Executive Officer of the National Association of Workforce Boards (which represents the nation's local business-led boards), said, "We support the changes you have proposed in H.R. 1261 for local WIBs (workforce investment boards), especially the emphasis on private sector leadership and increased local flexibility regarding size and membership."

To increase the effectiveness of the local boards further, the bill provides additional guidance on the type of representatives from

business (including representatives from leading industries and large and small businesses), education (including the local secondary school superintendents and presidents or chief executive officers of postsecondary education institutions), and community-based organizations (including faith-based organizations) that are to be appointed. In addition, board members must represent diverse geographic sections within each local area.

The Committee recognizes that the economy is dynamic and the types of growing industries are changing. No longer are the majority of new jobs in manufacturing. Rather, many new jobs are in technology-based industries and services industries, such as health care.

In recognition of the growing importance of the Information Technology (IT) industry, the Committee believes greater involvement of IT industry representatives is needed on the local and state workforce investment boards. Although there remains significant demand for certified IT workers in many parts of the country, many workforce investment boards have failed to adequately address the needs of the IT industry and the need for IT skilled workers by employers across the board. There needs to be greater awareness within workforce investment boards on the importance of investing training funds in IT-training. Once a determination is made for the need for IT skilled workers, matches can be made between workers selecting IT training, or dislocated IT workers, and employers.

Current law requires each local area to have a youth council to advise the local board on activities related to youth. The Committee understands that these councils have been ineffective in some areas and burdensome to create and operate. Maintaining participation by parents, youth, educators, and other groups has proven difficult. However, local areas should have the option to create such councils if they add value and benefit services to youth in the area. Therefore, H.R. 1261 eliminates the requirement that local boards establish a youth council component, but permits a local board to maintain a youth council if it chooses.

Under WIA, states were given authority to use entities that were in existence prior to the enactment of WIA in place of local boards. This grandfathering provision is eliminated to ensure that the most effective local boards are in place. Further, the local workforce investment plan planning cycle is reduced from five years to two years to be consistent with the state planning cycle and to promote the use of the plan to address changing economic circumstances and priorities.

One-stop delivery system

One of the hallmarks of WIA is that, in order to encourage the development of comprehensive efforts that improve services to both employers and job seekers, local services are provided through a one-stop delivery system. The one-stop delivery system is a methodology for service delivery. It is an effort to increase access to federal and state resources available to help individuals obtain training of their choice. While the WIA funding streams are available for occupational training, there are numerous other federal programs that provide employment and training services. WIA created

one-stop career centers to provide a single point of access for individuals desiring services through these programs.

Currently, 19 federal programs operate as mandatory partner programs within the one-stop delivery system. The programs include vocational education, veterans' employment and training, welfare-to-work, employment services, vocational rehabilitation, trade adjustment assistance, and adult education, just to name a few. These programs must make their services available through the one-stop centers. In addition, optional partner programs may provide their services through the system if the local board and the chief elected official for the area permit the inclusion and the partner program agrees to such participation. H.R. 1261 includes additional option partner programs, which are child support enforcement programs and programs serving individuals with disabilities. The addition of these programs will provide enhanced opportunities to coordinate employment and training services for special populations.

The Temporary Assistance for Needy Families (TANF) program remains an optional partner program under the bill. However, the Committee strongly encourages states to include TANF in the one-stop delivery system. In many States, the TANF system and the workforce development systems are overseen by different entities at the State and local levels. Yet, both operate work programs. Operating TANF in the One-Stop system could reduce the stigma associated with accessing welfare services. In addition, it would encourage a continuum of services for low-income families that may become unemployed after leaving welfare, or may need additional training to move up the career ladder. Creating a formal connection to the WIA system would ensure TANF clients have access to labor market information and job listings maintained at the One-Stops and should enhance connections to the business community. It also could eliminate some duplication at the State level.

The Committee believes that mandatory partnership creates benefits for the partner programs, in addition to improving service delivery for consumers. For example, Dr. Robert Pasternack, Assistant Secretary for Special Education and Rehabilitative Services at the Department of Education, testified before the 21st Century Competitiveness Subcommittee on March 11, 2003 regarding the value of including state vocational rehabilitation programs as a mandatory partner in the one-stop delivery system:

> As partners in the one-stop center, State VR programs have contributed significantly to the enhancement of the one-stop system and the expansion of its capabilities. State VR agencies provide expertise relating to the needs of people with disabilities in many of the local workforce areas. Participation of VR agencies has also been instrumental in creating an awareness of its consumer population among other partners * * * Our partnership in WIA allows greater access to the traditional employment and training resource of one-stop centers for those individuals with less significant disabilities who might otherwise be forced to wait for services, or not receive any services. The VR program has also benefited from closer coordination and collaboration among related workforce programs and services and from increased exposure to an array of additional

service providers and resources (such as the Individual Training Accounts).

Under H.R. 1261, the current provisions regarding the establishment of one-stop delivery systems is moved from Chapter 5 (Comprehensive Adult Employment and Training Activities) to Chapter 3 (Workforce Investment Activities Providers) so as to reinforce the creation of a one-stop delivery system that is independent of WIA employment and training funds. Incorporating these provisions in the general one-stop delivery system chapter is intended to clarify the requirements applicable to the one-stop delivery system.

As previously stated in the description of the state boards' functions, the one-stop centers across states have not provided consistent services to consumers, both job seekers and employers. Therefore, H.R. 1261 provides that the state board is to establish procedures and criteria for certifying one-stop centers and to issue certifications based on those procedures and criteria. The criteria are to include state-developed minimum standards relating to the scope and degree of service integration achieved by the centers involving the programs provided by the one-stop partners. The effect of certification would be to make one-stop centers eligible for infrastructure grants. The intent of the certification process is to promote consistency and quality in the services provided by one-stop centers in a state. No one-stop is required to obtain certification, and local boards retain authority over the identification of one-stop operators.

Under current law, one stop centers must provide access to the programs and activities carried out by the partner programs. In addition, each partner must make available to clients the core services that are applicable to their program. There must be at least one comprehensive one-stop center in each local area, which can be supplemented through a network of affiliated sites if the mandatory partners do not want to fully co-locate. One-stop partner programs are required to contribute a portion of their funds for the operation of the one-stop delivery system. The appropriate portion is to be determined through the MOU development process at the local level. However, this process has resulted in uncertainty of funding and contention among program operators and has forced the WIA funding streams paying for a large share of infrastructure costs, thus reducing the funds available for training. This concern was highlighted by Bruce Stenslie, Director of the Ventura County, CA, Workforce Investment Board who testified before the 21st Century Competitiveness Subcommittee on September 12, 2002, when he said, "Currently, local Boards and administrators have little to no leverage to require local participation, and few incentives to offer those who do engage. The result of this non-participation is that WIA dollars pay an extraordinary share of One-Stop infrastructure costs for core services, leaving little revenue for training."

In order to provide a stable source of infrastructure funding on a statewide basis, H.R. 1261 provides that each of the one-stop partner programs provide a portion of program funds to the governor, who then will allocate such funds to the local areas for the certified one-stop centers in the state. The formula for allocating these funds to the local areas will be developed by the state board. The portion of funds to be provided by each one-stop partner will be determined by the governor in consultation with the state board.

Therefore, the directors of each mandatory partner program will have input into the appropriate amount to contribute. The Committee expects the portion of the funds provided for infrastructure costs will be a very small percentage of the programs' funds, proportionate to the programs' contribution to and use of the one-stop system. The Committee believes the decision on the amount of such funding is best determined within each state depending on each state's needs and delivery systems.

While the infrastructure funding provided through these grants will address the primary common costs of operating one-stop centers, some common costs that would not be covered by these funds would remain. Thus, partner programs and the local boards would continue to develop MOUs to specify how such costs would be paid. Remaining common costs include personnel and the costs of providing the core services that are applicable to participants for each program. Since the basic infrastructure costs would already be addressed, these remaining costs items should be easier to resolve.

H.R. 1261 significantly changes the requirements relating to the certification of eligible providers of training services. WIA created an eligible training provider list to allow customers flexibility in selecting a provider that meets their individual training needs. (Under the law preceding WIA, the Job Training Partnership Act, training participants could only receive services through contracted providers.) However, current eligible training provider provisions include requirements that have proven to be overly burdensome with respect to the specific information required and the scope of the reporting (i.e. reporting performance outcomes for all students in a training program and not just WIA-funded students). Rather than increasing consumer choice as intended, the current requirements have had the unintended effect of reducing customer choice as many qualified providers choose not to participate in the system. Community colleges, in particular, have chosen in many areas not to participate in the system.

H.R. 1261 gives states the authority to determine what provider information and data will be required to establish a list of eligible training providers. This will allow for flexibility to design procedures that respond to the needs of each state. To ensure the quality of providers, states must establish criteria including the performance of providers with respect to WIA's performance indicators. A state may include other factors appropriate to ensure the quality of services and the accountability of providers. In addition, the state shall require that the provider submit appropriate information to assist consumers in selecting a training program. Such state-developed criteria will be developed with the input of local areas and training providers.

The intent is to ensure the retention of key elements promoting consumer choice and provider accountability while allowing states to simplify the process so that more qualified training providers will participate.

The Committee remains committed to protecting the confidentiality of all personally identifiable information about students, and believes such information must not be released without permission of the students or their parents, as appropriate. Therefore, H.R. 1261 specifies that the new training provider eligibility criteria

must comply with the Family Educational Rights and Privacy Act (FERPA).

Current law requires local areas to determine eligible providers of youth services using a competitive process. The Committee notes that this has proven overly prescriptive and difficult in areas with few providers, particularly rural areas. This requirement is eliminated to allow state and local flexibility in using their own procurement systems to determine eligible youth providers.

Youth activities

H.R. 1261 refocuses the current youth development program under Chapter 4 of WIA by targeting activities to out-of-school youth. These youth are currently underserved and face significant challenges to successful employment. No other funding stream is dedicated toward addressing the needs of the out-of-school youth population.

However, there are numerous programs that serve in-school youth, largely through the Department of Education. These include: Title I grants to improve education for the disadvantaged, Reading First, Neglected and Delinquent grants to local educational agencies, Safe and Drug Free state grants, bilingual education instructional services, dropout prevention, special education grants to states through the Individuals with Disabilities Education Act, vocational education, and tech prep education.

H.R. 1261 revises the allotment of funds to the states for youth programs. The Secretary will reserve 25 percent of the appropriation for any fiscal year (up to a maximum amount of $250 million) to provide Youth Challenge Grants. These new grants will replace the expiring Youth Opportunity Grant program.

Of the remaining 75 percent of the appropriated funds, current law reservations of funds for youth activities in outlying areas and Native American programs would be retained. The remainder will be allotted to states on the basis of three factors: 33⅓ percent on the relative number of high school dropouts who are ages 16–21 in the state; 33⅓ percent on the relative number of jobless out-of-school youth who are ages 16–21 in the state; and 33⅓ on the relative number of disadvantaged youth who are ages 16–21 in the state. The new formula would target funds based on the youth population that is to be served by the amended program.

No state may receive an allotment that is less than 90 percent of the allotment percentage of the state for the preceding fiscal year (as under current law), nor can a state receive an allotment that is more than 130 percent of the allotment percentage of the state for the previous fiscal year (which is new). The Committee intends these stop-loss and stop-gain measures to promote funding stability and enhance planning. In addition, the bill contains a small-state minimum of at least 3/10 of one percent of the amount available for allotment to the states to ensure that all states have sufficient resources to administer a viable program.

Under current law, the formula for distribution of funds to states for youth activities is based on factors that do not reflect the number of at-risk youth in states. Two-thirds of the allocation is based on the relative number of unemployed individuals in the state and the relative number of excess unemployed individuals in the state,

only one-third is based on the relative number of disadvantaged youth in the state.

The formula generates significant shifts in funding among states because the formula factors are changing. The Committee asserts that basing the distribution of funds on factors that best reflect the population to be served is most appropriate as it will target resources to areas with the greatest need. However, in order to minimize the disruption to state and local areas, the Committee added a provision to H.R. 1261 that specifies no state shall receive an allocation less than what the state received in 2003. The Committee intends to continue to review the formula to ensure minimum disruption to state and local areas as it is implemented.

States are permitted to retain up to 10 percent of the youth funds for statewide activities (down from 15 percent under current law) to ensure that more funds are distributed by formula to local areas. Eighty percent of the remaining funds will be distributed to local areas based on the same allocation formula for distributing funds to states. The remaining 20 percent of the funds will be allocated using a formula determined by the governor in consultation with the state board and local boards. The formula is to reflect appropriate demographic and economic factors. The discretionary distribution will allow the states to address state-specific issues.

H.R. 1261 establishes new eligibility criteria for the revised youth program. These criteria target services to out-of-school youth. The age for eligibility is changed from 14 through 21 years old to 16 through 21 years old. The exclusion of 14 and 15 year olds reflects a shift to serve out-of-school youth. To be eligible, youths must be one or more of the following: school dropouts; recipients of a secondary diploma or GED or its equivalent, but who are basic skills deficient; court-involved youth; or youth in or formerly in foster care. Priority in the provision of services would be given to school dropouts.

While the primary focus will be on serving out-of-school youth, the Committee recognizes that low-income, at-risk in-school youth can be served effectively with WIA funds, largely through summer employment programs and dropout prevention programs. Therefore, H.R. 1261 continues to allow state and local areas to use up to 30 percent of their youth funds to serve in-school youth if they choose. Services may be provided on school grounds, as appropriate, but only during non-school hours (such as before and after school, or during the summer). To help ease eligibility determinations for in-school youth, those eligible to receive or are receiving free or reduced price school lunch will meet the definition of "low-income" for purposes of this program.

H.R. 1261 establishes a revised list of discretionary statewide activities that includes: assistance to local areas that have a high concentration of eligible youth; supporting the provision of core services in the one-stop delivery system; conducting evaluations of youth activities (in coordination with evaluations carried out by the Department of Labor); providing incentive grants to local areas; providing technical assistance and capacity building to local areas, one-stop operators, one-stop partners, and eligible providers; operating a fiscal and management accountability system; and carrying out monitoring and oversight. Not more than five percent of the

youth funds allotted to the state may be used by the state for administrative activities related to youth and adult programs.

Local program design requirements are revised to require that service strategies developed for each participant be directly linked to one or more of the performance outcomes relating to youth activities.

Additions to the program design requirements include activities leading to the attainment of a secondary school diploma or GED (including recognized alternative standards for individuals with disabilities); preparation for advanced training; and effective connections to employers in sectors of the local labor market experiencing high growth in employment opportunities. The Committee notes that some States and local areas have interpreted the phrase "secondary school diploma or its recognized equivalent" to include skill credentials other than a diploma or GED, contrary to Congressional intent. Therefore, in all areas of the legislation, such language is replaced with "secondary school diploma or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities)."

The Committee added on-the-job training opportunities and financial literacy skills to the program elements that youth service providers may offer.

H.R. 1261 maintains current law safeguards against using WIA youth funds in schools. These protections include prohibitions against federal control over education, the use of the funds for the School-to-Work Opportunities Act, interference with or replacement of regular academic requirements, and development of curricula.

Re-allotment and reallocation of funds

For both the youth and adult programs, current law re-allots states' unobligated funds that at the end of a program year are in excess of 20 percent of the prior year's allotment and re-allots the funds in accordance with the prior year's formula distribution. The amended provision would re-allot unexpended funds that are in excess of 30 percent of all funds available to the state during the program year, including funds carried-over from previous allotments, and re-allot the funds based on the most recent formula distribution. Since expenditures indicate the funds have actually been used by the program, while obligations only indicate commitment to some future use, the change to unexpended funds as the basis for re-allotment provides a better indicator of whether the state is using the resources provided. However, H.R. 1261 excludes accrued expenditures from the amount considered to be unexpended. Such accrued costs may include overhead costs and unpaid bills for training contracts or services rendered. In practice, local areas must set aside funds for accrued costs and therefore such funds truly are not available for other expenditures. The bill defines accrued expenditures.

To accommodate these tighter standards, the required level of use is reduced from 80 percent to 70 percent. However, the overall effect of these changes would be to better identify those states with a significant percentage of unused funds. As under current law, only those states that do not have funds that are being re-allotted are eligible to receive re-allotted funds.

Similar language is included in both the youth and adult programs for re-allotment among state and reallocation among local areas within states.

This revised re-allotment and reallocation language addresses a need to identify accurately the amount of funds available in State and local areas. The Administration has argued that states are carrying over significant amounts of funding from year to year, yet states and local areas respond that these funds have been obligated, meaning the funds have been committed on behalf of WIA customers. Unfortunately, no uniform definition for obligation exists, so the Department of Labor has considered such information unreliable. Therefore, the Department has been using only expenditure data to gauge budgetary need. For the Committee, the GAO examined states' levels of spending and determined that currently, "Labor does not take into account longer-term commitments made to customers and service providers and, as a result, overestimates available funds. Budget decisions based on underestimated spending levels contribute to funding instability in the system and impair the ability of State and local officials to plan."[1] GAO's analysis shows that states have spent an average of 90 percent of program year funding within two years, and the law allows states three years to spend the funds.

In addition, the GAO suggests that the Department needs to communicate spending benchmarks that States should meet. The revised re-allotment provisions for youth and adult funding do just that. H.R. 1261 makes clear the expectation that States should spend at least 70 percent of their available funds each year, while maintaining the ability to carry-forward some funds to address unexpected future needs.

Comprehensive employment and training activities for adults

H.R. 1261 amends Chapter 5 of WIA to establish a comprehensive program of employment and training activities for adults. The Committee consolidates three separate funding streams currently providing overlapping employment-related services to adults into a single, more flexible, comprehensive and effective program. The three current funding streams are the adult employment and training funding stream and the dislocated worker employment and training funding stream authorized under Chapter 5 of WIA and the Wagner-Peyser Act funding for State-administered employment services. These three programs have separate funding formulas, eligibility criteria, performance measures, reporting requirements and other separate elements, although they largely serve the same populations. Employment services are to be co-located with the one-stop centers now. However, contrary to the intent of WIA, some areas have retained separate employment services offices. Consequently, unnecessary duplication of services and confusion for customers (both job seekers and employers) has resulted. Consistent with the principles of program integration underlying WIA, this consolidation will simplify and enhance the delivery of services to adults.

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[1] WORKFORCE INVESTMENT ACT: State's Spending Is on Track, but Better Guidance Would Improve Financial Reporting, page 30

Consolidated funding will allow states and local areas to tailor services to meet the needs of their local communities. Diane Rath, Chair of the Texas Workforce Commission, testified before the 21st Century Competitiveness Subcommittee on September 12, 2002 on the need for additional flexibility:

> The restrictive formula allocations in WIA, however, limit the assistance that states and local workforce areas can provide * * * one-size-fits-all truly does not fit in a large and diverse state such as Texas * * * in the Rio Grande Valley, the unemployment rate in the McAllen-Edinburg-Mission MSA stood at 13.3 percent in July 2002, the state's highest. Despite this high rate, the area does not need additional Dislocated Worker funding or Youth funds, but instead needs funding to upgrade the skills of Adult residents in the area to enable them to meet employers' needs. Similarly in the Dallas area, with unemployment at 7.2 percent, the local workforce board does not need Adult funds, but it desperately needs Dislocated Worker funding in order to respond to the needs of the employers and residents in the area.

The Committee also believes that the consolidated grant will help facilitate further coordination with the welfare system authorized under the Temporary Assistance for Needy Families (TANF) program. In areas where TANF is provided through the one-stop delivery system, TANF funds could be used for low-income individuals and WIA funds would be available to assist unemployed workers and those seeking better jobs or new careers.

H.R. 1261 changes the title of chapter 5 of WIA from "Adult and Dislocated Worker Employment and Training Activities" to "Comprehensive Employment and Training Activities for Adults." Throughout the bill, references to the separate dislocated worker funding, which is being consolidated, are eliminated.

The bill revises the allotment of funds to states and reservations for national activities. Under current law, the Secretary of Labor reserves 20 percent of the dislocated worker funding stream to fund national activities. H.R. 1261 allows the Secretary to reserve ten percent of the amount appropriated for the consolidated adult program, with not less than 75 percent of that amount to be used for national dislocated worker grants (currently referred to as national emergency grants) to assist workers displaced by mass layoffs and natural disasters. In addition, not more than 20 percent of the Secretary's reserved funds are to be used for demonstration projects, and not more than 5 percent are to be used to provide technical assistance. Given the recent economic instability, the national reservation will provide some additional resources to serve dislocated workers. These grants (currently called national emergency grants) have proven to be invaluable in providing additional, targeted assistance to states and local areas responding to large worker dislocations. The remaining 90 percent of the appropriated amount would be allotted to the states.

Under current law, the funds are distributed on three separate formulas for the three adult programs. H.R. 1261 revises the allotment formula to the States to reflect the more relevant criteria from the funding streams that are being consolidated. The reserva-

tion for outlying areas is retained at the current WIA level. The new formula for allotments to the states is based on four factors: 60 percent would be allotted based on each State's relative share of unemployed individuals (a factor currently used for the dislocated worker and Wagner-Peyser funding streams); 15 percent would be allotted based on each State's relative share of excess numbers of unemployed individuals (a factor currently used by both the adult and dislocated worker funding streams); 15 percent would be allotted based on each State's relative share of individuals in the civilian labor force (the primary factor currently used by the Wagner-Peyser funding stream); and 10 percent would be allotted based on each State's relative share of disadvantaged adults (a factor used in the current adult funding stream). These factors are intended to promote funding stability and to reflect the population to be served, and are weighted in accordance with the purposes of the new program.

The allotment formula includes a minimum percentage that would ensure states receive an allotment percentage not less than 90 percent of the previous year's allotment percentage (for FY 2004 the previous year's percentage would be based on the percentage of funds allotted to States under the three separate funding streams). The Adult and Wagner-Peyser funding streams currently include this 90-percent hold harmless. The allotment formula also includes a maximum percentage of 130 percent of the previous year's allotment percentage, which is part of the current adult formula. The Committee notes that these protections should create more stability in funding for states. Currently, the dislocated worker funding stream has no stop-loss or stop-gain protections. While the current formula was designed to allow funds to flow to those states most in need, there have been significant shifts in funding from year to year. As a result, states have been unable to plan their programs effectively. The new provisions should address this instability.

The formula also includes a small State minimum allotment to ensure small States have sufficient resources to operate a viable program. Currently, both the adult and Wagner-Peyser formulas include small state minimums.

The Committee notes that, as the new formula is implemented, some states will experience decreases in funding. Therefore, the Committee has specified that, at a minimum, each state will receive a grant that is not less than the amount the state received for the three adult programs in 2003. The Committee intends to continue to examine the adult formula to ensure that funds are distributed appropriately with minimum disruption to states.

H.R. 1261 further specifies within state allocation of funding. A governor may reserve up to 50 percent of the state's allotment for statewide activities. The adult program under WIA currently allows the Governor to reserve up to 15 percent for statewide activities, the dislocated worker program allows the Governor to reserve up to 40 percent (including 25 percent for rapid response, which will continue to be a statewide activity), and employment services under the Wagner-Peyser Act are entirely State administered. The 50 percent reserve allows the State to retain a comparable level of resources to what is currently administered at the State level under the three programs.

However, the Committee notes that funds currently received by states to operate the employment services system largely are administered at the local level through the one-stop career centers or in separate employment services offices. The Committee aims to provide funding for the provision of local employment and training services at least equivalent to current funding. Therefore, governors are required to use at least 50 percent of each state's share of the adult funding to support "core" services in local areas, consistent with local plans, through one-stop delivery systems. The governor of each state will distribute such funds to local areas through a method of distribution developed in consultation with the state board and local boards. The method of distribution shall be objective and geographically equitable. The funds may be used by states to employ state personnel to provide core services in designated local areas in consultation with local boards.

The remaining 50 percent of the overall state allotment is to be allocated to the local areas within the state. The separate formulas for adults and dislocated workers are eliminated. Under the bill, 80 percent of the funds are to be allocated in accordance with an established formula that uses the same factors and weights as the national allotment formula (i.e., 60 percent on each local area's relative share of unemployment, 15 percent on excess unemployment, 15 percent on the civilian labor force, and 10 percent on disadvantaged adults) and also include stop-loss and stop-gain provisions to stabilize funding.

The remaining 20 percent of funds are to be allocated to local areas based on a state-developed formula. Currently, the WIA adult program permits States an option of using a discretionary formula under which 70 percent of the formula is based on established factors and 30 percent may be based on factors that relate to excess unemployment or excess poverty. The dislocated worker program allows the Governor to establish a formula that includes certain prescribed factors. Under the bill, the Governor is to determine, after consultation with the state board and local boards, the appropriate economic and demographic factors to be used to allocate this portion of the funds. The formula must be objective and geographically equitable. This provision gives state and local areas the ability to target funds as necessary to address unique state or local factors.

H.R. 1261 also retains the current local administrative cost limit under which local areas may not expend more than 10 of the allocation for administrative costs. As under current law, these funds may be used for the administrative costs of both the adult and youth programs (as may youth administrative funds).

The bill also specifies statewide employment and training activities. Under current law, rapid response services to assist dislocated workers are a required statewide activity with a specific reserve of 25 percent of the state's dislocated worker allotment. The bill would retain the requirement that these services be provided by the state, but eliminates a specific reserve amount. The intent is to allow the Governor to manage the portion of the state reserve that is not spent to support core services in accordance with the needs of the State.

This bill, similar to the provisions relating to statewide activities for youth, removes the remaining categories distinguishing allow-

able and required statewide activities to allow greater administrative flexibility. The developing of strategies for effectively serving hard-to-serve populations and for integrating one-stop partner programs are added as allowable statewide activities. The other identified activities, including incumbent worker training projects and services to displaced homemakers, are retained from current law. Also retained is the current law limitation on State administrative expenses, which are not to exceed 5 percent of the allotment.

With the consolidation of the three adult funding streams, the Committee expects that all former employment services functions will be maintained through the provision of core services within the one-stop delivery system. Under current law, both WIA and the Wagner-Peyser Act provide funds for services to connect job seekers with available jobs, including job search and placement assistance. Regardless of income, all adults are eligible to receive these services. Many one-stop career centers offer such services through self-serve computer stations where individuals may access job listings, write a resume, and more. Under WIA, these are called "core services" while under Wagner-Peyser they are called "labor exchange services." Although each law has a different term, the services are essentially the same.

H.R. 1261 incorporates as core services two functions specifically identified in the Wagner-Peyser Act that are not specified as core services in current law: appropriate recruitment services for employers and the administration of the work test for the unemployment compensation system.

Through the consolidation of the three adult funding streams, the Committee aims to provide states and local areas flexibility to provide core services without the bureaucratic headache of administering three funding streams that provide the same services under current law. H.R. 1261 also includes a sub-state allocation that provides local areas with adequate funding to maintain services, while also assuring that state funds that formerly supported employment services flow locally to support core services. Governors have the option of either providing the funds to the local areas or utilizing the talents of state employees to provide the services locally in the one-stop centers. Therefore, the expertise of current state employees will be maintained and will continue to benefit individuals and employers seeking services through the one-stop centers.

Under current WIA law, one-stop operations can be competitively bid with services typically being provided by government employees. Under Wagner-Peyser, there is a regulatory requirement that labor exchange services be provided by state merit staff employees. However, there is a demonstration operating in Colorado, Michigan and Massachusetts through which the three states are relieved of this burdensome requirement. Having local government staff provide all core and labor exchange services in these three states has worked well, and the Committee believes all states should be afforded this same flexibility.

Through WIA, two other levels of services also are provided. "Intensive" services include comprehensive assessments, case management and one-on-one career counseling, short-term prevocational services, and more. "Training" services include occupational skills training, on-the-job training, entrepreneurial training, customized

training, and more. Under current law, one must utilize at least one service in each level before moving on to the next level of service, but there is no federally required minimum time period for participation in core and intensive services before one can access training assistance. However, some states have interpreted current law as requiring that all participants must participate in core services for a specified period of time before being eligible for intensive services, and likewise requiring intensive services before training. This has sometimes resulted in services being denied or delayed, and limited the flexibility of States and local areas in tailoring services to meet individual needs. There have also been questions as to what sort of employment is the appropriate goal in assessing whether an individual can obtain employment through particular services. Current law simply refers to the term "employment" in reference to unemployed individuals and uses the term "employment that leads to self-sufficiency" for employed workers.

To address these issues regarding the "sequencing of services," H.R. 1261 amends the eligibility requirements for intensive services to provide that if an individual is "unlikely or unable to obtain suitable employment" through core services, and, as in current law, is determined to be in need of those services, he or she would be eligible. This provision also provides that the Governor is to define the term "suitable employment." Adding the language "unlikely or" clarifies that the determination of whether core services will be sufficient to obtain employment may be made prospectively, not only after a time period has elapsed. Therefore, if an assessment indicates that intensive services will be needed in addition to core services, those services could be provided. In addition, by identifying the employment for purposes of this determination to be "suitable employment," as defined by the governor, the particular circumstances of the participant could be taken into account. For example, while one might be able to find a job it may not be comparable to the person's previous employment or consistent with the individual's employment goals, and therefore it would not be suitable employment. Similar provisions apply to individuals' eligibility for training services. These amendments, therefore, provide important flexibility to states and local areas in the provision of core, intensive, and training services.

Tim Barnicle, Co-Director of the Workforce Development Program at the National Center on Education and the Economy, who testified before the 21st Century Competitiveness Subcommittee on September 12, 2002, explained how the required sequencing of services may have resulted in individuals failing to receive some necessary training when he said, "While training is increasingly being provided to individuals in need of such services throughout the workforce system, there was some confusion in the initial implementation of the Act. Many states and localities interpreted WIA as encouraging a "work-first" only approach to service delivery resulting in a reduction in the provision of training services."

Three services are added to the list of allowable intensive services: internships and work experience; literacy activities relating to basic work readiness and financial literacy activities; and out-of-area job search assistance and relocation assistance. The Committee believes that allowing literacy activities to be provided as an

intensive service, and not just as a training service, will increase access to such services for those who need them.

The Committee notes that private-sector employment agencies play an important role in providing employment opportunities to America's workforce. The Committee encourages local boards and one-stop operators to refer to and contract with such firms. This would enhance the ability of local boards and one-stop operators to make job placements, especially to businesses that do not traditionally use one-stop services to fill vacancies.

Since H.R. 1261 consolidates three funding streams, a new priority of service delivery must be included. Under current law, the dislocated worker funding stream serves primarily unemployed workers, and the adult funding stream has a priority for low-income individuals. The revised provision would create a priority of service for unemployed individuals in the provision of intensive and training services under the comprehensive adult program. In addition, if funds in the local area for serving recipients of public assistance and other low-income individuals are limited, then the priority for intensive and training services is to be extended to such recipients and low-income individuals.

Training currently is provided primarily through "individual training accounts," or ITAs. Individuals that receive an ITA voucher can choose training courses available through eligible training providers.

The Committee believes that local areas should have the flexibility to combine funds available for training under WIA with other training resources. Therefore, H.R. 1261 authorizes local areas to assist participants in enhancing these accounts so that funds from sources other than the adult program may be included. This is intended to facilitate the acquisition of training and maximize the number of individuals that can be assisted through training.

H.R. 1261 adds new activities to the current list of permissible activities that local areas may carry out. The first activity is customer support to navigate among multiple services and activities for special participant populations that face multiple barriers to employment, including individuals with disabilities. These "navigators" are intended to facilitate the access of special populations to the services and activities available through the one-stop system. The Committee has heard that such populations, especially individuals with disabilities, have not been as well served through the one-stop system as Congress intended. The Committee anticipates this additional assistance to such individuals will increase their utilization of the one-stop delivery system and improve the quality of services they receive.

The second new permissible activity is employment and training assistance provided in coordination with child support enforcement activities of the State agency carrying out title IV–D of the Social Security Act. This coordination is intended to facilitate the employment of unemployed or underemployed non-custodial parents, thus enabling them to pay child support.

Program operators continue to search for ways to "make work pay" for low-income families. Work supports, such as child care, often contribute to job retention. In addition, many low-income workers need and desire advancement services. Therefore, H.R. 1261 authorizes the provision of work support activities for low-

wage workers. Specifically, the adult program, in collaboration with appropriate one-stop partners, is authorized to provide work support activities designed to assist low-wage workers in retaining and enhancing employment. These activities may include assistance in accessing financial supports. In addition, these activities may include the provision of services through the one-stop delivery system in a manner that makes it easier for these workers to participate in the one-stop activities, such as employment and training activities during non-traditional hours, and on-site child care.

An additional permissible activity for local areas will be incumbent worker training programs. Under current law incumbent worker programs are only authorized at the State level. Under this provision, the local board may use up to ten percent of funds allocated to a local area for incumbent worker training. The training must be carried out in conjunction with the workers' employers for the purpose of helping the workers in obtaining the skills necessary to retain employment and avert layoffs. Employers participating in incumbent worker training programs would be required to pay a portion of the costs of training the incumbent workers. The governor may establish the portion or delegate this responsibility to the local board, but the portion may not be less than 10 percent for employers of 50 or fewer employees, 25 percent for employers with 51–99 employees, and 50 percent for employers with 100 or more employees. The wages paid by an employer may be included in the calculation of the match.

This provision is intended to provide some flexibility for the one-stop system to respond to the needs in the local area and assist in avoiding potential layoffs. The matching requirement is intended to ensure there is appropriate employer commitment to the training program.

Bruce Stenslie, Director of the Ventura County, CA, Workforce Investment Board, testified before the Subcommittee on 21st Century Competitiveness on September 12, 2002 that incumbent worker training is valuable for several reasons:

> Our work doesn't stop when a welfare recipient or any worker is employed, but rather continues to help clients attain self-sufficiency and to become full participating members of the labor force. This requires a continuing engagement with employers * * *. We have documented the prevention of layoffs by investing in business through employed and incumbent worker training, to improve their skills and to keep them employed.

Performance accountability system

Since implementation of WIA, states and local areas have raised concerns regarding the seventeen statutory performance measures applicable to the formula programs. The current performance measures have been perceived as too numerous and overly burdensome. In addition, the utility of some of the measures (such as customer satisfaction) as federally required measures has been raised. In order to promote consistency in the measures applicable to Federal employment and job training, the Bush Administration has undertaken a common measures initiative for all employment and training programs. In response to the concerns raised and in furtherance of the common measures objectives presented by the Ad-

ministration, the Committee reduced the number of performance measures from seventeen to eight (four for adults and four for youth).

The Committee believes that the customer satisfaction measure does not provide a uniform measurement by which to evaluate the program on a national level. Therefore, the bill strikes references to the customer satisfaction measure. However, states are explicitly permitted to utilize customer satisfaction measures, and the Committee encourages states to utilize such measures to determine the effectiveness of their programs and to engage in continuous improvement.

Currently, outcomes data only is collected for those individuals that register for intensive or training services. Individuals accessing core services only are not required to register for such services and little information is available regarding the employment status of such individuals and the impact of one-stop services. Therefore, performance data is collected only on a small percentage of individuals utilizing the one-stop delivery system. For instance, according to the U.S. Conference of Mayors, in San Diego County 30,000 individuals were served in the county's six one-stop centers during program year 2001. Of those individuals, 1,200 received training through WIA. The Committee believes that it is critical to capture performance information about all those that the system serves and not just those receiving training. H.R. 1261 drops the exclusion of those receiving self-service and information activities from the measures. Therefore, all participants would be included in the performance measures. This change is intended to ensure accountability in the provision of basic core services, which is a significant component of the one-stop delivery system. The Committee notes that this new requirement should not create a new burden on local areas as most local areas already have the technology (such as swipe cards) to capture information about those that are using the system.

The bill also replaces the current adult program performance indicator of the attainment of a credential with the indicator of the efficiency of the program in achieving outcomes relating to the other three adult indicators. The other indicators, which are retained from current law, are entered employment, earnings, and retention in employment.

In addition, H.R. 1261 amends the youth performance indicators to establish the following four indicators: entry into employment, education or advanced training, or military service; attainment of a secondary school diploma or GED (including a recognized alternative standard for individuals with disabilities); attainment of literacy or numeracy skills; and the efficiency of the program in achieving outcomes relating to the three indicators. The efficiency indicator is new, while the other indicators are similar to current law.

Under current law, the levels of performance for each indicator are negotiated between the Secretary and each State. One concern that has been raised is that these negotiations do not sufficiently take into account economic conditions and the characteristics of the population to be served, thus discouraging services to special populations. H.R. 1261 would revise the current language requiring that such factors shall be taken into account by the Secretary and re-

place it with the requirement that levels be adjusted based on those factors. The bill also identifies the kinds of economic (unemployment rates and job losses in particular industries) and participant characteristics (indicators of poor work history, lack of work experience, low levels of literacy, and welfare dependency) that may be considered.

Local performance measures parallel the amendments made regarding the State performance measures. The same performance indicators are applied to local areas and the requirement that the levels of performance negotiated between the Governor and local areas be adjusted based on economic conditions and the characteristics of the population served is incorporated.

Under current law, performance incentives are only available to states that meet or exceed performance measures for all of the following three programs: WIA, adult literacy and vocational education. This approach has the effect of separating the incentives from the performance of a particular program, and thus reduces the incentive effect. H.R. 1261 links the funding and process for awarding incentives specifically to WIA Title I performance measures. The Secretary may use funds appropriated for national activities to award grants to states for exemplary performance. The Secretary may base the award on performance of states with respect to the performance measures or the performance of the state in serving special populations (which includes individuals with disabilities). The States may use these funds to carry out any youth or adult activities authorized under chapters 4 or 5 of WIA, including demonstrations and innovative programs for special populations.

The bill contains parallel language for rewarding local areas' performance. The governor may use state reserve funds under chapters 4 and 5 toward grants for exemplary performance, which may be tied to the performance measures or services to special populations. Local areas may use the funds for authorized youth or adult activities.

Authorized appropriations

H.R. 1261 authorizes appropriations for the youth and adult funding streams for fiscal years 2004 through 2009. The Committee authorizes $1,001,000,000 for fiscal year 2004 and such sums as may be necessary for each of fiscal years 2005 through 2009 for youth activities. The Committee authorizes $3,079,800,000 for fiscal year 2004 and such sums as may be necessary for each of fiscal years 2005 through 2009 for adult activities. The Committee notes that this is the same funding for 2004 that was provided through the three separate adult funding streams in 2003. The separate authorization for a dislocated worker funding stream is deleted.

Job Corps

Under current law, each Job Corps center must have a business and community liaison. H.R. 1261 strikes the requirement that the director of the center designate a specific community and business liaison, but retains the requirement that the liaison activities be carried out. This is intended to provide new flexibility in the operation of Job Corps centers.

Current law requires that each Job Corps center establish an industry council responsible for such activities as reviewing labor market information to determine the employment opportunities in the local areas for Job Corps students. The bill removes the requirement that the majority of industry council members be "local and distant" employers and instead adds language that encourages the participation of employers outside of the local area who are likely to hire a large portion of Job Corps students. In addition, the Committee specifies that the same performance indicators applicable to the WIA formula youth program are applicable to the Job Corps program. This is consistent with the Bush Administration's initiative to apply common performance indicators to federal job training programs.

National activities

H.R. 1261 removes language that was necessary to help programs transition from the former Job Training Partnership Act (JTPA) to WIA, since it no longer is needed. In addition, the bill clarifies the duties of the Native American Employment and Training Council.

The Committee has maintained authorization for the Migrant and Seasonal Farmworker Programs. However, the Committee encourages one-stops to improve services to the population served through this separate program and further notes that the allowance for one-stop centers to provide access to social and supportive services, housing and other assistance available through partner programs should increase services for such populations in one-stop centers.

As noted previously, 25 percent of the youth activities appropriation, up to $250 million, is reserved for the Secretary to provide Youth Challenge Grants. Of the funds available for the grants, 80 percent would be available for competitive grants and 20 percent would be available for discretionary grants.

The purpose of the competitive grants is to promote collaboration and innovation in providing activities to assist youth in acquiring the skills and employment experience necessary for employment. The competitive grants may be awarded to States, local boards, recipients of Native American program grants, and public or private entities (including consortia of such entities) applying in conjunction with local boards. Initial awards would be made for one year, with four option years available depending upon satisfactory progress and availability of funds. The Secretary is authorized to require that grantees provide a nonfederal share of the cost of activities carried out under a grant.

Funds would be used for the activities described in the youth formula program to states and other activities designed to assist youth in acquiring skills and employment experience, including training and internships in high-growth sectors for out-of-school youth; after-school dropout prevention programs for in-school youth; activities to assist special youth populations, such as court-involved youth and youth with disabilities; and activities combining remediation of academic skills, work readiness training, and work experience.

To be eligible to receive a Youth Challenge Grant, an entity must submit an application to the Secretary that includes a description

of the activities the eligible entity will provide to eligible youth; a description of the programs of demonstrated effectiveness on which the provision of the activities are based; a description of how such activities will expand the base of knowledge relating to the provision of activities for youth; a description of the private and public local and state resources that will be leveraged to provide the activities described; and the levels of performance the eligible entity expects to achieve with respect to the indicators of performance for youth.

Factors to be considered in awarding Youth Challenge Grants include the quality of the proposed project, the goals to be achieved, the likelihood of successful implementation, the extent to which the project is based on proven strategies or the extent to which the project will expand the knowledge base on activities for youth, and the additional state, local or private resources that will be provided. The Secretary may reserve up to five percent of the Youth Challenge Grant funds to conduct evaluations of the projects.

The Secretary is encouraged to consider the economic and demographic factors of local areas when determining whether to approve a Youth Challenge Grant application. The Committee expects such funds will be targeted toward at risk areas, such as those previously served through the youth opportunity grants, particularly rural areas. In addition, the Committee encourages the Secretary to provide technical assistance to such rural areas to assist them in competing for the grants.

Discretionary Youth Challenge Grants for youth activities are intended to provide the flexibility to assist a variety of entities and organizations in providing innovative and effective activities for eligible youth, including special populations. The Secretary may award discretionary grants to public or private entities that the Secretary determines would effectively carry out activities relating to youth. Discretionary grant funds may be used for activities that will assist youth in preparing for, and entering and retaining, employment, including the activities described in the youth formula program for out-of-school youth, activities designed to assist in-school youth to stay in school, and other activities the Secretary determines are appropriate. To be eligible to receive a discretionary grant, an eligible entity must submit an application to the Secretary. The Secretary may require the provision of a nonfederal share for discretionary projects, and may require participation of grantees in evaluations of such projects.

H.R. 1261 amends the current provisions authorizing the Secretary of Labor to provide, coordinate and support training, technical assistance, and other activities. Current law establishing separate technical assistance activities under the dislocated worker funding stream would be deleted. However, the staff training activities for rapid response are retained. Funding for peer review activities and training of recipient staff also is authorized as an allowable use of technical assistance funds.

Current law relating to demonstration, pilot, multi-service, research and multi-state projects is amended in order to better align requirements with current priorities and the new overall direction of the workforce investment system. Allowable projects include: projects that assist national employers to enhance connections with the workforce investment system; systems development activities

that benefit recipients under this title and improve the effectiveness and efficiency of programs; projects focused on high-growth industry sectors; and projects that promote states and local areas to test innovative approaches to delivering workforce services. The list of entities eligible to carry out demonstration and pilot programs is removed in order to allow a broader array of entities to carry out these programs, promoting greater innovation.

Currently the Secretary can provide supplemental funds, upon request of a state, to assist states and local areas in addressing the needs of dislocated workers through national emergency grants. H.R. 1261 changes the name of "National Emergency Grants" to "National Dislocated Worker Grants" to better reflect the population that is to be served through the grants. Current law that requires the Secretary to designate a dislocated worker office to coordinate the functions of the Secretary under title I of WIA relating to employment and training activities for dislocated workers, including activities carried out under the national emergency grants, is repealed to allow the Secretary the discretion to determine how the grants could best be administered within the Department of Labor.

The separate funding authorization for the grants that were authorized under the Trade Act of 2002 to provide assistance in providing health insurance coverage to certain participants in the Trade Adjustment Assistance (TAA) program and certain beneficiaries of the Pension Benefit Guaranty Corporation are maintained.

Current law permits "other entities that demonstrate to the Secretary the capability to effectively respond to the circumstances relating to particular dislocations" to apply for a national emergency grant. This provision is deleted, since the appropriate entities to carry out these grants are the grantees in the workforce investment system and entities approved by the Governor. No entity in this deleted category has received these grants under WIA.

In general, the authorization for the national activities is extended from fiscal years 2004 through 2009. Specific reserve percentages for technical assistance, demonstration and pilot projects, evaluations and incentive grants are deleted. The Committee believes that eliminating these reservations will provide the Secretary with greater flexibility in determining how funds will be utilized.

Administration

Under current law, the Secretary must investigate each allegation of violations of the requirements of title I of WIA. This provision is amended to authorize investigations of such allegations since it may not be necessary or appropriate to conduct an investigation of each one.

Current law prohibits use of WIA funds for employment generating activities, economic development activities and similar activities that are not directly related to training for eligible title I participants. The bill would remove this prohibition to encourage closer ties between workforce development and economic development activities. The current restriction on foreign travel would be maintained.

The nondiscrimination provisions of WIA are amended to provide an exemption for religious organizations with respect to the employment of individuals of a particular religion to perform work connected with the carrying on of its activities. This incorporates the exemption in hiring by religious organizations contained in Title 7 of the Civil Rights Act. Currently under federal law, religious organizations may hire on a religious basis, and any federal legislation governing federal social service funds should continue to protect the rights of religious organizations to hire on a religious basis when they take part in federal social services (in this case, job training) efforts. However, often these faith-based organizations have been excluded from delivering services for which the federal government commits substantial resources—most simply because they have a religious name or identity. President Bush has called on his Administration and Congress to remove these barriers.

Faith-based organizations cannot be expected to sustain their religious mission without the ability to employ individuals who share the tenets and practices of their faith because it is that faith that motivates them to serve their neighbors in trouble. In *Bowen* v. *Kendrick* the United States Supreme Court upheld a program allowing federal funds to be given to faith-based organizations for family counseling, including faith-based organizations that required their employees to follow religious directives. Without the right to continue to hire on a religious basis, religious organizations are likely to simply withdraw from federal social service efforts altogether, to the detriment of people in need everywhere.

The Committee believes that members of faith-based organizations should enjoy the same right to associate with those sharing their unique vision, as other, non-religious but certainly ideological groups currently enjoy. For example, Planned Parenthood may refuse to hire those who do not share its view about abortion. Planned Parenthood Federation of America received over $100 million in federal funds to support reproductive health activities in each of federal fiscal years 1997 through 2000. Equal treatment requires that churches, mosques, and synagogues have the same right to discriminate on ideological grounds.

Under current law, funds under title I of WIA are to be made available for obligation only on the basis of a program year beginning on July 1 in the fiscal year for which the appropriation is made. Youth funds were made available on April 1 of any fiscal year. The bill would delete this exception. This provision was important when summer employment opportunities were a key part of the youth strategy. Having the funds available on April 1 allowed local areas to plan their summer activities. Since the youth program now will be focused on services to out-of-school youth, the funds should be made available on July 1, the same date as are the funds for the consolidated adult program. This change will also reduce planning and reporting burdens on states and local areas.

Under current law, states have three years to spend each year's allotment. H.R. 1261 clarifies that this allowance also applies to Native American grantees.

H.R. 1261 provides new waiver authority for the Secretary of Labor. The Department of Labor will establish an expedited process for extending waivers approved for one State to additional States, provided they meet other applicable requirements. In ad-

ministering the waiver process it has been found that some waivers to address particular issues appear to be appropriate for all States, but under current authority each State must go through a detailed application process to have a waiver extended to their State. This provision would allow the Secretary to expedite that process.

In addition, H.R. 1261 prohibits using funds provided under WIA from being used to establish or operate stand-alone fee-for-service enterprises that compete with private sector employment agencies. Such an enterprise does not include one-stop centers. The Committee understands that in some local areas, local boards have established free-standing enterprises specifically designed to compete with private sector employment agencies. This is contrary to the intent of WIA.

TITLE II—ADULT EDUCATION

In her March 4, 2003 testimony before the Subcommittee on 21st Century Competitiveness, Assistant Secretary for Vocational and Adult Education, Carol D'Amico, summarized the purpose of the federal adult education program as, "The vision for the proposed Adult Basic and Literacy Education Act is that eligible adults have opportunities to improve their basic and literacy skills in high-quality research-based programs that will equip them to succeed in the next step of their education and employment."

As we begin the 21st Century, the need for an educated populace is critical to our success in maintaining our place in the knowledge-based economy, and providing opportunities for all our citizens to reach their highest potential. But there are major challenges ahead of us. In 2001, English as a Second Language (ESL) enrollment was 42 percent of the total enrollment in state-administered adult education programs. The U.S. Census Bureau data from 1999 show that full-time workers, 18 years and older, who have not completed high school earn an average of $23,447 per year. The average for all workers is $43,396. Those without a high school diploma or its equivalent on average earn almost half the salary of the average worker. Employers searching for qualified employees over the past five years have noticed an increasing trend in the number of employees lacking the basic skills needed in the workplace. Increasing numbers of beginning college students are required to take basic skills courses in reading and math before moving into the standard college program.

Currently the federal adult education program serves 2.7 million adults in more than 5,000 federally sponsored centers with 53,000 part time teachers and 10,000 full time teachers.

The 21st Century Workforce Commission reported that, "As never before, there is a premium on American workers who are able to read and understand complex material, think analytically, and use technology efficiently. To stay competitive in the knowledge-based economy employers will need workers who can read, write, compute, solve problems, and communicate well."

In reauthorizing Title II, the Adult Basic Skills and Family Literacy Education section of the Workforce Investment Act, the Committee has placed additional emphasis on ensuring that States and local providers offer research validated basic skills instruction in reading, writing, English language acquisition, and math. Making sure that these skills are solidly in place for all students is a pri-

ority, whether it is those with limited English proficiency, high school dropouts who have not mastered these vital skills, or even high school graduates who have slipped through the cracks in the system and need additional instruction in the basics.

Purpose

In revising the purpose of Title II the Committee believes that clearly defining the skills that are necessary for an adult to become educated enough to compete in a knowledge-based economy is essential. Reading with comprehension, writing with clarity and purpose, speaking the English language proficiently and fluently, and mastering the basic computational math skills remain essential if an individual is to move on to higher levels of education and employment. To make sure that States and local providers clearly understand the terms included in this reauthorization the definitions section has been expanded, or modified to correspond with those in the No Child Left Behind Act. The Committee specifically added definitions for the "essential components of reading instruction," "reading," "scientifically based reading research" and "literacy."

Measuring success

The Committee has expanded the accountability provisions for both State and local providers. The requirement for measuring improvement in "basic skills levels in reading, writing, English language acquisition, and math, leading to proficiency in each skill" have been added to the "eligible agency performance measures" that are in current law. Course offerings in the basic skills must include "sufficiently rigorous instructional practices" as to assure continuous and significant improvement. Progress in these skills must be "objective, quantifiable, and measurable" if the purposes of this title are to be achieved.

The Committee also has provided funds for States to use in offering eligible providers of adult education technical assistance and professional development training on ways to "develop, implement and report measurable progress in achieving the objectives of this title." States are required to include in their State plans "how they will evaluate and measure annually such effectiveness on a grant-by-grant basis," and how they will hold eligible providers accountable in "improving the academic achievement of participants in adult education programs." The Committee believes that cooperation and coordination between State and local providers in offering research based instructional programs in reading, writing, English Language Acquisition and math will insure that participants will reach their goals. States are authorized to "use technical assistance, sanctions, and rewards (including allocation of grant funds based on performance and termination of grant funds based on nonperformance" to hold local adult education providers accountable.

Coordination between adult educators, employers, and providers of higher education

The Committee believes that it is essential that adult educators work closely with "State Workforce Investment Boards, State agencies on higher education, representatives of business and industry, immigrant assistance organizations, including community-based

and faith based organizations" in providing appropriate skill development programs for eligible adults.

National leadership activities

The Committee has authorized national activities to assist States and local providers in developing valid, measurable, and reliable performance data, and in using such performance information for the improvement of adult basic skills and family literacy education programs. The development of model basic and workplace skills education programs, and their effective integration with employment services are important components of improving the delivery of adult education programs. In addition, the Committee has encouraged support for the development of a more efficient delivery system of technology-based, basic skills programs and materials for adult reading, writing, English language acquisition, math, and family literacy education.

Appropriations

The appropriations for Title II (A) for fiscal year 2004 are $584.7 million and such sums as are necessary for fiscal years 2005—2009.

Part B—The National Institute for Literacy

The Committee has expressed concern that the National Institute for Literacy (NIFL) has not achieved the objectives required in current law. NIFL was established in 1991, and its mission was primarily focused on disseminating information on adult literacy. In 1998, the mission was expanded to include dissemination on scientifically based reading research on K—3 programs as identified through the Reading Excellence Act and the Even Start Act. More than $90 million has been appropriated for NIFL since 1991, and although reports to Congress have been required, none has even been transmitted. Thus, the Committee has no way of making a determination on what products have been developed, or what impact NIFL has had over the twelve years it has been authorized. The NIFL section of Title II was not included in the introduced bill (H.R.1261). However, a significantly revised version of NIFL was included in the Full Committee substitute that passed on March 27, 2003.

Purpose

The mission of NIFL has been modified to be consistent with the provisions of the No Child Left Behind Act (NCLB) for national leadership in "promoting reading research, reading instruction, and professional development in reading based on scientifically based research." In addition to the $6.7 million currently authorized for NIFL an additional $7 million is authorized under Part B of NCLB and the Even Start Family literacy program for NIFL. The Committee has modified the mission to focus on widely disseminating "information on scientifically based reading research to improve academic achievement for children, youth, and adults." Since learning to read is the gateway skill that opens the door to all other learning, the Committee believes that the most effective way to reduce the number of illiterate adults is to educate children and youth before they graduate from high school. That process will take

time, and thus the Committee is committed to insuring that adults receive the most effective instruction in reading that is available.

Establishment

NIFL is established as an independent agency, to be administered under the supervision of a Board appointed by the President and confirmed by the Senate. A Director, appointed by the board, in consultation with the Secretary of Education manages the day-to-day activities of the Institute. The Committee has ensured that there will be coordination between other federal agencies, such as the Departments of Labor, Health and Human Services, and the National Institute for Child Health and Human Development, but has removed the current Interagency Group management arrangement because it has been confusing and inefficient. The Director's term is three years and may be extended for an additional three years should the Board approve such an extension.

Administration and accountability

The Committee has clarified and expanded the duties of the Board to provide policy guidance and advice to the Director in administering the Institute. The annual budget request is to be transmitted to both the Office of Management and Budget and the Congress annually. A biennial report is to be submitted to the Committee on Education and the Workforce in the House, and the Committee on Health, Education, Labor and Pensions in the Senate providing a comprehensive and detailed description of the Institute's operations, activities, financial condition, and accomplishments in carrying out the purposes of the Institute, along with a summary description of how the Institute will advance its mission in the next biennium.

National leadership

It is the intent of the Committee that the Institute will work closely with the Secretary of Education, in particular with the Reading First Director, the Director of the Institute for Education Sciences, the Director of the National Institute for Child Health and Human Development, and the National Research Council in advancing scientifically based reading instruction for children, youth and adults. For decades reading scores for children, youth and adults have been inadequate for a nation with more resources and programs dedicated to improving reading instruction than any other nation on earth. In NCLB the budget for reading instruction was tripled, and the Committee believes it is essential to provide the currently available information on scientifically based reading instruction for teachers, parents, school boards, state legislators, Members of Congress, and Federal agencies. The Institute will "establish a national electronic database of effective reading programs for children, youth, and adults that include the essential components of reading instruction, and disseminate such information to parents, teachers, State and Federal elected officials, and the public." The Committee expects the Institute to conduct periodic reviews of research, including randomized field trials, on reading programs, federal reading policies, and reading program implementation using a board of visitors similar to that being currently used by the National Science Foundation. Widely disseminating objec-

tive, unbiased information on reading instruction is the best and most effective way to provide the American public with the tools to reduce and ultimately eliminate the scourge of illiteracy.

Definitions

The Committee has included the definitions of "scientifically based reading research," "reading" and the "essential components of reading instruction" that have the meanings given to those terms in NCLB. It is important to have definitions that are consistent throughout federal law so that States and local providers understand the intent of Congress in federal reading policy.

Appropriations

The appropriations for the Title II (B) are at $6.7 million for fiscal year 2004, and such sums as necessary in fiscal years 2005—2009.

TITLE III—AMENDMENTS TO THE WAGNER-PEYSER ACT

The Wagner-Peyser Act authorizes the current employment services system and the employment statistics system. Because the employment services funding is part of the consolidated adult grant under WIA, and because the employment services functions are being assumed into the one-stop delivery system, H.R. 1261 repeals sections one through thirteen of the Wagner-Peyser Act. These sections authorize the stand-alone employment services system.

H.R. 1261 amends the current employment statistics system authorized under the Wagner-Peyser Act and renames the system the Workforce and Labor Market Information System. The requirement for the Secretary to prepare an annual plan for management of the nationwide employment statistics system is eliminated. This plan has not proven useful. In place of the plan requirement is an authorization for the Secretary to assist in the development of national electronic tools that may be used to facilitate the delivery of core services and provide workforce information to individuals through the one-stop and other appropriate delivery systems.

The current law provisions relating to consultations between the Secretary and state employment statistics officials would be simplified to provide that the Secretary, working through the Bureau of Labor Statistics (BLS) and the Employment and Training Administration, must regularly consult with representatives from the designated state agencies on strategies for improving the workforce and labor market information system. At least twice each year, the Secretary, working through BLS, would conduct formal consultations on BLS programs with representatives, elected by and from state directors affiliated with the designated state agencies, from each of the ten Department of Labor regions. This formal consultation and election process is similar to current law.

The authorization for appropriation for the Workforce and Labor Market Information System is extended to 2004 through 2009.

TITLE IV—AMENDMENTS TO THE REHABILITATION ACT OF 1973

The Rehabilitation Act of 1973 is the nation's major program providing comprehensive vocational rehabilitation (VR) services to help persons with disabilities become employable and achieve full integration into society. The primary program within the Act is the

state grant VR program under Title I. It provides formula grant funds to states for VR services to assist persons with significant disabilities to become employed in integrated work settings.

The 1998 reauthorization of this Act simplified certain aspects for VR consumers, expanded consumer choice of services and providers, and required that the VR system be coordinated with the WIA system. The last reauthorization also required VR consumers to be involved in their VR planning process, giving them more choice in the development of their individualized plans for employment. The Committee believes these changes are impacting the VR system positively and are resulting in improved outcomes for clients. As a result, few changes are deemed necessary in this Act.

The Department of Education's Commission examining the Individuals with Disabilities Education Act (IDEA) suggested that the transition from IDEA services to postsecondary activities needs improvement. Therefore, H.R. 1261 contains new language requiring states to set clear goals about improving the alignment of transition services in both vocational rehabilitation and special education. There is also new language directing states to conduct an assessment of transition services and how those services are coordinated with services under IDEA. The bill provides additional coordination with IDEA services by clarifying that rehabilitation counselors (under VR) may use alternative means of communication (such as video conferencing and conference calls) when participating in Individualized Education Program meetings under IDEA. While recognizing the importance of transition services, the primary problem seems to be a lack of coordination and consultation between the two systems, not necessarily a lack of programs. The new language in the bill will help improve the coordination of transition services and improve collaboration between the two systems.

The bill also changes the position that heads the Rehabilitation Services Administration within the Department of Education from a Commissioner appointed by the President and approved by the Senate to a Director appointed by the Secretary. The Committee notes that this is a simple and important change to the administrative functioning of the Department of Education to help make the Department operate more effectively and ensure that there is a consistent policy view over all the Department's programs that deal with disability policy. This change is consistent with President Bush's Management Agenda, through which the President is calling on agencies to reduce the number of managers and organizational layers thereby reducing the time it takes to make a decision and ensuring there is one unified voice speaking for the Department on disability policy.

The Assistant Secretary of Special Education and Rehabilitation Services oversees the Director of the Office of Special Education Programs and the Director of the National Institute of Disability Research and Rehabilitation. This proposal places the Rehabilitation Services Administration on equal footing with those two important offices, and reaffirms the importance of coordinating federal policy across these three vital offices though the office of the Assistant Secretary.

Administration after Administration has struggled with having two individuals appointed by the President and confirmed by the Senate working within the same office. Providing this clarity will

establish a clear sense of purpose to these offices, enabling the Department to focus more on providing high-quality services to individuals with disabilities.

The bill authorizes programs under the Rehabilitation Act of 1973 through 2009. H.R. 1261 also reauthorizes the Helen Keller National Center Act through 2009.

TITLE V—TRANSITION AND EFFECTIVE DATE

Title III contains transition provisions and the effective date. The Secretary shall take such actions as the Secretary determines to be appropriate for the orderly implementation of this Act. Except as otherwise provided by this Act, the amendments made by this Act are to take effect upon enactment.

SECTION-BY-SECTION ANALYSIS

Section 1. Designated the short title of this act as the "Workforce Reinvestment and Adult Education Act of 2003."

Section 2. Establishes the table of contents for the Act.

Section 3. Specifies that, if there is an amendment or a repeal in the Act, unless otherwise specified it is considered made to the Workforce Investment Act of 1998.

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

Section 101. Modifies and adds definitions under this Title.

Section 102. Amends the purposes of the Workforce Investment Act of 1998 (WIA).

Section 103. Amends section 111(b) to stipulate the members of the State Workforce Investment Boards and authorizes the State board to hire the necessary staff to carry out this mandate.

Section 104. Changes the state planning cycle from a 5-year strategy, to a 2-year strategy.

Section 105. Amends the automatic designation of local areas and allows regional planning in lieu of separate local plans.

Section 106. Amends section 117 of WIA to specify the composition and functions of the Local Workforce Investment Boards. Eliminates the requirement for Youth Councils.

Section 107. Amends section 118 to change the local planning cycle from 5-years to 2-years and promote continuous improvement in service delivery.

Section 108. Amends section 121 to add Ticket to Work, child support, and programs for individuals with disabilities as new optional partner programs within the one-stop delivery system. Moves the creation of the one-stop delivery system from section 134 to section 121, requires State boards to certify one-stop centers for the purposes of awarding infrastructure funds, and requires one-stop partners to contribute funds for infrastructure grants.

Section 109. Amends section 122 to allow Governors to identify eligible providers of training services.

Section 110. Repeals requirement for the competitive process to determine eligible providers of youth services.

Section 111. Amends chapter 4 of WIA to target out-of-school youth, while allowing States and local areas to serve some in-school youth. Allots 25% of the appropriation for any fiscal year for na-

tional Youth Challenge Grants. Amends the allotment of funds to states and local areas, youth participant eligibility, and youth activities.

Section 112. Amends chapter 5 of WIA to establish a comprehensive program of employment and training activities for adults. The section amends the allotment of funds to states, changes the allotment formula for states and local areas, amends the reallotmment provisions, retains current local administrative cost limit, and removes references to separate dislocated work funding stream. The section also amends the use of funds for employment and training activities and the State and local level and removes the current sequencing of services requirements.

Section 113. Simplifies the performance accountability system established in section 136.

Section 114. Amends section 137 to authorize appropriations for all programs in the legislation for 2004 through 2009.

Section 115. Amends subtitle C to clarify the business and community participation under the Job Corps program.

Section 116. Amends the Native American Programs authorized under section 166.

Section 117. Amends section 169 to authorize Youth Challenge Grants to assist youth in acquiring skills, credentials, and employment experience.

Section 118. Provides technical assistance and support training to dislocated workers.

Section 119. Amends the Workforce Investment Act in order to realign requirements with current priorities for the Workforce Investment System.

Section 120. Changes the program entitled "National Emergency Grants" to "National Dislocated Worker Grants".

Section 121. Extends the authorization of appropriations in the Workforce Investment Act for national activities through 2009.

Section 122. Amends the limitations in section 181(e).

Section 123. Applies current law exemption for Faith Based Organizations with respect to hiring people of a particular religion.

Section 124. Expands the Secretary's waiver authority.

Section 125. Clarifies that no funds under this act shall be used to establish fee-for-service agencies that compete with private sector employment agencies.

TITLE II.—ADULT BASIC SKILLS EDUCATION

Section 201. Establishes the table of contents of Title II.

Section 202. Amends Title II to read as follows:

"TITLE II.—ADULT BASIC AND FAMILY LITERACY SKILLS EDUCATION

"Section 201. States the short title as the "Adult Basic Skills and Family Literacy Education Act."

"Section 202. Sets forth the purpose of this Title.

"Section 203. Modifies and adds definitions under this Title.

"Section 204. Sets forth provisions exempting home schools from requirements of this Act.

"Section 205. Contains provisions pertaining to the authorization of appropriations.

"CHAPTER 1. FEDERAL PROVISIONS

"Section 211. Contains provisions pertaining to reservation of funds; sets forth provisions regarding grant eligibility, purpose, and allotment of funds, states the definition of a qualifying adult; and contains provisions regarding eligibility for the Freely Associated States.

"Section 212. Establishes a performance accountability system; sets forth performance measures and indicators; and contains provisions regarding the submission of an annual report by eligible agencies and requirement on its dissemination by the Secretary.

"Section 213. Sets forth provisions regarding incentive grants for states.

"CHAPTER 2. STATE PROVISIONS

"Section 221. Sets forth provisions regarding state administration and state-imposed requirements.

"Section 222. Contains provisions regarding state distribution of funds and sets forth requirements regarding non-federal matching contributions for eligible agencies.

"Section 223. Contains provisions regarding allowable state leadership activities.

"Section 224. Requires the submission of a six-year state plan by grant applicants and sets forth requirements for six-year state plans, plan revisions, and plan approval.

"Section 225. Authorizes a program for corrections education and education for institutionalized individuals; and states definitions of criminal offender and correctional institution.

"CHAPTER 3. LOCAL PROVISIONS

"Section 231. Contains provisions regarding grants and contracts for local providers and local activities; sets forth provisions regarding direct and equitable access for eligible providers; and requires eligible providers to establish a set of measurable goals.

"Section 232. Sets forth provisions regarding requirements for local grant and contract applications.

"Section 233. Contains provisions regarding local administrative cost limits.

"CHAPTER 4. GENERAL PROVISIONS

"Section 241. Requires that federal funds supplement not supplant state or local funds expended and contains provisions regarding the maintenance of effort.

"Section 242. Requires the Secretary to establish and carry out a national leadership activities program and contains provisions regarding allowable activities."

Part B. National Institute for Literacy

Section 211. States the short title as the "National Institute for Literacy Establishment Act" and contains provisions with regard to the purpose of this Part.

Section 212. Establishes the National Institute for Literacy to be administered by a Director and sets forth provisions regarding the

Office of the Director, including the Director's appointment, qualifications, term, and salary.

Section 213. States that the Institute is an agency and will be administered by the Director in consultation with the Board; contains provisions regarding the Office of the Director including the Director's authority and duties; requires the Institute to transmit budget documents to Congress; and requires the Secretary to provide administrative support for the Institute.

Section 214. Sets forth provisions regarding duties and responsibilities of the Institute.

Section 215. Contains provisions regarding fellowships and internships granted to individuals pursuing careers in scientifically based reading instruction.

Section 216.Establishes a National Institute for Literacy Advisory Board and contains provisions regarding the Board's composition, appointments, vacancies, and meeting procedures.

Section 217. Sets forth rules for accepting gifts and in kind services.

Section 218. Sets forth provisions regarding mails.

Section 219. Contains provisions regarding the applicability of certain civil service laws

Section 220. Contains provisions pertaining to experts and consultants.

Section 221. Requires the Institute to submit a biennial report to Congress, sets forth requirements of report components, and states that the Institute shall submit a report no later than one year after the date of enactment of this Part.

Section 222. Contains definitions.

Section 223. Contains provisions pertaining to the authorization of appropriations.

Section 224. Contains a provision regarding reservation of funds.

Section 225. Grants the Institute the authority to publish.

TITLE III. AMENDMENTS TO OTHER PROVISIONS OF LAW

Section 301. Amends the Wagner-Peyser Act by striking Sections 1 through 13 (29 U.S.C. 49 et. seq.). Also amends section 15 of the Act to require the Secretary of Labor to oversee a nationwide workforce and labor market information system; sets forth provisions with regard to system content, confidentiality of information, system responsibilities, and immunity from legal process; authorizes the Secretary to assist in the development of national electronic tools to provide services; and requires the Secretary to consult with representatives of State agencies involved in carrying out workforce information strategies.

TITLE IV. AMENDMENTS TO THE REHABILITATION ACT OF 1973

Section 401. Makes changes to Section 705(b)(5) of the Rehabilitation Act of 1973 (29 U.S.C. 796d(b)(5)) regarding the selection of the chairperson.

Section 402. Amends Section 3(a) of the Rehabilitation Act of 1973 (29 U.S.C. 702(a)) with regard to the Commissioner of the rehabilitation services administration.

Section 403. Amends The Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.) for a technical change.

Section 404. Amends Section 101(a) (29 U.S.C. 721(a)) by allowing alternative means of meeting participation.

Section 405. Amends The Rehabilitation Act of 1973 with regard to the authorization of appropriations.

Section 406. Authorizes appropriations for the Helen Keller National Center Act for 2004 through 2009.

TITLE V. TRANSITION AND EFFECTIVE DATE

Section 501. Grants the Secretary of Labor authority to take appropriate action to provide for the orderly implementation of this Act.

Section 502. States that this Act and the amendments made by this Act shall take effect on the date of its enactment.

EXPLANATION OF AMENDMENTS

The Amendment in the Nature of a Substitute is explained in the body of this report.

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104–1 requires a description of the application of this bill to the legislative branch. The purpose of H.R. 1261 is enhance the workforce investment system created under the Workforce Investment Act of 1998 by strengthening one-stop career centers, providing for more effective governance arrangements, promoting consumer choice, establishing a more targeted approach to serving youth, and improving performance accountability. The bill also improves our nation's adult education system using practices based on scientific research, and enhances vocational rehabilitation services for individuals with disabilities seeking to return to or enter the integrated workplace. The bill does not prevent legislative branch employees from receiving the benefits of this legislation.

UNFUNDED MANDATE STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act (as amended by Section 101(a)(2) of the Unfunded Mandates Reform Act, P.L. 104–4) requires a statement of whether the provisions of the reported bill include unfunded mandates. H.R. 1261 amends the Workforce Investment Act and the Vocation Rehabilitation Act. As such, the bill does not contain any unfunded mandates.

Rollcall Votes

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 1 BILL H.R. 1261 DATE March 26, 2003
AMENDMENT NUMBER 2 DEFEATED 16 – 25
SPONSOR/AMENDMENT Mr. Kildee / amendment in the nature of a substitute

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman				X
Mr. BALLENGER		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. NORWOOD				X
Mr. UPTON		X		
Mr. EHLERS		X		
Mr. DeMINT		X		
Mr. ISAKSON		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. COLE		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mr. CARTER		X		
Mrs. MUSGRAVE		X		
Mrs. BLACKBURN		X		
Mr. GINGREY		X		
Mr. BURNS		X		
Mr. MILLER				X
Mr. KILDEE	X			
Mr. OWENS				X
Mr. PAYNE	X			
Mr. ANDREWS	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH				X
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS				X
Mr. CASE	X			
Mr. GRIJALVA	X			
Ms. MAJETTE				X
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
TOTALS	16	25		8

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 2 BILL H.R. 1261 DATE March 26, 2003
AMENDMENT NUMBER 3 DEFEATED 19 - 19
SPONSOR/AMENDMENT Mr. Kildee / amendment to use the back to work account funds to extend employment benefits

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman				X
Mr. BALLENGER				X
Mr. HOEKSTRA				X
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. NORWOOD				X
Mr. UPTON		X		
Mr. EHLERS				X
Mr. DeMINT				X
Mr. ISAKSON				X
Mrs. BIGGERT		X		
Mr. PLATTS				X
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. COLE		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mr. CARTER		X		
Mrs. MUSGRAVE		X		
Mrs. BLACKBURN		X		
Mr. GINGREY		X		
Mr. BURNS		X		
Mr. MILLER				X
Mr. KILDEE	X			
Mr. OWENS				X
Mr. PAYNE	X			
Mr. ANDREWS	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. CASE	X			
Mr. GRIJALVA	X			
Ms. MAJETTE				X
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
TOTALS	19	19		11

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 3 BILL H.R. 1261 DATE March 26, 2003

AMENDMENT NUMBER 4 DEFEATED 15 - 25

SPONSOR/AMENDMENT Mr. Ryan / amendment to create a new grant program for medical and safety occupations

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. BALLENGER		X		
Mr. HOEKSTRA				X
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. NORWOOD				X
Mr. UPTON		X		
Mr. EHLERS		X		
Mr. DeMINT		X		
Mr. ISAKSON		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. COLE		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mr. CARTER		X		
Mrs. MUSGRAVE		X		
Mrs. BLACKBURN		X		
Mr. GINGREY		X		
Mr. BURNS		X		
Mr. MILLER				X
Mr. KILDEE	X			
Mr. OWENS				X
Mr. PAYNE				X
Mr. ANDREWS	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY				X
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU				X
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS				X
Mr. CASE	X			
Mr. GRIJALVA	X			
Ms. MAJETTE				X
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
TOTALS	15	25		9

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 4 BILL H.R. 1261 DATE March 26, 2003

AMENDMENT NUMBER 5 DEFEATED 18 - 22

SPONSOR/AMENDMENT Mr. Van Hollen / amendment to eliminate faith- based organizations as eligible participants under Workforce Investment Act (WIA)

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman				X
Mr. PETRI, Vice Chairman		X		
Mr. BALLENGER		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE				X
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. NORWOOD				X
Mr. UPTON		X		
Mr. EHLERS		X		
Mr. DeMINT		X		
Mr. ISAKSON		X		
Mrs. BIGGERT		X		
Mr. PLATTS				X
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. COLE		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mr. CARTER		X		
Mrs. MUSGRAVE				X
Mrs. BLACKBURN		X		
Mr. GINGREY		X		
Mr. BURNS		X		
Mr. MILLER				X
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Ms. WOOLSEY				X
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU				X
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. CASE	X			
Mr. GRIJALVA	X			
Ms. MAJETTE	X			
Mr. VAN HOLLEN	X			
Mr. RYAN				X
Mr. BISHOP	X			
TOTALS	18	22		9

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 5 BILL H.R. 1261 DATE March 26, 2003
AMENDMENT NUMBER 6 DEFEATED 19 - 23
SPONSOR/AMENDMENT Mr. Holt / amendment to increase funding authorization for dislocated workers

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. BALLENGER		X		
Mr. HOEKSTRA				X
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON				X
Mr. GREENWOOD		X		
Mr. NORWOOD				X
Mr. UPTON		X		
Mr. EHLERS		X		
Mr. DeMINT		X		
Mr. ISAKSON		X		
Mrs. BIGGERT		X		
Mr. PLATTS				X
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. COLE		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mr. CARTER		X		
Mrs. MUSGRAVE		X		
Mrs. BLACKBURN		X		
Mr. GINGREY		X		
Mr. BURNS		X		
Mr. MILLER				X
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU				X
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS				X
Mr. CASE	X			
Mr. GRIJALVA	X			
Ms. MAJETTE	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
TOTALS	19	23		7

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 6 BILL H.R. 1261 DATE March 27, 2003

AMENDMENT NUMBER 8 DEFEATED 20 - 24

SPONSOR/AMENDMENT Mr. Tierney / amendment to require separate funding streams for certain programs, eliminating the integrated funding of those streams

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. BALLENGER		X		
Mr. HOEKSTRA				X
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. NORWOOD				X
Mr. UPTON		X		
Mr. EHLERS		X		
Mr. DeMINT		X		
Mr. ISAKSON		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. COLE		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mr. CARTER				X
Mrs. MUSGRAVE		X		
Mrs. BLACKBURN		X		
Mr. GINGREY		X		
Mr. BURNS		X		
Mr. MILLER				X
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU				X
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. CASE	X			
Mr. GRIJALVA	X			
Ms. MAJETTE	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
TOTALS	20	24		5

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 7 BILL H.R. 1261 DATE March 27, 2003

AMENDMENT NUMBER 11A ADOPTED 24 - 23

SPONSOR/AMENDMENT Mr. Osborne / amendment regarding the Presidential appointment for the current Commissioner of Rehabilitation Services

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman	X			
Mr. PETRI, Vice Chairman	X			
Mr. BALLENGER	X			
Mr. HOEKSTRA				X
Mr. McKEON	X			
Mr. CASTLE	X			
Mr. JOHNSON	X			
Mr. GREENWOOD	X			
Mr. NORWOOD	X			
Mr. UPTON	X			
Mr. EHLERS	X			
Mr. DeMINT	X			
Mr. ISAKSON	X			
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI	X			
Mr. KELLER	X			
Mr. OSBORNE	X			
Mr. WILSON	X			
Mr. COLE	X			
Mr. PORTER	X			
Mr. KLINE	X			
Mr. CARTER	X			
Mrs. MUSGRAVE	X			
Mrs. BLACKBURN	X			
Mr. GINGREY	X			
Mr. BURNS	X			
Mr. MILLER				X
Mr. KILDEE		X		
Mr. OWENS		X		
Mr. PAYNE		X		
Mr. ANDREWS		X		
Ms. WOOLSEY		X		
Mr. HINOJOSA		X		
Mrs. McCARTHY		X		
Mr. TIERNEY		X		
Mr. KIND		X		
Mr. KUCINICH		X		
Mr. WU		X		
Mr. HOLT		X		
Mrs. DAVIS		X		
Ms. McCOLLUM		X		
Mr. DAVIS		X		
Mr. CASE		X		
Mr. GRIJALVA		X		
Ms. MAJETTE		X		
Mr. VAN HOLLEN		X		
Mr. RYAN		X		
Mr. BISHOP		X		
TOTALS	24	23		2

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 8 **BILL** H.R. 1261 **DATE** March 27, 2003

AMENDMENT NUMBER 11 **DEFEATED 23 – 25**

SPONSOR/AMENDMENT Mr. Davis / amendment to strike the sections of the bill making the Commissioner of Rehabilitation Services a Secretarial appointment instead of a Presidential appointment

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. BALLENGER		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. NORWOOD		X		
Mr. UPTON		X		
Mr. EHLERS		X		
Mr. DeMINT		X		
Mr. ISAKSON		X		
Mrs. BIGGERT	X			
Mr. PLATTS	X			
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. COLE		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mr. CARTER		X		
Mrs. MUSGRAVE		X		
Mrs. BLACKBURN		X		
Mr. GINGREY		X		
Mr. BURNS		X		
Mr. MILLER				X
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. CASE	X			
Mr. GRIJALVA	X			
Ms. MAJETTE	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
TOTALS	23	25		1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 9 BILL H.R. 1261 DATE March 27, 2003
AMENDMENT NUMBER 12 DEFEATED 6 – 37, with 4 voting Present
SPONSOR/AMENDMENT Mr. Andrews / amendment to count as a success the placement of clients into non-integrated workplace settings

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. BALLENGER		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD				X
Mr. NORWOOD		X		
Mr. UPTON		X		
Mr. EHLERS		X		
Mr. DeMINT		X		
Mr. ISAKSON		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. COLE		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mr. CARTER		X		
Mrs. MUSGRAVE		X		
Mrs. BLACKBURN		X		
Mr. GINGREY		X		
Mr. BURNS		X		
Mr. MILLER				X
Mr. KILDEE		X		
Mr. OWENS		X		
Mr. PAYNE			X	
Mr. ANDREWS	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY			X	
Mr. TIERNEY		X		
Mr. KIND		X		
Mr. KUCINICH		X		
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS			X	
Ms. McCOLLUM			X	
Mr. DAVIS		X		
Mr. CASE	X			
Mr. GRIJALVA		X		
Ms. MAJETTE		X		
Mr. VAN HOLLEN		X		
Mr. RYAN		X		
Mr. BISHOP		X		
TOTALS	6	37	4	2

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 10 **BILL** H.R. 1261 **DATE** March 27, 2003

AMENDMENT NUMBER 13 **DEFEATED 21 - 26**

SPONSOR/AMENDMENT Mr. Tierney / amendment regarding funding allocations for in-school and out-of-school youth

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. BALLENGER		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD				X
Mr. NORWOOD		X		
Mr. UPTON		X		
Mr. EHLERS		X		
Mr. DeMINT		X		
Mr. ISAKSON		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. COLE		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mr. CARTER		X		
Mrs. MUSGRAVE		X		
Mrs. BLACKBURN		X		
Mr. GINGREY		X		
Mr. BURNS		X		
Mr. MILLER				X
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. CASE	X			
Mr. GRIJALVA	X			
Ms. MAJETTE	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
TOTALS	21	26		2

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 11 BILL H.R. 1261 DATE March 27, 2003

H.R. 1261 was ordered favorably reported, as amended, by a vote of 26 - 21

SPONSOR/AMENDMENT Mr. Ballenger / motion to report the bill to the House with an amendment and with the recommendation that the bill as amended do pass

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman	X			
Mr. PETRI, Vice Chairman	X			
Mr. BALLENGER	X			
Mr. HOEKSTRA	X			
Mr. McKEON	X			
Mr. CASTLE	X			
Mr. JOHNSON	X			
Mr. GREENWOOD				X
Mr. NORWOOD	X			
Mr. UPTON	X			
Mr. EHLERS	X			
Mr. DeMINT	X			
Mr. ISAKSON	X			
Mrs. BIGGERT	X			
Mr. PLATTS	X			
Mr. TIBERI	X			
Mr. KELLER	X			
Mr. OSBORNE	X			
Mr. WILSON	X			
Mr. COLE	X			
Mr. PORTER	X			
Mr. KLINE	X			
Mr. CARTER	X			
Mrs. MUSGRAVE	X			
Mrs. BLACKBURN	X			
Mr. GINGREY	X			
Mr. BURNS	X			
Mr. MILLER				X
Mr. KILDEE		X		
Mr. OWENS		X		
Mr. PAYNE		X		
Mr. ANDREWS		X		
Ms. WOOLSEY		X		
Mr. HINOJOSA		X		
Mrs. McCARTHY		X		
Mr. TIERNEY		X		
Mr. KIND		X		
Mr. KUCINICH		X		
Mr. WU		X		
Mr. HOLT		X		
Mrs. DAVIS		X		
Ms. McCOLLUM		X		
Mr. DAVIS		X		
Mr. CASE		X		
Mr. GRIJALVA		X		
Ms. MAJETTE		X		
Mr. VAN HOLLEN		X		
Mr. RYAN		X		
Mr. BISHOP		X		
TOTALS	26	21		2

CORRESPONDENCE

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, April 8, 2003.

Hon. JOHN BOEHNER,
Chairman, Committee on Education and the Workforce,
Rayburn House Office Building, Washington, DC.

DEAR MR. CHAIRMAN: Due to other legislative duties, I was unavoidably detained during Committee consideration of H.R. 1261, the "Workforce Reinvestment and Adult Education Act of 2003." Consequently, I missed roll call number four on the fourth amendment offered by Representative Chris Van Hollen. Had I been present, I would have voted against the amendment.

I would appreciate your including this letter in the Committee Report to accompany H.R. 1261. Thank you for your attention to this matter.

Sincerely,

MICHAEL N. CASTLE,
Member of Congress.

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the body of this report.

NEW BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of 3(c)(3) of rule XIII of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 1261 from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 8, 2003.

Hon. JOHN A. BOEHNER,
Chairman, Committee on Education and the Workforce,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1261, the Workforce Reinvestment and Adult Education Act of 2003.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Christina Hawley Sadoti.

Sincerely,

DOUGLAS HOLTZ-EAKIN,
Director.

Enclosure.

H.R. 1261—Workforce Reinvestment and Adult Education Act of 2003

Summary: H.R. 1261 would make numerous changes to the Workforce Investment Act of 1998 (WIA), amend the Wagner-Peyser Act, and extend the authorization for programs under the Rehabilitation Act of 1973 (RA). These programs, which received discretionary funding of $7.1 billion and mandatory funding of $2.5 billion for fiscal year 2003, provide a framework for adult education, job training, and employment service assistance. Some of the affected programs are permanently authorized under Wagner-Peyser, but others are currently authorized through 2003, 2004, or 2005.

H.R. 1261 would extend, through 2011, the existing mandatory program of state grants for vocational rehabilitation services, which is currently authorized through 2005 (including automatic extensions for two years provided by law). By law, that program is assumed to be extended indefinitely in CBO's baseline, so its extension would add no costs relative to the baseline. CBO estimates that outlays for that program over the 2006–2011 period would total about $17 billion.

CBO estimates that enacting H.R. 1261 would increase discretionary authorizations by $5.1 billion in 2004, and by $31.2 billion over the 2004–2008 period. Assuming appropriation of the necessary amounts, outlays would increase by $51 million in 2004 and by $21.3 billion over the 2004–2008 period.

H.R. 1261 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Any costs incurred by state, local, or tribal governments would result from complying with conditions of federal aid.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 1261 is shown in the following table. The costs of this legislation would fall within budget function 500 (education, employment, training, and social services).

	By fiscal year, in millions of dollars—					
	2003	2004	2005	2006	2007	2008
SPENDING SUBJECT TO APPROPRIATION						
Authorizations Under Current Law:						
Estimated Authorization Level [1]	7,083	4,387	840	859	879	901
Estimated Outlays	7,537	6,717	3,339	1,660	985	888
Proposed Changes:						
Title I: Amendments to the Workforce Investment Act of 1998:						
Estimated Authorization Level [2]	0	5,917	6,041	6,172	6,302	6,450
Estimated Outlays	0	401	3,733	5,245	5,934	6,241
Title II: Adult Education:						
Estimated Authorization Level	0	3	603	615	628	642
Estimated Outlays	0	(*)	32	453	583	635
Title III: Amendments to the Wagner-Peyser Act:						
Estimated Authorization Level	0	−824	−736	−753	−771	−790
Estimated Outlays	0	−356	−808	−804	−772	−781
Title IV: Amendments to the Rehabilitation Act of 1973:						
Estimated Authorization Level	0	8	416	425	434	443
Estimated Outlays	0	6	293	410	431	440
Total Changes:						
Estimated Authorization Level	0	5,105	6,324	6,459	6,593	6,744
Estimated Outlays	0	51	3,250	5,304	6,175	6,525
Authorizations Under H.R. 1261:						
Estimated Authorization Level [1]	7,083	9,491	7,164	7,318	7,472	7,645

	By fiscal year, in millions of dollars—					
	2003	2004	2005	2006	2007	2008
Estimated Outlays	7,537	6,768	6,589	6,964	7,160	7,413

[1] The figure for fiscal year 2003 is the amount appropriated for that year. The 2004 level includes advance appropriations of $2.5 billion for job training for the program year beginning July 1, 2003.
[2] Authorization levels are for program years beginning July 1 and do not assume any advance appropriations.

Notes.—*=Less than $500,000.
The estimated costs shown above assume that "such sums" authorizations increase each year for inflation. If, instead, costs were assumed to remain level over time, outlays over the 2004–2008 period would be about $700 million less.

Basis of estimate: This estimate assumes enactment of H.R. 1261 during fiscal year 2003, and appropriation of the necessary sums for each subsequent fiscal year.

Direct spending

Grants to states for vocational rehabilitation services, authorized under title I of the RA, are currently authorized through fiscal year 2005, assuming both the automatic one-year extension in the RA law and the automatic one-year extension under the General Education Provisions Act (GEPA), which provides an automatic extension for all programs in the Department of Education. H.R. 1261 would extend the authorization for the state grants through 2011, assuming the automatic extensions in law. Although the authorization for RA state grants expires, the Balanced Budget and Emergency Deficit Control Act requires that baseline spending projections assume extension of any mandatory programs with outlays in excess of $50 million. Because H.R. 1261 makes no substantive changes to RA state grants, the bill would not affect direct spending relative to the CBO's baseline.

Funding for the mandatory state grants is determined by a formula. It is set at the previous year's funding level adjusted by the year-over-year change in the consumer price index as of October 15 of the second preceding year. In fiscal year 2003, RA state grants were funded at $2.5 billion; by 2011 state grants would cost an estimated $3.1 billion. CBO estimates that outlays over the 2006–2011 period would total about $17 billion.

Discretionary spending

H.R. 1261 would reauthorize the Workforce Investment Act of 1998 and the Adult Education and Family Literacy Act, amend provisions of the Wagner-Peyser Act, and reauthorize the Rehabilitation Act of 1973. Under H.R. 1261, authorizations for these programs would be increased by $5.1 billion, bringing the total authorized level to $9.5 billion in 2004.

Title I: Amendments to the Workforce Investment Act. H.R. 1261 would revise and reauthorize the Workforce Investment Act of 1998, which is currently authorized through 2003. These programs, which received appropriations totaling $5.2 billion in fiscal year 2003, would be authorized for fiscal years 2004 through 2009. CBO estimates that authorizations under title I would total $5.9 billion in fiscal year 2004, about $30.9 billion over the 2004–2008 period, and $37.5 billion over the 2004–2013 period.

The bill would consolidate the funding streams for job training block grants for youth and adults into two main grants—one for youth and one for adults. The bill would authorize appropriations of $1 billion for grants for youth activities, and $3.1 billion for job training grants for adults. The block grant for adult training also

would provide grants to states for employment service operations. Under current law, grants to states for employment service operations are funded under the Wagner-Peyser Act. Appropriations for the employment service grants total about $0.8 billion in fiscal year 2003.

In addition, the bill would authorize such sums as may be necessary for fiscal years 2004 through 2009 for ongoing national activities including the Job Corps and job training programs for Native Americans and for migrant and seasonal workers. Based on the fiscal year 2003 appropriations for these programs (adjusted for inflation), CBO estimates that these programs would be authorized at $1.7 billion for fiscal year 2004 and would grow to $1.9 billion by 2009.

Finally, title I of the bill would authorize such sums as may be necessary for fiscal years 2004 through 2009 for other activities associated with workforce investment, including technical assistance grants, demonstration and pilot programs, and evaluations. Based on the appropriations for these programs in fiscal year 2003 (adjusted for inflation), CBO estimates that they would be authorized at $102 million in fiscal year 2004 and would grow to $114 million by 2009.

Title II: Adult Education. Title II of H.R. 1261 would revise and reauthorize the Adult Education State Grant program and the National Institute for Literacy, both of which are currently authorized through 2004 by GEPA. H.R. 1261 would authorize an additional $3 million in 2004 (for a total of $591 million in 2004) for programs under title II. CBO estimates the total funding for title II for the 2004–2008 period would be about $2.5 billion, assuming adjustments for inflation, with resulting outlays of $1.7 billion.

Adult Basic and Literacy Education State Grants. H.R. 1261 would authorize an additional appropriation of $3 million (for a total of $584.3 million) in 2004 for the Adult Basic and Literacy Education program and extend the authorization for the whole program at such sums as may be necessary from 2005 through 2009. The revised program would continue to provide formula grants to states but would focus more on basic literacy and math skills than the current program. The current Adult Education program is funded at $571 million in 2003. Assuming appropriations at the authorized level for 2004, adjusted for inflation in subsequent years, CBO estimates that outlays would total $1.7 billion over the 2004–2008 period.

The bill also would reserve a portion of the total appropriation for national activities focused on helping states and local communities address adult literacy through activities such as technical assistance and evaluation. The National Leadership Activities program is funded at $9.4 million in 2003.

National Institute for Literacy. H.R. 1261 would authorize $6.7 million in 2004 and such sums as may be necessary from 2005 through 2009 for the National Institute for Literacy. The National Institute for Literacy would provide national leadership in promoting reading research, instruction, and professional development by disseminating reading research information. The program is funded at $6.5 million in 2003. CBO estimates that additional outlays would total about $19 million over the 2004–2008 period.

Title III: Amendments to the Wagner-Peyser Act. Title III of H.R. 1261 would repeal significant portions of the Wagner-Peyser Act, which provide permanent authority for employment service operations and work incentive grants, and authorizes provisions for compiling data on labor markets through fiscal year 2004. These activities received appropriations for fiscal year 2003 of about $0.9 billion—$0.8 billion for employment service operations and $0.1 billion for work incentive grants and labor market information functions.

Title III would repeal the sections of Wagner-Peyser that authorize grants to states for employment service operations and work incentive grants, because, under title I of their bill, these functions would be funded under the WIA. The labor market information authorization, however, would remain under Wagner-Peyser authority. For that activity, H.R. 1261 would authorize such sums as may be necessary for fiscal years 2004 through 2009. CBO estimates this authorization would amount to $102 million in fiscal year 2004, and $532 million over the 2004–2008 period. The net effect of the amendments to the Wagner-Peyser Act would be to reduce outlays over the 2004–2008 period by about $3.5 billion.

Title IV: Amendments to the Rehabilitation Act. H.R. 1261 would extend the current "such sums" authorizations for existing discretionary grant programs under the RA as well as for the Helen Keller National Center. Most of these programs are authorized through 2004 under GEPA and would be extended through 2010 under this bill. There are, however, a few exceptions—the authorizations for the National Council on Disability, funded in 2003 at $3 million, and the Architectural and Transportation Barriers Compliance Board, funded in 2003 at $5 million, expire at the end of 2003 and would be extended through 2009.

Based on appropriations for 2003 (adjusted for inflation), discretionary grant authorization levels are estimated to total $407 million in 2005 and $1.7 billion over the 2005–2008 period. In addition, the authorization for the Helen Keller National Center is estimated to total $9 million in 2005 and $57 million over the authorization period. Estimated outlays reflect the current program spending patterns and total $1.6 billion through 2008.

Effects on direct spending and revenues: H.R. 1261 would not affect estimated direct spending or receipts because the reauthorization of the mandatory state grants under RA is already assumed in the CBO baseline.

Intergovernmental and private-sector impact: H.R. 1261 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would reauthorize funding for adult and youth job training and literacy activities administered by state and local agencies. Along with the conditions of federal aid, states' job training programs would be guaranteed minimum allotments for subsequent fiscal years that equal fiscal year 2003 funding, subject to the availability of appropriations. Any costs incurred by state, local, and tribal governments would result from complying with conditions of federal aid, and would thus be voluntary.

Estimate prepared by: Federal Spending: Workforce Investment Act and Wagner-Peyser: Christina Hawley Sadoti; Adult Education and National Institute for Literacy: Donna Wong; and Rehabilitation Act: Deborah Kalcevic.

Impact on State, Local, and Tribal Governments: Greg Waring.
Impact on the Private Sector: Ralph Smith.
Estimate approved by: Robert A. Sunshine, Assistant Director for Budget Analysis.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with Clause (3)(c) of House Rule XIII, the goal of H.R. 1261 is to enhance the workforce investment system created under the Workforce Investment Act of 1998 by strengthening one-stop career centers, providing for more effective governance arrangements, promoting consumer choice, establishing a more targeted approach to serving youth, and improving performance accountability. The bill also improves our nation's adult education system using practices based on scientific research, and enhances vocational rehabilitation services for individuals with disabilities seeking to return to or enter the integrated workplace. The Committee expects the Department of Labor and Department of Education to comply with H.R. 1261 and implement the changes to the law in accordance with the changes.

CONSTITUTIONAL AUTHORITY STATEMENT

Under clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee must include a statement citing the specific powers granted to Congress in the Constitution to enact the law proposed by H.R. 1261. The Committee believes that the amendments made by this bill, which authorize appropriations for the Workforce Investment Act, are within Congress' authority under Article I, section 8, clause 1 of the Constitution.

COMMITTEE ESTIMATE

Clauses 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs that would be incurred in carrying out H.R. 1261. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

WORKFORCE INVESTMENT ACT OF 1998

SECTION 1.SHORT TITLE; TABLE OF CONTENTS.

(a) * * *

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—WORKFORCE INVESTMENT SYSTEMS

* * * * * * *

Subtitle B—Statewide and Local Workforce Investment Systems

* * * * * * *

CHAPTER 3—WORKFORCE INVESTMENT ACTIVITIES PROVIDERS

Sec. 121. Establishment of one-stop delivery systems.

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[Sec. 123. Identification of eligible providers of youth activities.]

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[CHAPTER 5—ADULT AND DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES]

CHAPTER 5—COMPREHENSIVE EMPLOYMENT AND TRAINING ACTIVITIES FOR ADULTS

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Subtitle D—National Programs

* * * * * * *

[Sec. 173. National emergency grants.]
Sec. 173. National dislocated worker grants.

* * * * * * *

[TITLE II—ADULT EDUCATION AND LITERACY

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

[Subtitle A—Adult Education and Literacy Programs

[CHAPTER 1—FEDERAL PROVISIONS

[Sec. 211. Reservation; grants to eligible agencies; allotments.
[Sec. 212. Performance accountability system.

[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 Institute for Literacy.
[Sec. 243. National leadership activities.

[Subtitle B—Repeals

[Sec. 251. Repeals.]

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.

* * * * * * *

TITLE V—GENERAL PROVISIONS

Sec. 501. State unified plan.
[Sec. 502. Definitions for indicators of performance.
[Sec. 503. Incentive grants.]

* * * * * * *

TITLE I—WORKFORCE INVESTMENT SYSTEMS

Subtitle A—Workforce Investment Definitions

SEC. 101. DEFINITIONS.

In this title:

(1) ACCRUED EXPENDITURES.—The term "accrued expenditures" includes the sum of actual cash disbursements for direct charges for goods and services, the net increase or decrease in the amounts owed by recipients, goods and other property received for services performed by employees, contractors, subgrantees, or other payees, and other amounts becoming owned for which no current service or performance is required.

[(1)**]** *(2)* ADULT.—Except in sections 127 and 132, the term "adult" means an individual who is age 18 or older.

[(2)**]** *(3)* ADULT EDUCATION; ADULT EDUCATION AND LITERACY ACTIVITIES.—The terms "adult education" and "adult education and literacy activities" have the meanings given the terms in section 203.

[(3)**]** *(4)* AREA VOCATIONAL EDUCATION SCHOOL.—The term "area vocational education school" has the meaning given the term in section 3 of the Carl D. Perkins Vocational and Technical Education Act of 1998.

[(4)**]** *(5)* BASIC SKILLS DEFICIENT.—The term "basic skills deficient" means, with respect to an individual, that the individual has English reading, writing, or computing skills at or

below the 8th grade level on a generally accepted standardized test or a comparable score on a criterion-referenced test.

[(5)] *(6)* CASE MANAGEMENT.—The term "case management" means the provision of a client-centered approach in the delivery of services, designed—

(A) * * *

* * * * * * *

[(6)] *(7)* CHIEF ELECTED OFFICIAL.—The term "chief elected official" means—

(A) * * *

* * * * * * *

[(7)] *(8)* COMMUNITY-BASED ORGANIZATION.—The term "community-based organization" means a private nonprofit organization that is representative of a community or a significant segment of a community and that has demonstrated expertise and effectiveness in the field of workforce investment.

[(8)] *(9)* CUSTOMIZED TRAINING.—The term "customized training" means training—

(A) * * *

* * * * * * *

(C) for which the employer pays for [not less than 50 percent of the cost of the training] *a significant portion of the cost of training, as determined by the local board*.

[(9)] *(10)* DISLOCATED WORKER.—The term "dislocated worker" means an individual who—

(A) * * *

* * * * * * *

[(10)] *(11)* DISPLACED HOMEMAKER.—The term "displaced homemaker" means an individual who has been providing unpaid services to family members in the home and who—

(A) * * *

* * * * * * *

[(11)] *(12)* ECONOMIC DEVELOPMENT AGENCIES.—The term "economic development agencies" includes local planning and zoning commissions or boards, community development agencies, and other local agencies and institutions responsible for regulating, promoting, or assisting in local economic development.

[(12)] *(13)* ELIGIBLE PROVIDER.—The term "eligible provider", used with respect to—

(A) * * *

* * * * * * *

[(13) ELIGIBLE YOUTH.—Except as provided in subtitles C and D, the term "eligible youth" means an individual who—

[(A) is not less than age 14 and not more than age 21;

[(B) is a low-income individual; and

[(C) is an individual who is one or more of the following:

[(i) Deficient in basic literacy skills.

[(ii) A school dropout.

[(iii) Homeless, a runaway, or a foster child.

[(iv) Pregnant or a parent.

[(v) An offender.

[(vi) An individual who requires additional assistance to complete an educational program, or to secure and hold employment.]

* * * * * * *

[(24) LOWER LIVING STANDARD INCOME LEVEL.—The term "lower living standard income level" means that income level (adjusted for regional, metropolitan, urban, and rural differences and family size) determined annually by the Secretary based on the most recent lower living family budget issued by the Secretary.]

[(25)] *(24)* LOW-INCOME INDIVIDUAL.—The term "low-income individual" means an individual who—

(A) * * *

(B) received an income, or is a member of a family that received a total family income, for the 6-month period prior to application for the program involved (exclusive of unemployment compensation, child support payments, payments described in subparagraph (A), and old-age and survivors insurance benefits received under section 202 of the Social Security Act (42 U.S.C. 402)) that, in relation to family size, does not exceed the [higher of—

[(i) the poverty line, for an equivalent period; or

[(ii) 70 percent of the lower living standard income level, for an equivalent period;] *poverty line for an equivalent period;*

* * * * * * *

(D) receives or is eligible to receive free or reduced price lunch;

[(D)] *(E)* qualifies as a homeless individual, as defined in subsections (a) and (c) of section 103 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11302);

[(E)] *(F)* is a foster child on behalf of whom State or local government payments are made; or

[(F)] *(G)* in cases permitted by regulations promulgated by the Secretary of Labor, is an individual with a disability whose own income meets the requirements of a program described in subparagraph (A) or of subparagraph (B), but who is a member of a family whose income does not meet such requirements.

[(26)] *(25)* NONTRADITIONAL EMPLOYMENT.—The term "nontraditional employment" refers to occupations or fields of work for which individuals from one gender comprise less than 25 percent of the individuals employed in each such occupation or field of work.

[(27)] *(26)* OFFENDER.—The term "offender" means any adult or juvenile—

(A) * * *

* * * * * * *

[(28)] *(27)* OLDER INDIVIDUAL.—The term "older individual" means an individual age 55 or older.

[(29)] *(28)* ONE-STOP OPERATOR.—The term "one-stop operator" means 1 or more entities designated or certified under section 121(d).

[(30)] *(29)* ONE-STOP PARTNER.—The term "one-stop partner" means—

(A) * * *

* * * * * * *

[(31)] *(30)* ON-THE-JOB TRAINING.—The term "on-the-job training" means training by an employer that is provided to a paid participant while engaged in productive work in a job that—

(A) * * *

* * * * * * *

[(32)] *(31)* OUTLYING AREA.—The term "outlying area" means the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

[(33) OUT-OF-SCHOOL YOUTH.—The term "out-of-school youth" means—

[(A) an eligible youth who is a school dropout; or

[(B) an eligible youth who has received a secondary school diploma or its equivalent but is basic skills deficient, unemployed, or underemployed.]

[(34)] *(32)* PARTICIPANT.—The term "participant" means an individual who has been determined to be eligible to participate in and who is receiving services (except followup services authorized under this title) under a program authorized by this title. Participation shall be deemed to commence on the first day, following determination of eligibility, on which the individual began receiving subsidized employment, training, or other services provided under this title.

[(35)] *(33)* POSTSECONDARY EDUCATIONAL INSTITUTION.—The term "postsecondary educational institution" means an institution of higher education, as defined in section 102 of the Higher Education Act of 1965.

[(36)] *(34)* POVERTY LINE.—The term "poverty line" means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved.

[(37)] *(35)* PUBLIC ASSISTANCE.—The term "public assistance" means Federal, State, or local government cash payments for which eligibility is determined by a needs or income test.

[(38)] *(36)* RAPID RESPONSE ACTIVITY.—The term "rapid response activity" means an activity provided by a State, or by an entity designated by a State, with funds provided by the State under section 134(a)(1)(A), in the case of a permanent closure or mass layoff at a plant, facility, or enterprise, or a natural or other disaster, that results in mass job dislocation, in order to assist dislocated workers in obtaining reemployment as soon as possible, with services including—

(A) * * *

* * * * * * *

[(39)] *(37)* SCHOOL DROPOUT.—The term "school dropout" means an individual who is no longer attending any school and who has not received a secondary school diploma or its recognized equivalent.

[(40)] *(38)* SECONDARY SCHOOL.—The term "secondary school" has the meaning given the term in section 9101 of the Elementary and Secondary Education Act of 1965.

[(41)] *(39)* SECRETARY.—The term "Secretary" means the Secretary of Labor, and the term means such Secretary for purposes of section 503.

[(42)] *(40)* STATE.—The term "State" means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

[(43)] *(41)* STATE ADJUSTED LEVEL OF PERFORMANCE.—The term "State adjusted level of performance" means a level described in clause (iii) or (v) of section 136(b)(3)(A).

[(44)] *(42)* STATE BOARD.—The term "State board" means a State workforce investment board established under section 111.

[(45)] *(43)* STATE PERFORMANCE MEASURE.—The term "State performance measure" means a performance measure established under section 136(b).

[(46)] *(44)* SUPPORTIVE SERVICES.—The term "supportive services" means services such as transportation, child care, dependent care, housing, and needs-related payments, that are necessary to enable an individual to participate in activities authorized under this title, consistent with the provisions of this title.

[(47)] *(45)* UNEMPLOYED INDIVIDUAL.—The term "unemployed individual" means an individual who is without a job and who wants and is available for work. The determination of whether an individual is without a job shall be made in accordance with the criteria used by the Bureau of Labor Statistics of the Department of Labor in defining individuals as unemployed.

[(48)] *(46)* UNIT OF GENERAL LOCAL GOVERNMENT.—The term "unit of general local government" means any general purpose political subdivision of a State that has the power to levy taxes and spend funds, as well as general corporate and police powers.

[(49)] *(47)* VETERAN; RELATED DEFINITION.—

(A) * * *

* * * * * * *

[(50)] *(48)* VOCATIONAL EDUCATION.—The term "vocational education" has the meaning given the term in section 521 of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471).

[(51)] *(49)* WORKFORCE INVESTMENT ACTIVITY.—The term "workforce investment activity" means an employment and training activity, and a youth activity.

[(52)] *(50)* YOUTH ACTIVITY.—The term "youth activity" means an activity described in section 129 that is carried out for eligible youth (or as described in section 129(c)(5)).

[(53)] *(51)* YOUTH COUNCIL.—The term "youth council" means a council established under section 117(h).

Subtitle B—Statewide and Local Workforce Investment Systems

SEC. 106. PURPOSE.

The purpose of this subtitle is to provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, and earnings of participants, and increase occupational skill attainment by participants, and, as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the Nation. *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.*

CHAPTER 1—STATE PROVISIONS

SEC. 111. STATE WORKFORCE INVESTMENT BOARDS.

(a) * * *

(b) MEMBERSHIP.—

(1) IN GENERAL.—The State Board shall include—

(A) * * *

* * * * * * *

[(C) representatives appointed by the Governor, who are—

[(i) representatives of business in the State, who—

[(I) are owners of businesses, chief executives or operating officers of businesses, and other business executives or employers with optimum policy-making or hiring authority, including members of local boards described in section 117(b)(2)(A)(i);

[(II) represent businesses with employment opportunities that reflect the employment opportunities of the State; and

[(III) are appointed from among individuals nominated by State business organizations and business trade associations;

[(ii) chief elected officials (representing both cities and counties, where appropriate);

[(iii) representatives of labor organizations, who have been nominated by State labor federations;

[(iv) representatives of individuals and organizations that have experience with respect to youth activities;

[(v) representatives of individuals and organizations that have experience and expertise in the delivery of workforce investment activities, including chief execu-

tive officers of community colleges and community-based organizations within the State;

[(vi)(I) the lead State agency officials with responsibility for the programs and activities that are described in section 121(b) and carried out by one-stop partners; and

[(II) in any case in which no lead State agency official has responsibility for such a program, service, or activity, a representative in the State with expertise relating to such program, service, or activity; and

[(vii) such other representatives and State agency officials as the Governor may designate, such as the State agency officials responsible for economic development and juvenile justice programs in the State.]

(C) representatives appointed by the Governor, who are—

(i)(I) the lead State agency officials with responsibility for the programs and activities that are described in section 121(b) and carried out by one-stop partners;

(II) in any case in which no lead State agency official has responsibility for such a program or activity, a representative in the State with expertise relating to such program or activity; and

(III) if not included under subclause (I), the director of the designated State entity responsible for carrying out title I of the Rehabilitation Act (29 U.S.C. 701 et seq.);

(ii) the State agency officials responsible for economic development;

(iii) representatives of business in the State who—

(I) are owners of businesses, chief executive or operating officers of businesses, and other business executives or employers with optimum policy making or hiring authority, including members of local boards described in section 117(b)(2)(A)(i);

(II) represent businesses with employment opportunities that reflect employment opportunities in the State; and

(III) are appointed from among individuals nominated by State business organizations and business trade associations;

(iv) chief elected officials (representing both cities and counties, where appropriate);

(v) representatives of labor organizations, who have been nominated by State labor federations; and

(vi) such other representatives and State agency officials as the Governor may designate.

* * * * * * *

(3) MAJORITY.—A majority of the members of the State Board shall be representatives described in paragraph [(1)(C)(i)] *(1)(C)(iii)*.

(c) CHAIRPERSON.—The Governor shall select a chairperson for the State Board from among the representatives described in subsection [(b)(1)(C)(i)] *(b)(1)(C)(iii)*.

(d) FUNCTIONS.—The State Board shall assist the Governor in—

(1) * * *

* * * * * * *

[(3) commenting at least once annually on the measures taken pursuant to section 113(b)(14) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C 2323(b)(14));]

(3) development and review of statewide policies affecting the integrated provision of services through the one-stop delivery system described in section 121, including—

(A) the development of criteria for, and the issuance of, certifications of one-stop centers;

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

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

(D) such other matters that may promote statewide objectives for, and enhance the performance of, one-stop delivery systems within the State;

(4) designation of local areas as required in section 116 *and the development of State criteria relating to the appointment and certification of local boards under section 117*;

(5) development of allocation formulas for the distribution of funds for adult employment and training activities and youth activities to local areas as permitted under [sections 128(b)(3)(B) and 133(b)(3)(B)] *sections 128(b)(3) and 133(b)(3)*;

* * * * * * *

(9) development of an application for an incentive grant under section [503] *136(i)*.

[(e) ALTERNATIVE ENTITY.—

[(1) IN GENERAL.—For purposes of complying with subsections (a), (b), and (c), a State may use any State entity (including a State council, State workforce development board, combination of regional workforce development boards, or similar entity) that—

[(A) was in existence on December 31, 1997;

[(B)(i) was established pursuant to section 122 or title VII of the Job Training Partnership Act, as in effect on December 31, 1997; or

[(ii) is substantially similar to the State board described in subsections (a), (b), and (c); and

[(C) includes representatives of business in the State and representatives of labor organizations in the State.

[(2) REFERENCES.—References in this Act to a State board shall be considered to include such an entity.]

(e) AUTHORITY TO HIRE STAFF.—The State board may hire staff to assist in carrying out the functions described in subsection (d).

* * * * * * *

SEC. 112. STATE PLAN.

(a) IN GENERAL.—For a State to be eligible to receive an allotment under section 127 or 132, or to receive financial assistance under the Wagner-Peyser Act (29 U.S.C. 49 et seq.), the Governor of the State shall submit to the Secretary for consideration by the

Secretary, a single State plan (referred to in this title as the "State plan") that outlines a [5-year strategy] *2-year strategy* for the statewide workforce investment system of the State and that meets the requirements of section 111 and this section.

(b) CONTENTS.—The State plan shall include—

(1) * * *

* * * * * * *

(17) with respect to the employment and training activities authorized in section 134—

(A) a description of—

(i) * * *

* * * * * * *

(iii) the procedures the local boards in the State will use to identify eligible providers of training services described in section 134(d)(4) (other than on-the-job training or customized training), as required under section 122; [and]

[(iv) how the State will serve the employment and training needs of dislocated workers (including displaced homemakers), low-income individuals (including recipients of public assistance), individuals training for nontraditional employment, and other individuals with multiple barriers to employment (including older individuals and individuals with disabilities); and]

(iv) how the State will serve the employment and training needs of dislocated workers (including displaced homemakers and formerly self-employed and transitioning farmers, ranchers, and fisherman) low income individuals (including recipients of public assistance), homeless individuals, ex-offenders, individuals training for nontraditional employment, and other individuals with multiple barriers to employment (including older individuals);

(v) how the State will serve the employment and training needs of individuals with disabilities, consistent with section 188 and Executive Order 13217 (relating to community-based alternatives for individuals with disabilities) including the provision of outreach, intake, assessments, and service delivery, the development of performance measures, and the training of staff; and

* * * * * * *

(d) MODIFICATIONS TO PLAN.—A State may submit modifications to a State plan in accordance with the requirements of this section and section 111 as necessary during the [5-year] *2-year* period covered by the plan.

CHAPTER 2—LOCAL PROVISIONS

SEC. 116. LOCAL WORKFORCE INVESTMENT AREAS.

(a) DESIGNATION OF AREAS.—

(1) IN GENERAL.—

(A) * * *

(B) CONSIDERATIONS.—In making the designation of local areas, the Governor shall take into consideration the following:

(i) * * *

* * * * * * *

(vi) The extent to which such local areas will promote efficiency in the administration and provision of services.

[(2) AUTOMATIC DESIGNATION.—The Governor shall approve any request for designation as a local area—

[(A) from any unit of general local government with a population of 500,000 or more;

[(B) of the area served by a rural concentrated employment program grant recipient of demonstrated effectiveness that served as a service delivery area or substate area under the Job Training Partnership Act, if the grant recipient has submitted the request; and

[(C) of an area that served as a service delivery area under section 101(a)(4)(A)(ii) of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act) in a State that has a population of not more than 1,100,000 and a population density greater than 900 persons per square mile.]

(2) AUTOMATIC DESIGNATION.—

(A) IN GENERAL.—Except as provided in subparagraph (B) of this paragraph and subsection (b), the Governor shall approve a request for designation as a local area from—

(i) any unit of general local government with a population of 500,000 or more; and

(ii) an area served by a rural concentrated employment program grant recipient that served as a service delivery area or substate area under the Job training Partnership Act (29 U.S.C. 1501 et seq.),

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

(B) CONTINUED DESIGNATION BASED ON PERFORMANCE.—The Governor may deny a request for designation submitted pursuant to subparagraph (A) if such unit of government was designated as a local area for the preceding 2-year period covered by a State plan and the Governor determines that such local area did not perform successfully during such period.

(c) REGIONAL PLANNING AND COOPERATION.—

(1) PLANNING.—As part of the process for developing the State plan, a State may require regional planning by local boards for a designated region in the State. The State may require the local boards for a designated region to participate in a regional planning process that results in the establishment of regional performance measures for workforce investment activities authorized under this subtitle. The State may award regional incentive grants to the designated regions that meet or exceed the regional performance measures. *The State may require the local boards for the designated region to prepare a*

single regional plan that incorporates the elements of the local plan under section 118 and that is submitted and approved in lieu of separate local plans under such section.

* * * * * * *

SEC. 117. LOCAL WORKFORCE INVESTMENT BOARDS.

(a) * * *

(b) MEMBERSHIP.—

(1) * * *

(2) COMPOSITION.—Such criteria shall require, at a minimum, that the membership of each local board—

(A) shall include—

(i) representatives of business in the local area, who—

(I) * * *

(II) represent businesses with employment opportunities that reflect the employment opportunities of the local area*, businesses that are in the leading industries in the local area, and large and small businesses in the local area*; and

* * * * * * *

[(ii) representatives of local educational entities, including representatives of local educational agencies, local school boards, entities providing adult education and literacy activities, and postsecondary educational institutions (including representatives of community colleges, where such entities exist), selected from among individuals nominated by regional or local educational agencies, institutions, or organizations representing such local educational entities;**]**

(ii) superintendents of the local secondary school systems and the presidents or chief executive officers of postsecondary educational institutions (including community colleges, where such entities exist);

* * * * * * *

(iv) representatives of community-based organizations (including organizations representing individuals with disabilities and veterans, for a local area in which such organizations are present)**[**;**]** *and faith-based organizations; and*

* * * * * * *

[(vi) representatives of each of the one-stop partners; and**]**

(3) AUTHORITY OF BOARD MEMBERS *AND REPRESENTATION*.—Members of the board that represent organizations, agencies, or other entities shall be individuals with optimum policy-making authority within the organizations, agencies, or entities. *The members of the board shall represent diverse geographic sections within the local area.*

* * * * * * *

(d) FUNCTIONS OF LOCAL BOARD.—The functions of the local board shall include the following:

(1) * * *

(2) SELECTION OF OPERATORS AND PROVIDERS.—

(A) * * *

(B) SELECTION OF YOUTH PROVIDERS.—Consistent with section 123, the local board shall identify eligible providers of youth activities in the local area [by awarding grants or contracts on a competitive basis, based on the recommendations of the youth council].

* * * * * * *

(4) PROGRAM OVERSIGHT.—The local board, in partnership with the chief elected official, shall conduct oversight with respect to local programs of youth activities authorized under section 129, local employment and training activities authorized under section 134, and the one-stop delivery system in the local area *and ensure the appropriate use and management of the funds provided under this title for such programs, activities, and system*.

* * * * * * *

[(h) YOUTH COUNCIL.—

[(1) ESTABLISHMENT.—There shall be established, as a subgroup within each local board, a youth council appointed by the local board, in cooperation with the chief elected official for the local area.

[(2) MEMBERSHIP.—The membership of each youth council—

[(A) shall include—

[(i) members of the local board described in subparagraph (A) or (B) of subsection (b)(2) with special interest or expertise in youth policy;

[(ii) representatives of youth service agencies, including juvenile justice and local law enforcement agencies;

[(iii) representatives of local public housing authorities;

[(iv) parents of eligible youth seeking assistance under this subtitle;

[(v) individuals, including former participants, and representatives of organizations, that have experience relating to youth activities; and

[(vi) representatives of the Job Corps, as appropriate; and

[(B) may include such other individuals as the chairperson of the local board, in cooperation with the chief elected official, determines to be appropriate.

[(3) RELATIONSHIP TO LOCAL BOARD.—Members of the youth council who are not members of the local board described in subparagraphs (A) and (B) of subsection (b)(2) shall be voting members of the youth council and nonvoting members of the board.

[(4) DUTIES.—The duties of the youth council include—

[(A) developing the portions of the local plan relating to eligible youth, as determined by the chairperson of the local board;

[(B) subject to the approval of the local board and consistent with section 123—

[(i) recommending eligible providers of youth activities, to be awarded grants or contracts on a competitive basis by the local board to carry out the youth activities; and

[(ii) conducting oversight with respect to the eligible providers of youth activities, in the local area;

[(C) coordinating youth activities authorized under section 129 in the local area; and

[(D) other duties determined to be appropriate by the chairperson of the local board.

[(i) ALTERNATIVE ENTITY.—

[(1) IN GENERAL.—For purposes of complying with subsections (a), (b), and (c), and paragraphs (1) and (2) of subsection (h), a State may use any local entity (including a local council, regional workforce development board, or similar entity) that—

[(A) is established to serve the local area (or the service delivery area that most closely corresponds to the local area);

[(B) is in existence on December 31, 1997;

[(C)(i) is established pursuant to section 102 of the Job Training Partnership Act, as in effect on December 31, 1997; or

[(ii) is substantially similar to the local board described in subsections (a), (b), and (c), and paragraphs (1) and (2) of subsection (h); and

[(D) includes—

[(i) representatives of business in the local area; and

[(ii)(I) representatives of labor organizations (for a local area in which employees are represented by labor organizations), nominated by local labor federations; or

[(II) other representatives of employees in the local area (for a local area in which no employees are represented by such organizations).

[(2) REFERENCES.—References in this Act to a local board or a youth council shall be considered to include such an entity or a subgroup of such an entity, respectively.]

(h) ESTABLISHMENT OF COUNCILS.—The local board may establish councils to provide information and advice to assist the local board in carrying out activities under this title. Such councils may include a council composed of one-stop partners to advise the local board on the operation of the one-stop delivery system, a youth council composed of experts and stakeholders in youth programs to advise the local board on activities for youth, and such other councils as the local board determines are appropriate.

SEC. 118. LOCAL PLAN.

(a) IN GENERAL.—Each local board shall develop and submit to the Governor a comprehensive [5-year] *2-year* local plan (referred to in this title as the "local plan"), in partnership with the appropriate chief elected official. The plan shall be consistent with the State plan.

(b) CONTENTS.—The local plan shall include—

(1) * * *

[(2) a description of the one-stop delivery system to be established or designated in the local area, including—

[(A) a description of how the local board will ensure the continuous improvement of eligible providers of services through the system and ensure that such providers meet the employment needs of local employers and participants; and

[(B) a copy of each memorandum of understanding described in section 121(c) (between the local board and each of the one-stop partners) concerning the operation of the one-stop delivery system in the local area;]

(2) a description of the one-stop delivery system to be established or designated in the local area, including a description of how the local board will ensure the continuous improvement of eligible providers of services through the system and ensure that such providers meets the employment needs of local employers and participants.

* * * * * * *

(4) a description and assessment of the type and availability of adult [and dislocated worker] employment and training activities in the local area;

* * * * * * *

CHAPTER 3—WORKFORCE INVESTMENT ACTIVITIES PROVIDERS

SEC. 121. ESTABLISHMENT OF ONE-STOP DELIVERY SYSTEMS.

(a) * * *

(b) ONE-STOP PARTNERS.—

(1) * * *

(2) ADDITIONAL PARTNERS.—

(A) * * *

(B) PROGRAMS.—The programs referred to in subparagraph (A) may include—

(i) * * *

* * * * * * *

(iv) programs authorized under the National and Community Service Act of 1990 (42 U.S.C. 12501 et seq.); [and]

(v) other appropriate Federal, State, or local programs, including programs in the private sector[.]*;*

(vi) employment and training programs administered by the Social Security Administration, including the Ticket to Work program (established by Public Law 106–170);

(vii) programs under part D of title IV of the Social Security Act (42 U.S.C. 451 et seq.) (relating to child support enforcement); and

(viii) programs carried out in the local area for individuals with disabilities, including programs carried out by State agencies relating to mental health, mental retardation, and developmental disabilities, State Med-

icaid agencies, State Independent Living Councils, and Independent Living Centers.

* * * * * * *

[(e) ESTABLISHED ONE-STOP DELIVERY SYSTEM.—If a one-stop delivery system has been established in a local area prior to the date of enactment of this Act, the local board, the chief elected official, and the Governor involved may agree to certify an entity carrying out activities through the system as a one-stop operator for purposes of subsection (d), consistent with the requirements of subsection (b), of the memorandum of understanding, and of section 134(c).]

[(c)] *(e)* ESTABLISHMENT OF ONE-STOP DELIVERY SYSTEM.—

(1) IN GENERAL.—There shall be established in a State that receives an allotment under section 132(b) a one-stop delivery system, which—

(A) shall provide the core services described in [subsection (d)(2)] *section 134(c)(2)*;

(B) shall provide access to intensive services and training services as described in paragraphs (3) and (4) of [subsection (d)] *section 134(c)*, including serving as the point of access to individual training accounts for training services to participants in accordance with [subsection (d)(4)(G)] *section 134(c)(4)(G)*;

(C) shall provide access to the activities carried out under [subsection (e)] *section 134(d)*, if any;

(D) shall provide access to programs and activities carried out by one-stop partners and described in [section 121(b)] *subsection (b)*; [and]

[(E) shall provide access to the information described in section 15 of the Wagner-Peyser Act and all job search, placement, recruitment, and other labor exchange services authorized under the Wagner-Peyser Act (29 U.S.C. 49 et seq.).]

(E) shall provide access to the information described in section 15(e) of the Wagner-Peyser Act (29 U.S.C. 49l–2(e)).

* * * * * * *

(g) CERTIFICATION OF ONE-STOP CENTERS.—

(1) IN GENERAL.—The State board shall establish procedures and criteria for periodically certifying one-stop center for the purpose of awarding the one-stop infrastructure funding described in subsection (h).

(2) CRITERIA.—The criteria for certification under this subsection shall include minimum standards relating to the scope and degree of service integration achieved by the centers involving the programs provided by the one-stop partners.

(3) EFFECT OF CERTIFICATION.—One-stop centers certified under this subsection shall be eligible to receive the infrastructure grants authorized under subsection (h).

(h) ONE-STOP INFRASTRUCTURE FUNDING.—

(1) PARTNER CONTRIBUTIONS.—

(A) PROVISION OF FUNDS.—Notwithstanding any other provision of law, as determined under subparagraph (B), a portion of the Federal funds provided to the State and areas within the State under the Federal laws authorizing

the one-stop partner programs described in subsection (b) for a fiscal year shall be provided to the Governor by such programs to carry out this subsection.

(B) DETERMINATION.—The portion of funds to be provided under subparagraph (A) by each one-stop partner shall be determined by the Governor, after consultation with the State board.

(2) ALLOCATION BY GOVERNOR.—From the funds provided under paragraph (1), the Governor shall allocate funds to local areas for the purposes of assisting in paying the costs of the infrastructure of One-Stop centers certified under subsection (g).

(3) ALLOCATION FORMULA.—The State board shall develop a formula to be used by the Governor to allocate the funds described in paragraph (1). The formula shall include such factors as the State board determines are appropriate, which may include factors such as the number of centers in the local area that have been certified, the population served by such centers, and the performance of such centers.

(4) COSTS OF INFRASTRUCTURE.—For purposes of this subsection, the term "costs of infrastructure" means the nonpersonnel costs that are necessary for the general operation of a one-stop center, including the rental costs of the facilities, the costs of utilities and maintenance, equipment (including adaptive technology for individuals with disabilities), strategic planning activities for the center, and common outreach activities.

(i) OTHER FUNDS.—

(1) IN GENERAL.—In addition to the funds provided to carry out subsection (h), a portion of funds made available under Federal law authorizing the one-stop partner programs described in subsection (b) shall be used to pay the costs relating to the operation of the one-stop delivery system that are not paid for from the funds provided under subsection (h), to the extent not inconsistent with the Federal law involved including—

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

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

(C) the costs of the provision of core services applicable to each program.

(2) DETERMINATION AND GUIDANCE.—The method for determining the appropriate portion of funds to be provided by each program under paragraph (1) shall be determined as part of the memorandum of understanding under subsection (c). The State board shall provide guidance to facilitate the determination of appropriate funding allocation in local areas.

[SEC. 122. IDENTIFICATION OF ELIGIBLE PROVIDERS OF TRAINING SERVICES.

[(a) ELIGIBILITY REQUIREMENTS.—

[(1) IN GENERAL.—Except as provided in subsection (h), to be identified as an eligible provider of training services described in section 134(d)(4) (referred to in this section as "training services") in a local area and to be eligible to receive funds made available under section 133(b) for the provision of training services, a provider of such services shall meet the requirements of this section.

[(2) PROVIDERS.—Subject to the provisions of this section, to be eligible to receive the funds, the provider shall be—

[(A) a postsecondary educational institution that—

[(i) is eligible to receive Federal funds under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.); and

[(ii) provides a program that leads to an associate degree, baccalaureate degree, or certificate;

[(B) an entity that carries out programs under the Act of August 16, 1937 (commonly known as the "National Apprenticeship Act"; 50 Stat. 664, chapter 663; 29 U.S.C. 50 et seq.); or

[(C) another public or private provider of a program of training services.

[(b) INITIAL ELIGIBILITY DETERMINATION.—

[(1) POSTSECONDARY EDUCATIONAL INSTITUTIONS AND ENTITIES CARRYING OUT APPRENTICESHIP PROGRAMS.—To be initially eligible to receive funds as described in subsection (a) to carry out a program described in subparagraph (A) or (B) of subsection (a)(2), a provider described in subparagraph (A) or (B), respectively, of subsection (a)(2) shall submit an application, to the local board for the local area in which the provider desires to provide training services, at such time, in such manner, and containing such information as the local board may require.

[(2) OTHER ELIGIBLE PROVIDERS.—

[(A) PROCEDURE.—Each Governor of a State shall establish a procedure for use by local boards in the State in determining the initial eligibility of a provider described in subsection (a)(2)(C) to receive funds as described in subsection (a) for a program of training services, including the initial eligibility of—

[(i) a postsecondary educational institution to receive such funds for a program not described in subsection (a)(2)(A); and

[(ii) a provider described in subsection (a)(2)(B) to receive such funds for a program not described in subsection (a)(2)(B).

[(B) RECOMMENDATIONS.—In developing such procedure, the Governor shall solicit and take into consideration the recommendations of local boards and providers of training services within the State.

[(C) OPPORTUNITY TO SUBMIT COMMENTS.—The Governor shall provide an opportunity, during the development of the procedure, for interested members of the public, including representatives of business and labor organizations, to submit comments on such procedure.

[(D) REQUIREMENTS.—In establishing the procedure, the Governor shall require that, to be initially eligible to receive funds as described in subsection (a) for a program, a provider described in subsection (a)(2)(C)—

[(i) shall submit an application, to the local board for the local area in which the provider desires to provide training services, at such time and in such manner as may be required, and containing a description of the program;

[(ii) if the provider provides training services through a program on the date of application, shall include in the application an appropriate portion of the performance information and program cost information described in subsection (d) for the program, as specified in the procedure, and shall meet appropriate levels of performance for the program, as specified in the procedure; and

[(iii) if the provider does not provide training services on such date, shall meet appropriate requirements, as specified in the procedure.

[(c) SUBSEQUENT ELIGIBILITY DETERMINATION.—

[(1) PROCEDURE.—Each Governor of a State shall establish a procedure for use by local boards in the State in determining the eligibility of a provider described in subsection (a)(2) to continue to receive funds as described in subsection (a) for a program after an initial period of eligibility under subsection (b) (referred to in this section as "subsequent eligibility").

[(2) RECOMMENDATIONS.—In developing such procedure, the Governor shall solicit and take into consideration the recommendations of local boards and providers of training services within the State.

[(3) OPPORTUNITY TO SUBMIT COMMENTS.—The Governor shall provide an opportunity, during the development of the procedure, for interested members of the public, including representatives of business and labor organizations, to submit comments on such procedure.

[(4) CONSIDERATIONS.—In developing such procedure, the Governor shall ensure that the procedure requires the local boards to take into consideration, in making the determinations of subsequent eligibility—

[(A) the specific economic, geographic, and demographic factors in the local areas in which providers seeking eligibility are located; and

[(B) the characteristics of the populations served by providers seeking eligibility, including the demonstrated difficulties in serving such populations, where applicable.

[(5) REQUIREMENTS.—In establishing the procedure, the Governor shall require that, to be eligible to continue to receive funds as described in subsection (a) for a program after the initial period of eligibility, a provider described in subsection (a)(2) shall—

[(A) submit the performance information and program cost information described in subsection (d)(1) for the program and any additional information required to be submitted in accordance with subsection (d)(2) for the program annually to the appropriate local board at such time and in such manner as may be required; and

[(B) annually meet the performance levels described in paragraph (6) for the program, as demonstrated utilizing quarterly records described in section 136, in a manner consistent with section 136.

[(6) LEVELS OF PERFORMANCE.—

[(A) IN GENERAL.—At a minimum, the procedure described in paragraph (1) shall require the provider to meet

minimum acceptable levels of performance based on the performance information referred to in paragraph (5)(A).

[(B) HIGHER LEVELS OF PERFORMANCE ELIGIBILITY.—The local board may require higher levels of performance than the levels referred to in subparagraph (A) for subsequent eligibility to receive funds as described in subsection (a).

[(d) PERFORMANCE AND COST INFORMATION.—

[(1) REQUIRED INFORMATION.—For a provider of training services to be determined to be subsequently eligible under subsection (c) to receive funds as described in subsection (a), such provider shall, under subsection (c), submit—

[(A) verifiable program-specific performance information consisting of—

[(i) program information, including—

[(I) the program completion rates for all individuals participating in the applicable program conducted by the provider;

[(II) the percentage of all individuals participating in the applicable program who obtain unsubsidized employment, which may also include information specifying the percentage of the individuals who obtain unsubsidized employment in an occupation related to the program conducted; and

[(III) the wages at placement in employment of all individuals participating in the applicable program; and

[(ii) training services information for all participants who received assistance under section 134 to participate in the applicable program, including—

[(I) the percentage of participants who have completed the applicable program and who are placed in unsubsidized employment;

[(II) the retention rates in unsubsidized employment of participants who have completed the applicable program, 6 months after the first day of the employment;

[(III) the wages received by participants who have completed the applicable program, 6 months after the first day of the employment involved; and

[(IV) where appropriate, the rates of licensure or certification, attainment of academic degrees or equivalents, or attainment of other measures of skills, of the graduates of the applicable program; and

[(B) information on program costs (such as tuition and fees) for participants in the applicable program.

[(2) ADDITIONAL INFORMATION.—Subject to paragraph (3), in addition to the performance information described in paragraph (1)—

[(A) the Governor may require that a provider submit, under subsection (c), such other verifiable program-specific performance information as the Governor determines to be

appropriate to obtain such subsequent eligibility, which may include information relating to—

[(i) retention rates in employment and the subsequent wages of all individuals who complete the applicable program;

[(ii) where appropriate, the rates of licensure or certification of all individuals who complete the program; and

[(iii) the percentage of individuals who complete the program who attain industry-recognized occupational skills in the subject, occupation, or industry for which training is provided through the program, where applicable; and

[(B) the Governor, or the local board, may require a provider to submit, under subsection (c), other verifiable program-specific performance information to obtain such subsequent eligibility.

[(3) CONDITIONS.—

[(A) IN GENERAL.—If the Governor or a local board requests additional information under paragraph (2) that imposes extraordinary costs on providers, or if providers experience extraordinary costs in the collection of information required under paragraph (1)(A)(ii), the Governor or the local board shall provide access to cost-effective methods for the collection of the information involved, or the Governor shall provide additional resources to assist providers in the collection of such information from funds made available as described in sections 128(a) and 133(a)(1), as appropriate.

[(B) HIGHER EDUCATION ELIGIBILITY REQUIREMENTS.—The local board and the designated State agency described in subsection (i) may accept program-specific performance information consistent with the requirements for eligibility under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.) from a provider for purposes of enabling the provider to fulfill the applicable requirements of this subsection, if such information is substantially similar to the information otherwise required under this subsection.

[(e) LOCAL IDENTIFICATION.—

[(1) IN GENERAL.—The local board shall place on a list providers submitting an application under subsection (b)(1) and providers determined to be initially eligible under subsection (b)(2), and retain on the list providers determined to be subsequently eligible under subsection (c), to receive funds as described in subsection (a) for the provision of training services in the local area served by the local board. The list of providers shall be accompanied by any performance information and program cost information submitted under subsection (b) or (c) by the provider.

[(2) SUBMISSION TO STATE AGENCY.—On placing or retaining a provider on the list, the local board shall submit, to the designated State agency described in subsection (i), the list and the performance information and program cost information referred to in paragraph (1). If the agency determines, within 30

days after the date of the submission, that the provider does not meet the performance levels described in subsection (c)(6) for the program (where applicable), the agency may remove the provider from the list for the program. The agency may not remove from the list an agency submitting an application under subsection (b)(1).

[(3) IDENTIFICATION OF ELIGIBLE PROVIDERS.—A provider who is placed or retained on the list under paragraph (1), and is not removed by the designated State agency under paragraph (2), for a program, shall be considered to be identified as an eligible provider of training services for the program.

[(4) AVAILABILITY.—

[(A) STATE LIST.—The designated State agency shall compile a single list of the providers identified under paragraph (3) from all local areas in the State and disseminate such list, and the performance information and program cost information described in paragraph (1), to the one-stop delivery systems within the State. Such list and information shall be made widely available to participants in employment and training activities authorized under section 134 and others through the one-stop delivery system.

[(B) SELECTION FROM STATE LIST.—Individuals eligible to receive training services under section 134(d)(4) shall have the opportunity to select any of the eligible providers, from any of the local areas in the State, that are included on the list described in subparagraph (A) to provide the services, consistent with the requirements of section 134.

[(5) ACCEPTANCE OF INDIVIDUAL TRAINING ACCOUNTS BY OTHER STATES.—States may enter into agreements, on a reciprocal basis, to permit eligible providers of training services in a State to accept individual training accounts provided in another State.

[(f) ENFORCEMENT.—

[(1) ACCURACY OF INFORMATION.—If the designated State agency, after consultation with the local board involved, determines that an eligible provider or individual supplying information on behalf of the provider intentionally supplies inaccurate information under this section, the agency shall terminate the eligibility of the provider to receive funds described in subsection (a) for any program for a period of time, but not less than 2 years.

[(2) NONCOMPLIANCE.—If the designated State agency, or the local board working with the State agency, determines that an eligible provider described in subsection (a) substantially violates any requirement under this Act, the agency, or the local board working with the State agency, may terminate the eligibility of such provider to receive funds described in subsection (a) for the program involved or take such other action as the agency or local board determines to be appropriate.

[(3) REPAYMENT.—A provider whose eligibility is terminated under paragraph (1) or (2) for a program shall be liable for repayment of all funds described in subsection (a) received for the program during any period of noncompliance described in such paragraph.

[(4) CONSTRUCTION.—This subsection and subsection (g) shall be construed to provide remedies and penalties that supplement, but do not supplant, other civil and criminal remedies and penalties.

[(g) APPEAL.—The Governor shall establish procedures for providers of training services to appeal a denial of eligibility by the local board or the designated State agency under subsection (b), (c), or (e), a termination of eligibility or other action by the board or agency under subsection (f), or a denial of eligibility by a one-stop operator under subsection (h). Such procedures shall provide an opportunity for a hearing and prescribe appropriate time limits to ensure prompt resolution of the appeal.

[(h) ON-THE-JOB TRAINING OR CUSTOMIZED TRAINING EXCEPTION.—

[(1) IN GENERAL.—Providers of on-the-job training or customized training shall not be subject to the requirements of subsections (a) through (e).

[(2) COLLECTION AND DISSEMINATION OF INFORMATION.—A one-stop operator in a local area shall collect such performance information from on-the-job training and customized training providers as the Governor may require, determine whether the providers meet such performance criteria as the Governor may require, and disseminate information identifying providers that meet the criteria as eligible providers, and the performance information, through the one-stop delivery system. Providers determined to meet the criteria shall be considered to be identified as eligible providers of training services.

[(i) ADMINISTRATION.—The Governor shall designate a State agency to make the determinations described in subsection (e)(2), take the enforcement actions described in subsection (f), and carry out other duties described in this section.

[SEC. 123. IDENTIFICATION OF ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.

[From funds allocated under paragraph (2)(A) or (3) of section 128(b) to a local area, the local board for such area shall identify eligible providers of youth activities by awarding grants or contracts on a competitive basis, based on the recommendations of the youth council and on the criteria contained in the State plan, to the providers to carry out the activities, and shall conduct oversight with respect to the providers, in the local area.]

SEC. 122. IDENTIFICATION OF ELIGIBLE PROVIDERS OF TRAINING SERVICES.

(a) IN GENERAL.—The Governor shall establish criteria and procedures regarding the eligibility of providers of training services described in section 134(c)(4) to receive funds provided under section 133(b) for the provision of such training services.

(b) CRITERIA.—

(1) IN GENERAL.—The criteria established pursuant to subsection (a) shall take into account the performance of providers of training services with respect to the indicators described in section 136 or other appropriate indicators (taking into consideration the characteristics of the population served and relevant economic conditions), and such other factors as the Governor determines are appropriate to ensure the quality of services, the accountability of providers, and the informed choice of partici-

pants under chapter 5. Such criteria shall require that the provider submit appropriate, accurate and timely information to the State for purposes of carrying out subsection (d). The criteria shall also provide for periodic review and renewal of eligibility under this section for providers of training services. The Governor may authorize local areas in the State to establish additional criteria or to modify the criteria established by the Governor under this section for purposes of determining the eligibility of providers of training services to provide such services in the local area.

(2) LIMITATION.—In carrying out the requirements of this subsection, no personally identifiable information regarding a student, including Social Security number, student identification number, or other identifier, may be disclosed without the prior written consent of the parent or eligible student in compliance with section 444 of the General Education Provisions Act (20 U.S.C. 1232g).

(c) PROCEDURES.—The procedures established under subsection (a) shall identify the application process for a provider of training services to become eligible to receive funds under section 133(b), and identify the respective roles of the State and local areas in receiving and reviewing applications and in making determinations of eligibility based on the criteria established under this section. The procedures shall also establish a process for a provider of training services to appeal a denial or termination of eligibility under this section that includes an opportunity for a hearing and prescribes appropriate time limits to ensure prompt resolution of the appeal.

(d) INFORMATION TO ASSIST PARTICIPANTS IN CHOOSING PROVIDERS.—In order to facilitate and assist participants under chapter 5 in choosing providers of training services, the Governor shall ensure that an appropriate list or lists of providers determined eligible under this section in the State, accompanied by such information as the Governor determines is appropriate, is provided to the local boards in the State to be made available to such participants and to members of the public through the one-stop delivery system in the State.

(e) AGREEMENTS WITH OTHER STATES.—States may enter into agreements, on a reciprocal basis, to permit eligible providers of training services to accept individual training accounts provided in another State.

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

(g) OPPORTUNITY TO SUBMIT COMMENTS.—During the development of the criteria, procedures, and information required under this section, the Governor shall provide an opportunity for interested members of the public, including representatives of business and labor organizations, to submit comments regarding such criteria, procedures, and information.

CHAPTER 4—YOUTH ACTIVITIES

* * * * * * *

SEC. 127. STATE ALLOTMENTS.

[(a) IN GENERAL.—The Secretary shall—

[(1) for each fiscal year in which the amount appropriated under section 137(a) exceeds $1,000,000,000, reserve a portion determined under subsection (b)(1)(A) of the amount appropriated under section 137(a) for use under sections 167 (relating to migrant and seasonal farmworker programs) and 169 (relating to youth opportunity grants); and

[(2) use the remainder of the amount appropriated under section 137(a) for a fiscal year to make allotments and grants in accordance with subparagraphs (B) and (C) of subsection (b)(1) and make funds available for use under section 166 (relating to Native American programs).

[(b) ALLOTMENT AMONG STATES.—

[(1) YOUTH ACTIVITIES.—

[(A) YOUTH OPPORTUNITY GRANTS.—

[(i) IN GENERAL.—For each fiscal year in which the amount appropriated under section 137(a) exceeds $1,000,000,000, the Secretary shall reserve a portion of the amount to provide youth opportunity grants and other activities under section 169 (relating to youth opportunity grants) and provide youth activities under section 167 (relating to migrant and seasonal farmworker programs).

[(ii) PORTION.—The portion referred to in clause (i) shall equal, for a fiscal year—

[(I) except as provided in subclause (II), the difference obtained by subtracting $1,000,000,000 from the amount appropriated under section 137(a) for the fiscal year; or

[(II) for any fiscal year in which the amount is $1,250,000,000 or greater, $250,000,000.

[(iii) YOUTH ACTIVITIES FOR FARMWORKERS.—From the portion described in clause (i) for a fiscal year, the Secretary shall make available 4 percent of such portion to provide youth activities under section 167.

[(iv) ROLE MODEL ACADEMY PROJECT.—From the portion described in clause (i) for fiscal year 1999, the Secretary shall make available such sums as the Secretary determines to be appropriate to carry out section 169(g).

[(B) OUTLYING AREAS.—

[(i) IN GENERAL.—From the amount made available under subsection (a)(2) for a fiscal year, the Secretary shall reserve not more than ¼ of 1 percent of the amount appropriated under section 137(a) for the fiscal year—

[(I) to provide assistance to the outlying areas to carry out youth activities and statewide workforce investment activities; and

[(II) for each of fiscal years 1999, 2000, and 2001, to carry out the competition described in clause (ii), except that the funds reserved to carry out such clause for any such fiscal year shall not exceed the amount reserved for the Freely Associ-

ated States for fiscal year 1997, from amounts reserved under sections 252(a) and 262(a)(1) of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act).

[(ii) LIMITATION FOR FREELY ASSOCIATED STATES.—

[(I) COMPETITIVE GRANTS.—The Secretary shall use funds described in clause (i)(II) to award grants to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Freely Associated States to carry out youth activities and statewide workforce investment activities.

[(II) AWARD BASIS.—The Secretary shall award grants pursuant to subclause (I) on a competitive basis and pursuant to the recommendations of experts in the field of employment and training, working through the Pacific Region Educational Laboratory in Honolulu, Hawaii.

[(III) ASSISTANCE REQUIREMENTS.—Any Freely Associated State that desires to receive assistance under this subparagraph shall submit an application to the Secretary and shall include in the application for assistance—

[(aa) information demonstrating that the Freely Associated State will meet all conditions that apply to States under this title;

[(bb) an assurance that, notwithstanding any other provision of this title, the Freely Associated State will use such assistance only for the direct provision of services; and

[(cc) such other information and assurances as the Secretary may require.

[(IV) TERMINATION OF ELIGIBILITY.—Notwithstanding any other provision of law, the Freely Associated States shall not receive any assistance under this subparagraph for any program year that begins after September 30, 2001.

[(V) ADMINISTRATIVE COSTS.—The Secretary may provide not more than 5 percent of the funds made available for grants under subclause (I) to pay the administrative costs of the Pacific Region Educational Laboratory in Honolulu, Hawaii, regarding activities assisted under this clause.

[(iii) ADDITIONAL REQUIREMENT.—The provisions of Public Law 95–134, permitting the consolidation of grants by the outlying areas, shall not apply to assistance provided to those areas, including the Freely Associated States, under this subparagraph.

[(C) STATES.—

[(i) IN GENERAL.—After determining the amounts to be reserved under subparagraph (A) (if any) and subparagraph (B), the Secretary shall—

[(I) from the amount referred to in subsection (a)(2) for a fiscal year, make available not more than 1.5 percent to provide youth activities under section 166 (relating to Native Americans); and

[(II) allot the remainder of the amount referred to in subsection (a)(2) for a fiscal year to the States pursuant to clause (ii) for youth activities and statewide workforce investment activities.

[(ii) FORMULA.—Subject to clauses (iii) and (iv), of the remainder—

[(I) 33⅓ percent shall be allotted on the basis of the relative number of unemployed individuals in areas of substantial unemployment in each State, compared to the total number of unemployed individuals in areas of substantial unemployment in all States;

[(II) 33⅓ percent shall be allotted on the basis of the relative excess number of unemployed individuals in each State, compared to the total excess number of unemployed individuals in all States; and

[(III) 33⅓ percent shall be allotted on the basis of the relative number of disadvantaged youth in each State, compared to the total number of disadvantaged youth in all States, except as described in clause (iii).

[(iii) CALCULATION.—In determining an allotment under clause (ii)(III) for any State in which there is a local area designated under section 116(a)(2)(B) (relating to the area served by a rural concentrated employment program grant recipient), the allotment shall be based on the higher of—

[(I) the number of individuals who are age 16 through 21 in families with an income below the low-income level in such area; or

[(II) the number of disadvantaged youth in such area.

[(iv) MINIMUM AND MAXIMUM PERCENTAGES AND MINIMUM ALLOTMENTS.—In making allotments under this subparagraph, the Secretary shall ensure the following:

[(I) MINIMUM PERCENTAGE AND ALLOTMENT.—Subject to subclause (IV), the Secretary shall ensure that no State shall receive an allotment for a fiscal year that is less than the greater of—

[(aa) an amount based on 90 percent of the allotment percentage of the State for the preceding fiscal year; or

[(bb) 100 percent of the total of the allotments of the State under sections 252 and 262 of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act) for fiscal year 1998.

[(II) SMALL STATE MINIMUM ALLOTMENT.—Subject to subclauses (I), (III), and (IV), the Secretary shall ensure that no State shall receive an allotment under this subparagraph that is less than the total of—

[(aa) 3/10 of 1 percent of $1,000,000,000 of the remainder described in clause (i)(II) for the fiscal year; and

[(bb) if the remainder described in clause (i)(II) for the fiscal year exceeds $1,000,000,000, 2/5 of 1 percent of the excess.

[(III) MAXIMUM PERCENTAGE.—Subject to subclause (I), the Secretary shall ensure that no State shall receive an allotment percentage for a fiscal year that is more than 130 percent of the allotment percentage of the State for the preceding fiscal year.

[(IV) MINIMUM FUNDING.—In any fiscal year in which the remainder described in clause (i)(II) does not exceed $1,000,000,000, the minimum allotments under subclauses (I) and (II) shall be calculated by the methodology for calculating the corresponding allotments under parts B and C of title II of the Job Training Partnership Act, as in effect on July 1, 1998.

[(2) DEFINITIONS.—For the purpose of the formula specified in paragraph (1)(C):

[(A) ALLOTMENT PERCENTAGE.—The term "allotment percentage", used with respect to fiscal year 2000 or a subsequent fiscal year, means a percentage of the remainder described in paragraph (1)(C)(i)(II) that is received through an allotment made under paragraph (1)(C) for the fiscal year. The term, used with respect to fiscal year 1998 or 1999, means the percentage of the amounts allotted to States under sections 252(b) and 262(a) of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act) that is received under such sections by the State involved for fiscal year 1998 or 1999.

[(B) AREA OF SUBSTANTIAL UNEMPLOYMENT.—The term "area of substantial unemployment" means any area that is of sufficient size and scope to sustain a program of workforce investment activities carried out under this subtitle and that has an average rate of unemployment of at least 6.5 percent for the most recent 12 months, as determined by the Secretary. For purposes of this subparagraph, determinations of areas of substantial unemployment shall be made once each fiscal year.

[(C) DISADVANTAGED YOUTH.—Subject to paragraph (3), the term "disadvantaged youth" means an individual who is age 16 through 21 who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the higher of—

[(i) the poverty line; or

[(ii) 70 percent of the lower living standard income level.

[(D) EXCESS NUMBER.—The term "excess number" means, used with respect to the excess number of unemployed individuals within a State, the higher of—

[(i) the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the State; or

[(ii) the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such State.

[(E) LOW-INCOME LEVEL.—The term "low-income level" means $7,000 with respect to income in 1969, and for any later year means that amount that bears the same relationship to $7,000 as the Consumer Price Index for that year bears to the Consumer Price Index for 1969, rounded to the nearest $1,000.

[(3) SPECIAL RULE.—For the purpose of the formula specified in paragraph (1)(C), the Secretary shall, as appropriate and to the extent practicable, exclude college students and members of the Armed Forces from the determination of the number of disadvantaged youth.

[(4) DEFINITION.—In this subsection, the term "Freely Associated State" means the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.]

(a) ALLOTMENT AMONG STATES.—

(1) YOUTH ACTIVITIES.—

(A) YOUTH CHALLENGE GRANTS.—

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

(ii) LIMITATION.—Notwithstanding clause (i), if the amount appropriated under section 137(a) for a fiscal year exceeds $1,000,000,000, the Secretary shall reserve $250,000,000 to provide youth challenge grants under section 169.

(B) OUTLYING AREAS AND NATIVE AMERICANS.—After determining the amount to be reserved under subparagraph (A), of the remainder of the amount appropriated under section 137(a) for each fiscal year the Secretary shall—

(i) reserve not more than 1/4 of one percent of such amount to provide assistance to the outlying areas to carry out youth activities and statewide workforce investment activities; and

(ii) reserve not more than 1 and 1/2 percent of such amount to provide youth activities under section 166 (relating to Native Americans).

(C) STATES.—

(i) IN GENERAL.—After determining the amounts to be reserved under subparagraphs (A) and (B), the Secretary shall allot the remainder of the amount appropriated under section 137(a) for each fiscal year to the States pursuant to clause (ii) for youth activities and statewide workforce investment activities.

(ii) FORMULA.—Subject to clauses (iii) and (iv), of the remainder—

(I) 33 and 1/3 percent shall be allotted on the basis of the relative number of high school drop-

outs who are ages 16 through 21 in the State, compared to the total number of high school dropouts who are ages 16 through 21 in all States;

(II) 33 and 1/3 percent shall be allotted on the basis of the relative number of jobless out-of-school youth who are ages 16 through 21 in the State, compared to the total number of jobless out-of-school youth who are ages 16 through 21 in all States; and

(III) 33 and 1/3 percent shall be allotted on the basis of the relative number of disadvantaged youth who are ages 16 through 21 in the State, compared to the total number of disadvantaged youth who are ages 16 through 21 in all States.

(iii) MINIMUM AND MAXIMUM PERCENTAGES.—The Secretary shall ensure that no State shall receive an allotment for a fiscal year that is less than 90 percent or greater than 130 percent of the allotment percentage of that State for the preceding fiscal year.

(iv) SMALL STATE MINIMUM ALLOTMENT.—Subject to clause (iii), the Secretary shall ensure that no State shall receive an allotment under this paragraph that is less than 3/10 of 1 percent of the amount available under subparagraph (A).

(2) DEFINITIONS.—For the purposes of paragraph (1), the following definitions apply:

(A) ALLOTMENT PERCENTAGE.—The term "allotment percentage", used with respect to fiscal year 2004 or a subsequent fiscal year, means a percentage of the remainder described in paragraph (1)(C)(i) that is received through an allotment made under this subsection for the fiscal year. The term, with respect to fiscal year 2003, means the percentage of the amounts allotted to States under this chapter (as in effect on the day before the date of enactment of the Workforce Reinvestment and Adult Education Act of 2003) that is received by the State involved for fiscal year 2003.

(B) DISADVANTAGED YOUTH.—The term "disadvantaged youth" means an individual who is age 16 through 21 who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the poverty line.

(C) NUMBER OF HIGH SCHOOL DROPOUTS.—The term "number of high school dropouts" means the number of high school dropouts as is determined by the Secretary based on the Current Population Survey.

(D) NUMBER OF JOBLESS OUT-OF-SCHOOL YOUTH.—The term "number of jobless out-of-school youth" means the number of jobless out-of-school youth as is determined by the Secretary based on the Current Population Survey.

(3) SPECIAL RULE.—For purposes of the formula specified in paragraph (1)(C), the Secretary shall, as appropriate and to the extent practicable, exclude college students and members of the Armed Forces from the determination of the number of disadvantaged youth.

(4) MINIMUM ALLOTMENT.—Notwithstanding any other provision of this section, no State shall receive an allotment under this section that is less than the amount received by such State for fiscal year 2003.

[(c)] *(b)* REALLOTMENT.—

(1) * * *

[(2) AMOUNT.—The amount available for reallotment for a program year is equal to the amount by which the unobligated balance of the State allotment under this section for such activities, at the end of the program year prior to the program year for which the determination under this paragraph is made, exceeds 20 percent of such allotment for the prior program year.]

(2) AMOUNT.—The amount available for reallotment for a program year is equal to the amount by which the unexpended balance, excluding accrued expenditures, at the end of such program year of the total amount of funds available to the State under this section during such program year (including amounts allotted to the State in prior program years that remain available during the program year for which the determination is made) exceeds 30 percent of such total amount.

(3) REALLOTMENT.—In making reallotments to eligible States of amounts available pursuant to paragraph (2) for a program year, the Secretary shall allot to each eligible State an amount based on the relative amount allotted to such State under this section for such activities [for the prior program year] *for the program year in which the determination is made*, as compared to the total amount allotted to all eligible States under this section for such activities for [such prior program year] *such program year*.

[(4) ELIGIBILITY.—For purposes of this subsection, an eligible State means a State that has obligated at least 80 percent of the State allotment under this section for such activities for the program year prior to the program year for which the determination under paragraph (2) is made.]

(4) ELIGIBILITY.—For purposes of this subsection, an eligible State means a State which does not have an amount available for reallotment under paragraph (2) for the program year for which the determination under paragraph (2) is made.

* * * * * * *

SEC. 128. WITHIN STATE ALLOCATIONS.

[(a) RESERVATIONS FOR STATE ACTIVITIES.—

[(1) IN GENERAL.—The Governor of a State shall reserve not more than 15 percent of each of the amounts allotted to the State under section 127(b)(1)(C) and paragraphs (1)(B) and (2)(B) of section 132(b) for a fiscal year for statewide workforce investment activities.

[(2) USE OF FUNDS.—Regardless of whether the reserved amounts were allotted under section 127(b)(1)(C), or under paragraph (1)(B) or (2)(B) of section 132(b), the Governor may use the reserved amounts to carry out statewide youth activities described in section 129(b) or statewide employment and training activities, for adults or for dislocated workers, described in paragraph (2)(B) or (3) of section 134(a).

[(b) WITHIN STATE ALLOCATION.—

[(1) METHODS.—The Governor, acting in accordance with the State plan, and after consulting with chief elected officials in the local areas, shall allocate the funds that are allotted to the State for youth activities and statewide workforce investment activities under section 127(b)(1)(C) and are not reserved under subsection (a), in accordance with paragraph (2) or (3).

[(2) FORMULA ALLOCATION.—

[(A) YOUTH ACTIVITIES.—

[(i) ALLOCATION.—In allocating the funds described in paragraph (1) to local areas, a State may allocate—

[(I) 33⅓ percent of the funds on the basis described in section 127(b)(1)(C)(ii)(I);

[(II) 33⅓ percent of the funds on the basis described in section 127(b)(1)(C)(ii)(II); and

[(III) 33⅓ percent of the funds on the basis described in clauses (ii)(III) and (iii) of section 127(b)(1)(C).

[(ii) MINIMUM PERCENTAGE.—Effective at the end of the second full fiscal year after the date on which a local area is designated under section 116, the local area shall not receive an allocation percentage for a fiscal year that is less than 90 percent of the average allocation percentage of the local area for the 2 preceding fiscal years. Amounts necessary for increasing such allocations to local areas to comply with the preceding sentence shall be obtained by ratably reducing the allocations to be made to other local areas under this subparagraph.

[(iii) DEFINITION.—The term "allocation percentage", used with respect to fiscal year 2000 or a subsequent fiscal year, means a percentage of the funds referred to in clause (i), received through an allocation made under this subparagraph, for the fiscal year.

[(B) APPLICATION.—For purposes of carrying out subparagraph (A)—

[(i) references in section 127(b) to a State shall be deemed to be references to a local area;

[(ii) references in section 127(b) to all States shall be deemed to be references to all local areas in the State involved; and

[(iii) except as described in clause (i), references in section 127(b)(1) to the term "excess number" shall be considered to be references to the term as defined in section 127(b)(2).

[(3) YOUTH DISCRETIONARY ALLOCATION.—In lieu of making the allocation described in paragraph (2)(A), in allocating the funds described in paragraph (1) to local areas, a State may distribute—

[(A) a portion equal to not less than 70 percent of the funds in accordance with paragraph (2)(A); and

[(B) the remaining portion of the funds on the basis of a formula that—

[(i) incorporates additional factors (other than the factors described in paragraph (2)(A)) relating to—

[(I) excess youth poverty in urban, rural, and suburban local areas; and

[(II) excess unemployment above the State average in urban, rural, and suburban local areas; and

[(ii) was developed by the State board and approved by the Secretary as part of the State plan.

[(4) LIMITATION.—

[(A) IN GENERAL.—Of the amount allocated to a local area under this subsection and section 133(b) for a fiscal year, not more than 10 percent of the amount may be used by the local board for the administrative cost of carrying out local workforce investment activities described in subsection (d) or (e) of section 134 or in section 129(c).

[(B) USE OF FUNDS.—Funds made available for administrative costs under subparagraph (A) may be used for the administrative cost of any of the local workforce investment activities described in subsection (d) or (e) of section 134 or in section 129(c), regardless of whether the funds were allocated under this subsection or section 133(b).

[(C) REGULATIONS.—The Secretary, after consulting with the Governors, shall develop and issue regulations that define the term "administrative cost" for purposes of this title. Such definition shall be consistent with generally accepted accounting principles.]

(a) RESERVATION FOR STATEWIDE ACTIVITIES.—

(1) IN GENERAL.—The Governor of a State shall reserve not more than 10 percent of the amount allotted to the State under section 127(a)(1)(C) for a fiscal year for statewide activities.

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

(b) WITHIN STATE ALLOCATION.—

(1) IN GENERAL.—Of the amounts allotted to the State under section 127(a)(1)(C) and not reserved under subsection (a)(1)—

(A) 80 percent of such amounts shall be allocated by the Governor to local areas in accordance with paragraph (2); and

(B) 20 percent of such amounts shall be allocated by the Governor to local areas in accordance with paragraph (3).

(2) ESTABLISHED FORMULA.—

(A) IN GENERAL.—Of the amounts described in paragraph (1)(A), the Governor shall allocate—

(i) 33 and 1/3 percent on the basis of the relative number of high school dropouts who are ages 16 through 21 in each local area, compared to the total number of high school dropouts who are ages 16 through 21 in all local areas in the State;

(ii) 33 and 1/3 percent on the basis of the relative number of jobless out-of-school youth who are ages 16 through 21 in each local area, compared to the total

number of jobless out-of-school youth who are ages 16 through 21 in all local areas in the State; and

(iii) 33 and 1/3 percent on the basis of the relative number of disadvantaged youth who are ages 16 through 21 in each local area, compared to the total number of disadvantaged youth who are ages 16 through 21 in all local areas in the State.

(B) MINIMUM AND MAXIMUM PERCENTAGES.—The Governor shall ensure that no local area shall receive an allocation for a fiscal year under this paragraph that is less than 90 percent or greater than 130 percent of the allocation percentage of the local area for the preceding fiscal year.

(C) DEFINITIONS.—

(i) ALLOCATION PERCENTAGE.—For purposes of this paragraph, the term "allocation percentage", used with respect to fiscal year 2004 or a subsequent fiscal year, means a percentage of amount described in paragraph(1)(A) that is received through an allocation made under this paragraph for the fiscal year. The term, with respect to fiscal year 2003, means the percentage of the amounts allocated to local areas under this chapter (as in effect on the day before the date of enactment of the Workforce Investment Act Amendments of 2003) that is received by the local area involved for fiscal year 2003.

(ii) OTHER TERMS.—For purposes of this paragraph, all other terms shall have the meaning given such terms in section 127(a)(2).

(3) YOUTH DISCRETIONARY ALLOCATION.—The Governor shall allocate to local areas the amounts described in paragraph (1)(B) in accordance with such demographic and economic factors as the Governor, after consultation with the State board and local boards, determines are appropriate.

(4) LOCAL ADMINISTRATIVE COST LIMIT.—

(A) IN GENERAL.—Of the amounts allocated to a local area under this subsection and section 133(b) for a fiscal year, not more than 10 percent of the amount may be used by the local boards for the administrative costs of carrying out local workforce investment activities under this chapter or chapter 5.

(B) USE OF FUNDS.—Funds made available for administrative costs under subparagraph (A) may be used for the administrative costs of any of the local workforce investment activities described in this chapter or chapter 5, regardless of whether the funds were allocated under this subsection or section 133(b).

(c) REALLOCATION AMONG LOCAL AREAS.—

(1) IN GENERAL.—The Governor may, in accordance with this subsection, reallocate to eligible local areas within the State amounts that are allocated under [paragraph (2)(A) or (3) of] subsection (b) for youth activities and that are available for reallocation.

[(2) AMOUNT.—The amount available for reallocation for a program year is equal to the amount by which the unobligated

balance of the local area allocation under paragraph (2)(A) or (3) of subsection (b) for such activities, at the end of the program year prior to the program year for which the determination under this paragraph is made exceeds 20 percent of such allocation for the prior program year.]

(2) AMOUNT.—The amount available for reallocation for a program year is equal to the amount by which the unexpended balance, excluding accrued expenditures, at the end of such program year of the total amount of funds available to the local area under this section during such program year (including amounts allotted to the local area in prior program years that remain available during the program year for which the determination is made) exceeds 30 percent of such total amount.

(3) REALLOCATION.—In making reallocations to eligible local areas of amounts available pursuant to paragraph (2) for a program year, the Governor shall allocate to each eligible local area within the State an amount based on the relative amount allocated to such local area under subsection (b)[(3)] for such activities for [the prior program year] *the program year in which the determination is made*, as compared to the total amount allocated to all eligible local areas in the State under subsection (b)[(3)] for such activities for [such prior program year] *such program year*. [For purposes of this paragraph, local areas that received allocations under subsection (b)(2)(A) for the prior program year shall be treated as if the local areas received allocations under subsection (b)(3) for such year.]

[(4) ELIGIBILITY.—For purposes of this subsection, an eligible local area means a local area that has obligated at least 80 percent of the local area allocation under paragraph (2)(A) or (3) of subsection (b) for such activities, for the program year prior to the program year for which the determination under paragraph (2) is made.]

(4) ELIGIBILITY.—For purposes of this subsection, an eligible local area means a local area which does not have an amount available for reallocation under paragraph (2) for the program year for which the determination under paragraph (2) is made.

SEC. 129. USE OF FUNDS FOR YOUTH ACTIVITIES.

[(a) PURPOSES.—The purposes of this section are—

[(1) to provide, to eligible youth seeking assistance in achieving academic and employment success, effective and comprehensive activities, which shall include a variety of options for improving educational and skill competencies and provide effective connections to employers;

[(2) to ensure on-going mentoring opportunities for eligible youth with adults committed to providing such opportunities;

[(3) to provide opportunities for training to eligible youth;

[(4) to provide continued supportive services for eligible youth;

[(5) to provide incentives for recognition and achievement to eligible youth; and

[(6) to provide opportunities for eligible youth in activities related to leadership, development, decisionmaking, citizenship, and community service.

[(b) STATEWIDE YOUTH ACTIVITIES.—

[(1) IN GENERAL.—Funds reserved by a Governor for a State as described in sections 128(a) and 133(a)(1)—

[(A) shall be used to carry out the statewide youth activities described in paragraph (2); and

[(B) may be used to carry out any of the statewide youth activities described in paragraph (3),

regardless of whether the funds were allotted to the State under section 127(b)(1) or under paragraph (1) or (2) of section 132(b).

[(2) REQUIRED STATEWIDE YOUTH ACTIVITIES.—A State shall use funds reserved as described in sections 128(a) and 133(a)(1) (regardless of whether the funds were allotted to the State under section 127(b)(1) or paragraph (1) or (2) of section 132(b)) to carry out statewide youth activities, which shall include—

[(A) disseminating a list of eligible providers of youth activities described in section 123;

[(B) carrying out activities described in clauses (ii) through (vi) of section 134(a)(2)(B), except that references in such clauses to activities authorized under section 134 shall be considered to be references to activities authorized under this section; and

[(C) providing additional assistance to local areas that have high concentrations of eligible youth to carry out the activities described in subsection (c).

[(3) ALLOWABLE STATEWIDE YOUTH ACTIVITIES.—A State may use funds reserved as described in sections 128(a) and 133(a)(1) (regardless of whether the funds were allotted to the State under section 127(b)(1) or paragraph (1) or (2) of section 132(b)) to carry out additional statewide youth activities, which may include—

[(A) carrying out activities described in clauses (i), (ii), (iii), (iv)(II), and (vi)(II) of section 134(a)(3)(A), except that references in such clauses to activities authorized under section 134 shall be considered to be references to activities authorized under this section; and

[(B) carrying out, on a statewide basis, activities described in subsection (c).

[(4) PROHIBITION.—No funds described in this subsection or section 134(a) shall be used to develop or implement education curricula for school systems in the State.]

(a) YOUTH PARTICIPANT ELIGIBILITY.—

(1) IN GENERAL.—The individuals participating in activities carried out under this chapter by a local area during any program year shall be individuals who, at the time the eligibility determination is made, are—

(A) not younger than age 16 or older than age 21; and

(B) one or more of the following:

(i) school dropouts;

(ii) recipients of a secondary school diploma or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities);

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

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

(v) in school youth who are low-income individuals and one or more of the following:

(I) Deficient in literacy skills.

(II) Homeless, runaway, or foster children.

(III) Pregnant or parents.

(IV) Offenders.

(V) Individuals who require additional assistance to complete an educational program, or to secure and hold employment.

(2) PRIORITY FOR SCHOOL DROPOUTS.—A priority in the provision of services under this chapter shall be given to individuals who are school dropouts.

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

(A) PERCENTAGE OF FUNDS.—For any program year, not more than 30 percent of the funds available for statewide activities under subsection (b), and not more than 30 percent of funds available to local areas under subsection (c), may be used to provide activities for in-school youth meeting the requirements of paragraph (1)(B)(v).

(B) NON-SCHOOL HOURS REQUIRED.—Activities carried out under this chapter for in-school youth meeting the requirements of paragraph (1)(B)(v) shall only be carried out in non-school hours or periods when school is not in session (such as before and after school or during summer recess.

(b) STATEWIDE ACTIVITIES.—

(1) IN GENERAL.—Funds reserved by a Governor for a State as described in sections 128(a) and 133(a)(1) may be used for statewide activities including—

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

(B) supporting the provision of core services described in section 134(c)(2) in the one-stop delivery system;

(C) conducting evaluations under section 136(e) of activities authorized under this chapter and chapter 5 in coordination with evaluations carried out by the Secretary under section 172, research, and demonstration projects;

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

(E) providing technical assistance and capacity building to local areas, one-stop operators, one-stop partners, and eligible providers, including the development and training of staff, the development of exemplary program activities, and the provision of technical assistance to local areas that fail to meet local performance measures;

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

(G) carrying out monitoring and oversight of activities under this chapter and chapter 5.

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

(3) PROHIBITION.—No funds described in this subsection or in section 134(a) may be used to develop or implement education curricula for school systems in the State.

(c) LOCAL ELEMENTS AND REQUIREMENTS.—

(1) PROGRAM DESIGN.—Funds allocated to a local area for eligible youth under [paragraph (2)(A) or (3), as appropriate, of] section 128(b) shall be used to carry out, for eligible youth, programs that—

(A) * * *

(B) develop service strategies for each participant that *are directly linked to one or more of the performance outcomes relating to this chapter under section 136, and that* shall identify an employment goal (including, in appropriate circumstances, nontraditional employment), appropriate achievement objectives, and appropriate services for the participant taking into account the assessment conducted pursuant to subparagraph (A), except that a new service strategy for a participant is not required if the provider carrying out such a program determines it is appropriate to use a recent service strategy developed for the participant under another education or training program; and

(C) provide—

(i) activities leading to the attainment of a secondary school diploma or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities);

[(i)] *(ii)* preparation for postsecondary educational opportunities *and advanced training*, in appropriate cases;

[(ii)] *(iii)* strong linkages between academic and occupational learning *that lead to the attainment of recognized credentials*;

[(iii)] *(iv)* preparation for unsubsidized employment opportunities, in appropriate cases; and

[(iv) effective connections to intermediaries with strong links to—

[(I) the job market; and

[(II) local and regional employers.]

(v) effective connections to employers in sectors of the local labor market experiencing high growth in employment opportunities.

(2) PROGRAM ELEMENTS.—The programs described in paragraph (1) shall provide elements consisting of—

(A) tutoring, study skills training, and instruction, leading to completion of [secondary school, including dropout prevention strategies] *secondary school diploma or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities), including dropout prevention strategies*;

* * * * * * *

(I) followup services for not less than 12 months after the completion of participation, as appropriate; [and]

(J) comprehensive guidance and counseling, which may include drug and alcohol abuse counseling and referral, as appropriate[.]*;*

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

(L) financial literacy skills.

(3) ADDITIONAL REQUIREMENTS.—

(A) INFORMATION AND REFERRALS.—Each local board shall ensure that each participant [or applicant who meets the minimum income criteria to be considered an eligible youth] shall be provided—

(i) * * *

* * * * * * *

[(4) PRIORITY.—

[(A) IN GENERAL.—At a minimum, 30 percent of the funds described in paragraph (1) shall be used to provide youth activities to out-of-school youth.

[(B) EXCEPTION.—A State that receives a minimum allotment under section 127(b)(1) in accordance with section 127(b)(1)(C)(iv)(II) or under section 132(b)(1) in accordance with section 132(b)(1)(B)(iv)(II) may reduce the percentage described in subparagraph (A) for a local area in the State, if—

[(i) after an analysis of the eligible youth population in the local area, the State determines that the local area will be unable to meet the percentage described in subparagraph (A) due to a low number of out-of-school youth; and

[(ii)(I) the State submits to the Secretary, for the local area, a request including a proposed reduced percentage for purposes of subparagraph (A), and the summary of the eligible youth population analysis; and

[(II) the request is approved by the Secretary.

[(5) EXCEPTIONS.—Not more than 5 percent of participants assisted under this section in each local area may be individuals who do not meet the minimum income criteria to be considered eligible youth, if such individuals are within one or more of the following categories:

[(A) Individuals who are school dropouts.

[(B) Individuals who are basic skills deficient.

[(C) Individuals with educational attainment that is one or more grade levels below the grade level appropriate to the age of the individuals.

[(D) Individuals who are pregnant or parenting.

[(E) Individuals with disabilities, including learning disabilities.

[(F) Individuals who are homeless or runaway youth.

[(G) Individuals who are offenders.

[(H) Other eligible youth who face serious barriers to employment as identified by the local board.]

[(6)] *(4)* PROHIBITIONS.—

(A) * * *

* * * * * * *

[(7)] *(5)* LINKAGES.—In coordinating the programs authorized under this section, [youth councils] *local boards* shall establish linkages with educational agencies responsible for services to participants as appropriate.

[(8)] *(6)* VOLUNTEERS.—The local board shall make opportunities available for individuals who have successfully participated in programs carried out under this section to volunteer assistance to participants in the form of mentoring, tutoring, and other activities.

[CHAPTER 5—ADULT AND DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES]

CHAPTER 5—COMPREHENSIVE EMPLOYMENT AND TRAINING ACTIVITIES FOR ADULTS

SEC. 131. GENERAL AUTHORIZATION.

The Secretary shall make allotments under [paragraphs (1)(B) and (2)(B) of] section 132(b) to each State that meets the requirements of section 112 and a grant to each outlying area that complies with the requirements of this title, to assist the State or outlying area, and to enable the State or outlying area to assist local areas, for the purpose of providing workforce investment activities for adults[, and dislocated workers,] in the State or outlying area and in the local areas.

SEC. 132. STATE ALLOTMENTS.

[(a) IN GENERAL.—The Secretary shall—

[(1) make allotments and grants from the total amount appropriated under section 137(b) for a fiscal year in accordance with subsection (b)(1); and

[(2)(A) reserve 20 percent of the amount appropriated under section 137(c) for a fiscal year for use under subsection (b)(2)(A), and under sections 170(b) (relating to dislocated worker technical assistance), 171(d) (relating to dislocated worker projects), and 173 (relating to national emergency grants, other than under subsection (a)(4), (f), and (g)); and

[(B) make allotments from 80 percent of the amount appropriated under section 137(c) for a fiscal year in accordance with subsection (b)(2)(B).

[(b) ALLOTMENT AMONG STATES.—

[(1) ADULT EMPLOYMENT AND TRAINING ACTIVITIES.—

[(A) RESERVATION FOR OUTLYING AREAS.—

[(i) IN GENERAL.—From the amount made available under subsection (a)(1) for a fiscal year, the Secretary shall reserve not more than ¼ of 1 percent to provide assistance to the outlying areas.

[(ii) APPLICABILITY OF ADDITIONAL REQUIREMENTS.—From the amount reserved under clause (i), the Secretary shall provide assistance to the outlying areas for adult employment and training activities and statewide workforce investment activities in accordance with the requirements of section 127(b)(1)(B), except that the reference in section 127(b)(1)(B)(i)(II) to

sections 252(d) and 262(a)(1) of the Job Training Partnership Act shall be deemed to be a reference to section 202(a)(1) of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act).

[(B) STATES.—

[(i) IN GENERAL.—After determining the amount to be reserved under subparagraph (A), the Secretary shall allot the remainder of the amount referred to in subsection (a)(1) for a fiscal year to the States pursuant to clause (ii) for adult employment and training activities and statewide workforce investment activities.

[(ii) FORMULA.—Subject to clauses (iii) and (iv), of the remainder—

[(I) 33⅓ percent shall be allotted on the basis of the relative number of unemployed individuals in areas of substantial unemployment in each State, compared to the total number of unemployed individuals in areas of substantial unemployment in all States;

[(II) 33⅓ percent shall be allotted on the basis of the relative excess number of unemployed individuals in each State, compared to the total excess number of unemployed individuals in all States; and

[(III) 33⅓ percent shall be allotted on the basis of the relative number of disadvantaged adults in each State, compared to the total number of disadvantaged adults in all States, except as described in clause (iii).

[(iii) CALCULATION.—In determining an allotment under clause (ii)(III) for any State in which there is a local area designated under section 116(a)(2)(B), the allotment shall be based on the higher of—

[(I) the number of adults in families with an income below the low-income level in such area; or

[(II) the number of disadvantaged adults in such area.

[(iv) MINIMUM AND MAXIMUM PERCENTAGES AND MINIMUM ALLOTMENTS.—In making allotments under this subparagraph, the Secretary shall ensure the following:

[(I) MINIMUM PERCENTAGE AND ALLOTMENT.—Subject to subclause (IV), the Secretary shall ensure that no State shall receive an allotment for a fiscal year that is less than the greater of—

[(aa) an amount based on 90 percent of the allotment percentage of the State for the preceding fiscal year; or

[(bb) 100 percent of the allotment of the State under section 202 of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act) for fiscal year 1998.

[(II) SMALL STATE MINIMUM ALLOTMENT.—Subject to subclauses (I), (III), and (IV), the Secretary shall ensure that no State shall receive an allotment under this subparagraph that is less than the total of—

[(aa) 3/10 of 1 percent of $960,000,000 of the remainder described in clause (i) for the fiscal year; and

[(bb) if the remainder described in clause (i) for the fiscal year exceeds $960,000,000, 2/5 of 1 percent of the excess.

[(III) MAXIMUM PERCENTAGE.—Subject to subclause (I), the Secretary shall ensure that no State shall receive an allotment percentage for a fiscal year that is more than 130 percent of the allotment percentage of the State for the preceding fiscal year.

[(IV) MINIMUM FUNDING.—In any fiscal year in which the remainder described in clause (i) does not exceed $960,000,000, the minimum allotments under subclauses (I) and (II) shall be calculated by the methodology for calculating the corresponding allotments under part A of title II of the Job Training Partnership Act, as in effect on July 1, 1998.

[(v) DEFINITIONS.—For the purpose of the formula specified in this subparagraph:

[(I) ADULT.—The term "adult" means an individual who is not less than age 22 and not more than age 72.

[(II) ALLOTMENT PERCENTAGE.—The term "allotment percentage", used with respect to fiscal year 2000 or a subsequent fiscal year, means a percentage of the remainder described in clause (i) that is received through an allotment made under this subparagraph for the fiscal year. The term, used with respect to fiscal year 1998 or 1999, means the percentage of the amounts allotted to States under section 202(a) of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act) that is received under such section by the State involved for fiscal year 1998 or 1999.

[(III) AREA OF SUBSTANTIAL UNEMPLOYMENT.—The term "area of substantial unemployment" means any area that is of sufficient size and scope to sustain a program of workforce investment activities carried out under this subtitle and that has an average rate of unemployment of at least 6.5 percent for the most recent 12 months, as determined by the Secretary. For purposes of this subclause, determinations of areas of substantial unemployment shall be made once each fiscal year.

[(IV) DISADVANTAGED ADULT.—Subject to subclause (V), the term "disadvantaged adult" means an adult who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the higher of—

[(aa) the poverty line; or

[(bb) 70 percent of the lower living standard income level.

[(V) DISADVANTAGED ADULT SPECIAL RULE.—The Secretary shall, as appropriate and to the extent practicable, exclude college students and members of the Armed Forces from the determination of the number of disadvantaged adults.

[(VI) EXCESS NUMBER.—The term "excess number" means, used with respect to the excess number of unemployed individuals within a State, the higher of—

[(aa) the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the State; or

[(bb) the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such State.

[(2) DISLOCATED WORKER EMPLOYMENT AND TRAINING.—

[(A) RESERVATION FOR OUTLYING AREAS.—

[(i) IN GENERAL.—From the amount made available under subsection (a)(2)(A) for a fiscal year, the Secretary shall reserve not more than ¼ of 1 percent of the amount appropriated under section 137(c) for the fiscal year to provide assistance to the outlying areas.

[(ii) APPLICABILITY OF ADDITIONAL REQUIREMENTS.—From the amount reserved under clause (i), the Secretary shall provide assistance to the outlying areas for dislocated worker employment and training activities and statewide workforce investment activities in accordance with the requirements of section 127(b)(1)(B), except that the reference in section 127(b)(1)(B)(i)(II) to sections 252(a) and 262(a)(1) of the Job Training Partnership Act shall be deemed to be a reference to section 302(e) of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act).

[(B) STATES.—

[(i) IN GENERAL.—The Secretary shall allot the amount referred to in subsection (a)(2)(B) for a fiscal year to the States pursuant to clause (ii) for dislocated worker employment and training activities and statewide workforce investment activities.

[(ii) FORMULA.—Of the amount—

[(I) 33⅓ percent shall be allotted on the basis of the relative number of unemployed individuals

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

[(II) 33⅓ percent shall be allotted on the basis of the relative excess number of unemployed individuals in each State, compared to the total excess number of unemployed individuals in all States; and

[(III) 33⅓ percent shall be allotted on the basis of the relative number of individuals in each State who have been unemployed for 15 weeks or more, compared to the total number of individuals in all States who have been unemployed for 15 weeks or more.

[(iii) DEFINITION.—In this subparagraph, the term "excess number" means, used with respect to the excess number of unemployed individuals within a State, the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the State.

[(3) DEFINITIONS.—For the purpose of the formulas specified in this subsection:

[(A) FREELY ASSOCIATED STATES.—The term "Freely Associated States" means the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

[(B) LOW-INCOME LEVEL.—The term "low-income level" means $7,000 with respect to income in 1969, and for any later year means that amount that bears the same relationship to $7,000 as the Consumer Price Index for that year bears to the Consumer Price Index for 1969, rounded to the nearest $1,000.]

(a) IN GENERAL.—The Secretary shall—

(1) reserve 10 percent of the amount appropriated under section 137(b) for a fiscal year, of which—

(A) not less than 75 percent shall be used for national dislocated worker grants under section 173;

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

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

(2) make allotments from 90 percent of the amount appropriated under section 137(b) for a fiscal year in accordance with subsection (b).

(b) ALLOTMENT AMONG STATES FOR ADULT EMPLOYMENT AND TRAINING ACTIVITIES.—

(1) RESERVATION FOR OUTLYING AREAS.—From the amount made available under subsection (a)(2) for a fiscal year, the Secretary shall reserve not more than ¼ of 1 percent to provide assistance to outlying areas to carry out employment and training activities for adults and statewide workforce investment activities.

(2) STATES.—

(A) IN GENERAL.—After determining the amount to be reserved under paragraph (1), the Secretary shall allot the remainder of the amount referred to under subsection (a)(2)

for a fiscal year to the States pursuant to subparagraph (B) for employment and training activities for adults and statewide workforce investment activities.

(B) FORMULA.—Subject to subparagraphs (C) and (D), of the remainder—

(i) 60 percent shall be allotted on the basis of the relative number of unemployed individuals in each State, compared to the total number of unemployed individuals in all States;

(ii) 15 percent shall be allotted on the basis of the relative excess number of unemployed individuals in each State, compared to the total excess number of unemployed individuals in all States;

(iii) 15 percent shall be allotted on the basis of the relative number of individuals in the civilian labor force in each State, compared to the total number of individuals in the civilian labor force in all States; and

(iv) 10 percent shall be allotted on the basis of the relative number of disadvantaged adults in each State, compared to the total number of disadvantaged adults in all States.

(C) MINIMUM AND MAXIMUM PERCENTAGES.—The Secretary shall ensure that no State shall receive an allotment for a fiscal year that is less than 90 percent or greater than 130 percent of the allotment percentage of the State for the preceding fiscal year.

(D) MINIMUM ALLOTMENT.—Notwithstanding any other provision of this section, no State shall receive an allotment under this section that is less than the amount received by such State for fiscal year 2003.

(E) SMALL STATE MINIMUM ALLOTMENT.—Subject to subparagraph (C), the Secretary shall ensure that no State shall receive an allotment under this paragraph that is less than 3/10 of 1 percent of the amount available under subparagraph (A).

(F) DEFINITIONS.—For the purposes of this paragraph, the following definitions apply:

(i) ALLOTMENT PERCENTAGE.—The term "allotment percentage", used with respect to fiscal year 2004 or a subsequent fiscal year, means a percentage of the remainder described in subparagraph (A) that is received through an allotment made under this paragraph for the fiscal year. The term, with respect to fiscal year 2003, means the percentage of the amounts allotted to States under this chapter (as in effect on the day before the date of enactment of the Workforce Reinvestment and Adult Education Act of 2003) and under section 6 of the Wagner-Peyser Act that is received by the State involved for fiscal year 2003.

(ii) DISADVANTAGED ADULT.—The term "disadvantaged adult" means an individual who is age 22 through 72 who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the poverty line.

(iii) EXCESS NUMBER.—The term "excess number" means, used with respect to the excess number of unemployed individuals within a State, the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the State.

(c) REALLOTMENT.—

(1) * * *

[(2) AMOUNT.—The amount available for reallotment for a program year is equal to the amount by which the unobligated balance of the State allotments under this section for such activities, at the end of the program year prior to the program year for which the determination under this paragraph is made, exceeds 20 percent of such allotments for the prior program year.**]**

(2) AMOUNT.—The amount available for reallotment for a program year is equal to the amount by which the unexpended balance, excluding accrued expenditures, at the end of such program year of the total amount of funds available to the State under this section during such program year (including amounts allotted to the State in prior program years that remain available during the program year for which the determination is made) exceeds 30 percent of such total amount.

(3) REALLOTMENT.—In making reallotments to eligible States of amounts available pursuant to paragraph (2) for a program year, the Secretary shall allot to each eligible State an amount based on the relative amount allotted to such State under this section for such activities **[**for the prior program year**]** *for the program year in which the determination is made*, as compared to the total amount allotted to all eligible States under this section for such activities for **[**such prior program year**]** *such program year*.

[(4) ELIGIBILITY.—For purposes of this subsection, an eligible State means a State that has obligated at least 80 percent of the State allotment under this section for such activities for the program year prior to the program year for which the determination under paragraph (2) is made.**]**

(4) ELIGIBILITY.—For purposes of this subsection, an eligible State means a State that does not have an amount available for reallotment under paragraph (2) for the program year for which the determination under paragraph (2) is made.

* * * * * * *

SEC. 133. WITHIN STATE ALLOCATIONS.

[(a) RESERVATIONS FOR STATE ACTIVITIES.—

[(1) STATEWIDE WORKFORCE INVESTMENT ACTIVITIES.—The Governor of a State shall make the reservation required under section 128(a).

[(2) STATEWIDE RAPID RESPONSE ACTIVITIES.—The Governor of the State shall reserve not more than 25 percent of the total amount allotted to the State under section 132(b)(2)(B) for a fiscal year for statewide rapid response activities described in section 134(a)(2)(A).

[(b) WITHIN STATE ALLOCATION.—

[(1) METHODS.—The Governor, acting in accordance with the State plan, and after consulting with chief elected officials in the local areas, shall allocate—

[(A) the funds that are allotted to the State for adult employment and training activities and statewide workforce investment activities under section 132(b)(1)(B) and are not reserved under subsection (a)(1), in accordance with paragraph (2) or (3); and

[(B) the funds that are allotted to the State for dislocated worker employment and training activities under section 132(b)(2)(B) and are not reserved under paragraph (1) or (2) of subsection (a), in accordance with paragraph (2).

[(2) FORMULA ALLOCATIONS.—

[(A) ADULT EMPLOYMENT AND TRAINING ACTIVITIES.—

[(i) ALLOCATION.—In allocating the funds described in paragraph (1)(A) to local areas, a State may allocate—

[(I) 33⅓ percent of the funds on the basis described in section 132(b)(1)(B)(ii)(I);

[(II) 33⅓ percent of the funds on the basis described in section 132(b)(1)(B)(ii)(II); and

[(III) 33⅓ percent of the funds on the basis described in clauses (ii)(III) and (iii) of section 132(b)(1)(B).

[(ii) MINIMUM PERCENTAGE.—Effective at the end of the second full fiscal year after the date on which a local area is designated under section 116, the local area shall not receive an allocation percentage for a fiscal year that is less than 90 percent of the average allocation percentage of the local area for the 2 preceding fiscal years. Amounts necessary for increasing such allocations to local areas to comply with the preceding sentence shall be obtained by ratably reducing the allocations to be made to other local areas under this subparagraph.

[(iii) DEFINITION.—The term "allocation percentage", used with respect to fiscal year 2000 or a subsequent fiscal year, means a percentage of the funds referred to in clause (i), received through an allocation made under this subparagraph, for the fiscal year.

[(B) DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES.—

[(i) FORMULA.—In allocating the funds described in paragraph (1)(B) to local areas, a State shall allocate the funds based on an allocation formula prescribed by the Governor of the State. Such formula may be amended by the Governor not more than once for each program year. Such formula shall utilize the most appropriate information available to the Governor to distribute amounts to address the State's worker readjustment assistance needs.

[(ii) INFORMATION.—The information described in clause (i) shall include insured unemployment data, unemployment concentrations, plant closing and mass

layoff data, declining industries data, farmer-rancher economic hardship data, and long-term unemployment data.

[(C) APPLICATION.—For purposes of carrying out subparagraph (A)—

[(i) references in section 132(b) to a State shall be deemed to be references to a local area;

[(ii) references in section 132(b) to all States shall be deemed to be references to all local areas in the State involved; and

[(iii) except as described in clause (i), references in section 132(b)(1) to the term "excess number" shall be considered to be references to the term as defined in section 132(b)(1).

[(3) ADULT EMPLOYMENT AND TRAINING DISCRETIONARY ALLOCATIONS.—In lieu of making the allocation described in paragraph (2)(A), in allocating the funds described in paragraph (1)(A) to local areas, a State may distribute—

[(A) a portion equal to not less than 70 percent of the funds in accordance with paragraph (2)(A); and

[(B) the remaining portion of the funds on the basis of a formula that—

[(i) incorporates additional factors (other than the factors described in paragraph (2)(A)) relating to—

[(I) excess poverty in urban, rural, and suburban local areas; and

[(II) excess unemployment above the State average in urban, rural, and suburban local areas; and

[(ii) was developed by the State board and approved by the Secretary as part of the State plan.

[(4) TRANSFER AUTHORITY.—A local board may transfer, if such a transfer is approved by the Governor, not more than 20 percent of the funds allocated to the local area under paragraph (2)(A) or (3), and 20 percent of the funds allocated to the local area under paragraph (2)(B), for a fiscal year between—

[(A) adult employment and training activities; and

[(B) dislocated worker employment and training activities.

[(5) ALLOCATION.—

[(A) IN GENERAL.—The Governor of the State shall allocate the funds described in paragraph (1) to local areas under paragraphs (2) and (3) for the purpose of providing a single system of employment and training activities for adults and dislocated workers in accordance with subsections (d) and (e) of section 134.

[(B) ADDITIONAL REQUIREMENTS.—

[(i) ADULTS.—Funds allocated under paragraph (2)(A) or (3) shall be used by a local area to contribute proportionately to the costs of the one-stop delivery system described in section 134(c) in the local area, and to pay for employment and training activities provided to adults in the local area, consistent with section 134.

[(ii) DISLOCATED WORKERS.—Funds allocated under paragraph (2)(B) shall be used by a local area to contribute proportionately to the costs of the one-stop delivery system described in section 134(c) in the local area, and to pay for employment and training activities provided to dislocated workers in the local area, consistent with section 134.]

(a) RESERVATION FOR STATEWIDE ACTIVITIES.—The Governor of a State may reserve up to 50 percent of the total amount allotted to the State under section 132 for a fiscal year to carry out the statewide activities described in section 134(a).

(b) ALLOCATIONS TO LOCAL AREAS.—

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

(A) 80 percent of such amounts shall be allocated by the Governor to local areas in accordance with paragraph (2); and

(B) 20 percent of such amounts shall be allocated by the Governor to local areas in accordance with paragraph (3).

(2) ESTABLISHED FORMULA.—

(A) IN GENERAL.—Of the amounts described in paragraph (1)(A), the Governor shall allocate—

(i) 60 percent on the basis of the relative number of unemployed individuals in each local area, compared to the total number of unemployed individuals in all local areas in the State;

(ii) 15 percent on the basis of the relative excess number of unemployed individuals in each local area, compared to the total excess number of unemployed individuals in all local areas in the State;

(iii) 15 percent on the basis of the relative number of individuals in the civilian labor force in each local area, compared to the total number of individuals in the civilian labor force in all local areas in the State; and

(iv) 10 percent shall be allotted on the basis of the relative number of disadvantaged adults in each local area, compared to the total number of disadvantaged adults in all local areas in the State.

(B) MINIMUM AND MAXIMUM PERCENTAGES.—The Governor shall ensure that no local area shall receive an allocation for a fiscal year under this paragraph that is less than 90 percent or greater than 130 percent of the allocation percentage of the local area for the preceding fiscal year.

(C) DEFINITIONS.—

(i) ALLOCATION PERCENTAGE.—The term "allocation percentage", used with respect to fiscal year 2004 or a subsequent fiscal year, means a percentage of amount described in paragraph (1)(A) that is received through an allocation made under this paragraph for the fiscal year. The term, with respect to fiscal year 2003, means the percentage of the amounts allocated to local areas under this chapter (as in effect on the day before the date of enactment of the Workforce Reinvestment and

Adult Education Act of 2003) that is received by the local area involved for fiscal year 2003.

(ii) DISADVANTAGED ADULT.—The term "disadvantaged adult" means an individual who is age 22 through 72 who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the poverty line.

(iii) EXCESS NUMBER.—The term "excess number" means, used with respect to the excess number of unemployed individuals within a local area, the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the local area.

(3) DISCRETIONARY ALLOCATION.—The Governor shall allocate to local areas the amounts described in paragraph (1)(B) based on a formula developed in consultation with the State board and local boards. Such formula shall be objective and geographically equitable and may include such demographic and economic factors as the Governor, after consultation with the State board and local boards, determines are appropriate.

(4) LOCAL ADMINISTRATIVE COST LIMIT.—

(A) IN GENERAL.—Of the amounts allocated to a local area under this subsection and section 128(b) for a fiscal year, not more than 10 percent of the amount may be used by the local boards for the administrative costs of carrying out local workforce investment activities under this chapter or chapter 4.

(B) USE OF FUNDS.—Funds made available for administrative costs under subparagraph (A) may be used for the administrative costs of any of the local workforce investment activities described in this chapter or chapter 4, regardless of whether the funds were allocated under this subsection or section 128(b).

(c) REALLOCATION AMONG LOCAL AREAS.—

(1) IN GENERAL.—The Governor may, in accordance with this subsection, reallocate to eligible local areas within the State amounts that are allocated under **[**paragraph (2)(A) or (3) of**]** subsection (b) for adult employment and training activities and that are available for reallocation.

[(2) AMOUNT.—The amount available for reallocation for a program year is equal to the amount by which the unobligated balance of the local area allocation under paragraph (2)(A) or (3) of subsection (b) for such activities, at the end of the program year prior to the program year for which the determination under this paragraph is made exceeds 20 percent of such allocation for the prior program year.**]**

(2) AMOUNT.—The amount available for reallocation for a program year is equal to the amount by which the unexpended balance, excluding accrued expenditures, at the end of such program year of the total amount of funds available to the local area under this section during such program year (including amounts allotted to the local area in prior program years that remain available during the program year for which the determination is made) exceeds 30 percent of such total amount.

(3) REALLOCATION.—In making reallocations to eligible local areas of amounts available pursuant to paragraph (2) for a program year, the Governor shall allocate to each eligible local area within the State an amount based on the relative amount allocated to such local area under subsection (b)[(3)] for such activities for [the prior program year] *the program year in which the determination is made*, as compared to the total amount allocated to all eligible local areas in the State under subsection (b)[(3)] for such activities for [such prior program year] *such program year*. [For purposes of this paragraph, local areas that received allocations under subsection (b)(2)(A) for the prior program year shall be treated as if the local areas received allocations under subsection (b)(3) for such year.]

[(4) ELIGIBILITY.—For purposes of this subsection, an eligible local area means a local area that has obligated at least 80 percent of the local area allocation under paragraph (2)(A) or (3) of subsection (b) for such activities, for the program year prior to the program year for which the determination under paragraph (2) is made.]

(4) ELIGIBILITY.—For purposes of this subsection, an eligible local area means a local area which does not have an amount available for reallocation under paragraph (2) for the program year for which the determination under paragraph (2) is made.

SEC. 134. USE OF FUNDS FOR EMPLOYMENT AND TRAINING ACTIVITIES.

(a) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—

[(1) IN GENERAL.—Funds reserved by a Governor for a State—

[(A) as described in section 133(a)(2) shall be used to carry out the statewide rapid response activities described in paragraph (2)(A); and

[(B) as described in sections 128(a) and 133(a)(1)—

[(i) shall be used to carry out the statewide employment and training activities described in paragraph (2)(B); and

[(ii) may be used to carry out any of the statewide employment and training activities described in paragraph (3),

regardless of whether the funds were allotted to the State under section 127(b)(1) or under paragraph (1) or (2) of section 132(b).

[(2) REQUIRED STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—

[(A) STATEWIDE RAPID RESPONSE ACTIVITIES.—A State shall use funds reserved as described in section 133(a)(2) to carry out statewide rapid response activities, which shall include—

[(i) provision of rapid response activities, carried out in local areas by the State or by an entity designated by the State, working in conjunction with the local boards and the chief elected officials in the local areas; and

[(ii) provision of additional assistance to local areas that experience disasters, mass layoffs or plant closings, or other events that precipitate substantial in-

creases in the number of unemployed individuals, carried out in local areas by the State or by an entity designated by the State, working in conjunction with the local boards and the chief elected officials in the local areas.

[(B) OTHER REQUIRED STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—A State shall use funds reserved as described in sections 128(a) and 133(a)(1) (regardless of whether the funds were allotted to the State under section 127(b)(1) or paragraph (1) or (2) of section 132(b)) to carry out other statewide employment and training activities, which shall include—

[(i) disseminating the State list of eligible providers of training services, including eligible providers of nontraditional training services, information identifying eligible providers of on-the-job training and customized training, and performance information and program cost information, as described in subsections (e) and (h) of section 122;

[(ii) conducting evaluations, under section 136(e), of activities authorized in this section, in coordination with the activities carried out under section 172;

[(iii) providing incentive grants to local areas for regional cooperation among local boards (including local boards for a designated region as described in section 116(c)), for local coordination of activities carried out under this Act, and for exemplary performance by local areas on the local performance measures;

[(iv) providing technical assistance to local areas that fail to meet local performance measures;

[(v) assisting in the establishment and operation of one-stop delivery systems described in subsection (c); and

[(vi) operating a fiscal and management accountability information system under section 136(f).

[(3) ALLOWABLE STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—

[(A) IN GENERAL.—A State may use funds reserved as described in sections 128(a) and 133(a)(1) (regardless of whether the funds were allotted to the State under section 127(b)(1) or paragraph (1) or (2) of section 132(b)) to carry out additional statewide employment and training activities, which may include—

[(i) subject to subparagraph (B), administration by the State of the activities authorized under this section;

[(ii) provision of capacity building and technical assistance to local areas, one-stop operators, one-stop partners, and eligible providers, including the development and training of staff and the development of exemplary program activities;

[(iii) conduct of research and demonstrations;

[(iv)(I) implementation of innovative incumbent worker training programs, which may include the es-

tablishment and implementation of an employer loan program to assist in skills upgrading; and

[(II) the establishment and implementation of programs targeted to empowerment zones and enterprise communities;

[(v) support for the identification of eligible providers of training services as required under section 122;

[(vi)(I) implementation of innovative programs for displaced homemakers, which for purposes of this subclause may include an individual who is receiving public assistance and is within 2 years of exhausting lifetime eligibility under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

[(II) implementation of programs to increase the number of individuals training for and placed in nontraditional employment; and

[(vii) carrying out other activities authorized in this section that the State determines to be necessary to assist local areas in carrying out activities described in subsection (d) or (e) through the statewide workforce investment system.

[(B) LIMITATION.—

[(i) IN GENERAL.—Of the funds allotted to a State under sections 127(b) and 132(b) and reserved as described in sections 128(a) and 133(a)(1) for a fiscal year—

[(I) not more than 5 percent of the amount allotted under section 127(b)(1);

[(II) not more than 5 percent of the amount allotted under section 132(b)(1); and

[(III) not more than 5 percent of the amount allotted under section 132(b)(2),

may be used by the State for the administration of youth activities carried out under section 129 and employment and training activities carried out under this section.

[(ii) USE OF FUNDS.—Funds made available for administrative costs under clause (i) may be used for the administrative cost of any of the statewide youth activities or statewide employment and training activities, regardless of whether the funds were allotted to the State under section 127(b)(1) or paragraph (1) or (2) of section 132(b).]

(1) IN GENERAL.—

(A) REQUIRED USE OF FUNDS.—Not less than 50 percent of the funds reserved by a Governor under section 133(a) shall be used to support the provision of core services in local areas, consistent with the local plan, through one-stop delivery systems by distributing funds to local areas in accordance with subparagraph (B). Such funds may be used by States to employ State personnel to provide such services in designated local areas in consultation with local boards.

(B) METHOD OF DISTRIBUTING FUNDS.—The method of distributing funds under this paragraph shall be developed

in consultation with the State board and local boards. Such method of distribution, which may include the formula established under section 121(h)(3), shall be objective and geographically equitable, and may include factors such as the number of centers in the local area that have been certified, the population served by such centers, and the performance of such centers.

(C) OTHER USE OF FUNDS.—Funds reserved by a Governor for a State—

(i) under section 133(a) and not used under subparagraph (A), may be used for statewide activities described in paragraph (2); and

(ii) under section 133(a) and not used under subparagraph (A), and under section 128(a) may be used to carry out any of the statewide employment and training activities described in paragraph (3).

(2) STATEWIDE RAPID RESPONSE ACTIVITIES.—A State shall carry out statewide rapid response activities using funds reserved as described in section 133(a). Such activities shall include—

(A) provision of rapid response activities, carried out in local areas by the State or by an entity designated by the State, working in conjunction with the local boards and the chief elected officials in the local areas; and

(B) provision of additional assistance to local areas that experience disasters, mass layoffs or plant closings, or other events that precipitate substantial increases in the number of unemployed individuals, carried out in local areas by the State, working in conjunction with the local boards and the chief elected officials in the local areas.

(3) STATEWIDE ACTIVITIES.—Funds reserved by a Governor for a State as described in sections 133(a) and 128(a) may be used for statewide activities including—

(A) supporting the provision of core services described in section 134(c)(2) in the one-stop delivery system;

(B) conducting evaluations under section 136(e) of activities authorized under this chapter and chapter 4 in coordination with evaluations carried out by the Secretary under section 172, research, and demonstration projects;

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

(D) providing technical assistance and capacity building to local areas, one-stop operators, one-stop partners, and eligible providers, including the development and training of staff, the development of exemplary program activities, and the provision of technical assistance to local areas that fail to meet local performance measures;

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

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

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

(H) developing strategies for effectively serving hard-to-serve populations and for integrating programs and services among one-stop partners;

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

(J) implementing programs to increase the number of individuals training for and placed in nontraditional employment.

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

(b) LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.—Funds allocated to a local area for adults [under paragraph (2)(A) or (3), as appropriate, of section 133(b), and funds allocated to a local area for dislocated workers under section 133(b)(2)(B)] *under section 133(b)*—

(1) shall be used to carry out employment and training activities described in subsection (d) for adults [or dislocated workers, respectively]; and

(2) may be used to carry out employment and training activities described in subsection (e) for adults [or dislocated workers, respectively].

[(c) ESTABLISHMENT OF ONE-STOP DELIVERY SYSTEM.—

[(1) IN GENERAL.—There shall be established in a State that receives an allotment under section 132(b) a one-stop delivery system, which—

[(A) shall provide the core services described in subsection (d)(2);

[(B) shall provide access to intensive services and training services as described in paragraphs (3) and (4) of subsection (d), including serving as the point of access to individual training accounts for training services to participants in accordance with subsection (d)(4)(G);

[(C) shall provide access to the activities carried out under subsection (e), if any;

[(D) shall provide access to programs and activities carried out by one-stop partners and described in section 121(b); and

[(E) shall provide access to the information described in section 15 of the Wagner-Peyser Act and all job search, placement, recruitment, and other labor exchange services authorized under the Wagner-Peyser Act (29 U.S.C. 49 et seq.).

[(2) ONE-STOP DELIVERY.—At a minimum, the one-stop delivery system—

[(A) shall make each of the programs, services, and activities described in paragraph (1) accessible at not less

than one physical center in each local area of the State; and

[(B) may also make programs, services, and activities described in paragraph (1) available—

[(i) through a network of affiliated sites that can provide one or more of the programs, services, and activities to individuals; and

[(ii) through a network of eligible one-stop partners—

[(I) in which each partner provides one or more of the programs, services, and activities to such individuals and is accessible at an affiliated site that consists of a physical location or an electronically or technologically linked access point; and

[(II) that assures individuals that information on the availability of the core services will be available regardless of where the individuals initially enter the statewide workforce investment system, including information made available through an access point described in subclause (I).

[(3) SPECIALIZED CENTERS.—The centers and sites described in paragraph (2) may have a specialization in addressing special needs, such as the needs of dislocated workers.]

[(d)] *(c)* REQUIRED LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.—

[(1) IN GENERAL.—

[(A) ALLOCATED FUNDS.—Funds allocated to a local area for adults under paragraph (2)(A) or (3), as appropriate, of section 133(b), and funds allocated to the local area for dislocated workers under section 133(b)(2)(B), shall be used—

[(i) to establish a one-stop delivery system described in subsection (c);

[(ii) to provide the core services described in paragraph (2) to adults and dislocated workers, respectively, through the one-stop delivery system in accordance with such paragraph;

[(iii) to provide the intensive services described in paragraph (3) to adults and dislocated workers, respectively, described in such paragraph; and

[(iv) to provide training services described in paragraph (4) to adults and dislocated workers, respectively, described in such paragraph.

[(B) OTHER FUNDS.—A portion of the funds made available under Federal law authorizing the programs and activities described in section 121(b)(1)(B), including the Wagner-Peyser Act (29 U.S.C. 49 et seq.), shall be used as described in clauses (i) and (ii) of subparagraph (A), to the extent not inconsistent with the Federal law involved.]

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

(A) to establish a one-stop delivery system as described in section 121(e);

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

(C) to provide the intensive services described in paragraph (3) to adults described in such paragraph; and

(D) to provide training services described in paragraph (4) to adults described in such paragraph.

(2) CORE SERVICES.—Funds described in paragraph (1)(A) shall be used to provide core services, which shall be available to individuals [who are adults or dislocated workers] through the one-stop delivery system and shall, at a minimum, include—

(A) determinations of whether the individuals are eligible to receive assistance [under this subtitle] *under the one-stop partner programs described in section 121(b)*;

* * * * * * *

[(D) job search and placement assistance, and where appropriate, career counseling;]

(D) labor exchange services, including—

(i) job search and placement assistance, and where appropriate career counseling; and

(ii) appropriate recruitment services for employers;

* * * * * * *

(I) provision of information regarding filing claims for unemployment compensation *and the administration of the work test for the unemployment compensation system*;

[(J) assistance in establishing eligibility for—

[(i) welfare-to-work activities authorized under section 403(a)(5) of the Social Security Act (as added by section 5001 of the Balanced Budget Act of 1997) available in the local area; and

[(ii) programs of financial aid assistance for training and education programs that are not funded under this Act and are available in the local area; and]

(J) assistance in establishing eligibility for programs of financial aid assistance for training and education programs that are not funded under this Act and are available in the local area; and

* * * * * * *

(3) INTENSIVE SERVICES.—

[(A) IN GENERAL.—Funds allocated to a local area for adults under paragraph (2)(A) or (3), as appropriate, of section 133(b), and funds allocated to the local area for dislocated workers under section 133(b)(2)(B), shall be used to provide intensive services to adults and dislocated workers, respectively—

[(i)(I) who are unemployed and are unable to obtain employment through core services provided under paragraph (2); and

[(II) who have been determined by a one-stop operator to be in need of more intensive services in order to obtain employment; or

[(ii) who are employed, but who are determined by a one-stop operator to be in need of such intensive services in order to obtain or retain employment that allows for self-sufficiency.]

(A) IN GENERAL.—

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

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

(aa) unlikely or unable to obtain suitable employment through core services; and

(bb) in need of intensive services in order to obtain suitable employment; or

(II) are employed, but who are determined by a one-stop operator to be in need of intensive services to obtain or retain suitable employment.

(ii) DEFINITION.—The Governor shall define the term "suitable employment" for purposes of this subparagraph.

* * * * * * *

(C) TYPES OF SERVICES.—Such intensive services may include the following:

(i) * * *

* * * * * * *

(v) Case management [for participants seeking training services under paragraph (4)].

* * * * * * *

(vii) Internships and work experience.

(viii) Literacy activities relating to basic work readiness, and financial literacy activities.

(ix) Out-of-area job search assistance and relocation assistance.

(4) TRAINING SERVICES.—

[(A) IN GENERAL.—Funds allocated to a local area for adults under paragraph (2)(A) or (3), as appropriate, of section 133(b), and funds allocated to a local area for dislocated workers under section 133(b)(2)(B) shall be used to provide training services to adults and dislocated workers, respectively—

[(i) who have met the eligibility requirements for intensive services under paragraph (3)(A) and who are unable to obtain or retain employment through such services;

[(ii) who after an interview, evaluation, or assessment, and case management, have been determined by a one-stop operator or one-stop partner, as appropriate, to be in need of training services and to have the skills and qualifications to successfully participate in the selected program of training services;

[(iii) who select programs of training services that are directly linked to the employment opportunities in the local area involved or in another area in which the adults or dislocated workers receiving such services are willing to relocate;

[(iv) who meet the requirements of subparagraph (B); and

[(v) who are determined to be eligible in accordance with the priority system, if any, in effect under subparagraph (E).]

(A) IN GENERAL.—

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

(I) after an interview, evaluation, or assessment, and case management, have been determined by a one-stop operator or one-stop partner, as appropriate, to—

(aa) be unlikely or unable to obtain or retain suitable employment through intensive services under paragraph (3)(A);

(bb) be in need of training services to obtain or retain suitable employment; and

(cc) have the skills and qualifications to successfully participate in the selected program of training services;

(II) select programs of training services that are directly linked to the employment opportunities in the local area involved or in another area in which the adults receiving such services are willing to commute or relocate;

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

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

(ii) The Governor shall define the term "suitable employment" for purposes of this subparagraph.

(B) QUALIFICATION.—

(i) REQUIREMENT.—[Except] *Notwithstanding section 479B of the Higher Education Act of 1965 (20 U.S.C. 1087uu) and except* as provided in clause (ii), provision of such training services shall be limited to individuals who—

(I) * * *

* * * * * * *

[(E) PRIORITY.—In the event that funds allocated to a local area for adult employment and training activities under paragraph (2)(A) or (3) of section 133(b) are limited, priority shall be given to recipients of public assistance and other low-income individuals for intensive services and training services. The appropriate local board and the Governor shall direct the one-stop operators in the local area with regard to making determinations related to such priority.]

(E) PRIORITY.—

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

(ii) ADDITIONAL PRIORITY.—If the funds in the local area, including the funds allocated under section 133(b), for serving recipients of public assistance and

other low-income individuals is limited, the priority for the provision of intensive and training services under this subsection shall include such recipients and individuals.

(iii) DETERMINATIONS.—The Governor and the appropriate local board shall direct the one-stop operators in the local area with regard to making determinations with respect to the priority of service under this subparagraph.

(F) CONSUMER CHOICE REQUIREMENTS.—

(i) * * *

* * * * * * *

(iv) ENHANCED INDIVIDUAL TRAINING ACCOUNTS.—Each local board may, through one-stop centers, assist individuals receiving individual training accounts through the establishment of such accounts that include, in addition to the funds provided under this paragraph, funds from other programs and sources that will assist the individual in obtaining training services.

(G) USE OF INDIVIDUAL TRAINING ACCOUNTS.—

(i) * * *

* * * * * * *

(iv) DEFINITION.—In this subparagraph, the term "special participant population that faces multiple barriers to employment" means a population of low-income individuals that is included in one or more of the following categories:

(I) * * *

* * * * * * *

(IV) Individuals with disabilities.

[(IV)**]** *(V)* Other hard-to-serve populations as defined by the Governor involved.

[(e)**]** *(d)* PERMISSIBLE LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.—

[(1) DISCRETIONARY ONE-STOP DELIVERY ACTIVITIES.—Funds allocated to a local area for adults under paragraph (2)(A) or (3), as appropriate, of section 133(b), and funds allocated to the local area for dislocated workers under section 133(b)(2)(B), may be used to provide, through one-stop delivery described in subsection (c)(2)—

[(A) customized screening and referral of qualified participants in training services described in subsection (d)(4) to employment; and

[(B) customized employment-related services to employers on a fee-for-service basis.**]**

(1) DISCRETIONARY ONE-STOP DELIVERY ACTIVITIES.—

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

(i) customized screening and referral of qualified participants in training services to employers;

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

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

(iv) employment and training assistance provided in coordination with child support enforcement activities of the State agency carrying out subtitle D of title IV of the Social Security Act.

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

(i) IN GENERAL.— Funds allocated to a local area under 133(b) may be used to provide, through the one-stop delivery system and in collaboration with the appropriate programs and resources of the one-stop partners, work support activities designed to assist low-wage workers in retaining and enhancing employment.

(ii) ACTIVITIES.—The activities described in clause (i) may include assistance in accessing financial supports for which such workers may be eligible and the provision of activities available through the one-stop delivery system in a manner that enhances the opportunities of such workers to participate, such as the provision of employment and training activities during nontraditional hours and the provision of on-site child care while such activities are being provided.

* * * * * * *

(4) INCUMBENT WORKER TRAINING PROGRAMS.—

(A) IN GENERAL.—The local board may use up to 10 percent of the funds allocated to a local area under section 133(b) to carry out incumbent worker training programs in accordance with this paragraph.

(B) TRAINING ACTIVITIES.—The training programs for incumbent workers under this paragraph shall be carried out by the local area in conjunction with the employers of such workers for the purpose of assisting such workers in obtaining the skills necessary to retain employment and avert layoffs.

(C) EMPLOYER MATCH REQUIRED.—

(i) IN GENERAL.—Employers participating in programs under this paragraph shall be required to pay a proportion of the costs of providing the training to the incumbent workers. The Governor shall establish, or may authorize the local board to establish, the required portion of such costs, which shall not be less than—

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

(II) 25 percent of the costs, for employers with more than 50 employees but fewer than 100 employees; and

(III) 50 percent of the costs, for employers with 100 or more employees.

(ii) CALCULATION OF MATCH.—The wages paid by an employer to a worker while they are attending training may be included as part of the requirement payment of the employer.

CHAPTER 6—GENERAL PROVISIONS

SEC. 136. PERFORMANCE ACCOUNTABILITY SYSTEM.

(a) * * *

(b) STATE PERFORMANCE MEASURES.—

(1) IN GENERAL.—For each State, the State performance measures shall consist of—

(A)(i) the core indicators of performance described in paragraph (2)(A) **[**and the customer satisfaction indicator of performance described in paragraph (2)(B)**]**; and

(ii) additional indicators of performance (if any) identified by the State under paragraph **[**(2)(C)**]** *(2)(B)*; and

* * * * * * *

(2) INDICATORS OF PERFORMANCE.—

(A) CORE INDICATORS OF PERFORMANCE.—

(i) IN GENERAL.—The core indicators of performance for employment and training activities authorized under section 134 **[**(except for self-service and informational activities) and (for participants who are eligible youth age 19 through 21) for youth activities authorized under section 129**]** shall consist of—

(I) * * *

* * * * * * *

[(IV) attainment of a recognized credential relating to achievement of educational skills, which may include attainment of a secondary school diploma or its recognized equivalent, or occupational skills, by participants who enter unsubsidized employment, or by participants who are eligible youth age 19 through 21 who enter postsecondary education, advanced training, or unsubsidized employment.

[(ii) CORE INDICATORS FOR ELIGIBLE YOUTH.—The core indicators of performance (for participants who are eligible youth age 14 through 18) for youth activities authorized under section 129, shall include—

[(I) attainment of basic skills and, as appropriate, work readiness or occupational skills;

[(II) attainment of secondary school diplomas and their recognized equivalents; and

[(III) placement and retention in postsecondary education or advanced training, or placement and retention in military service, employment, or qualified apprenticeships.

[(B) CUSTOMER SATISFACTION INDICATORS.—The customer satisfaction indicator of performance shall consist of customer satisfaction of employers and participants with services received from the workforce investment activities authorized under this subtitle. Customer satisfaction may

be measured through surveys conducted after the conclusion of participation in the workforce investment activities.]

(IV) the efficiency of the program in obtaining the outcomes described in subclauses (I) through (III).

(ii) CORE INDICATORS FOR ELIGIBLE YOUTH.—The core indicators of performance for youth activities authorized under section 129 shall consist of—

(I) entry into employment, education or advanced training, or military service;

(II) attainment of secondary school diplomas or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities);

(III) attainment of literacy or numeracy skills; and

(IV) the efficiency of the program in obtaining the outcomes described in subclauses (I) through (III).

[(C)] *(B)* ADDITIONAL INDICATORS.—A State may identify in the State plan additional indicators for workforce investment activities authorized under this subtitle. *Such indicators may include customer satisfaction of employers and participants with services received from the workforce investment activities authorized under this subtitle.*

(3) LEVELS OF PERFORMANCE.—

(A) STATE ADJUSTED LEVELS OF PERFORMANCE FOR CORE INDICATORS AND CUSTOMER SATISFACTION INDICATOR.—

(i) IN GENERAL.—For each State submitting a State plan, there shall be established, in accordance with this subparagraph, levels of performance for each of the core indicators of performance described in paragraph (2)(A) [and the customer satisfaction indicator described in paragraph (2)(B)] for workforce investment activities authorized under this subtitle. The levels of performance established under this subparagraph shall, at a minimum—

(I) * * *

* * * * * * *

(ii) IDENTIFICATION IN STATE PLAN.—Each State shall identify, in the State plan submitted under section 112, expected levels of performance for each of the core indicators of performance [and the customer satisfaction indicator of performance, for the first 3] *for the 2* program years covered by the State plan.

(iii) AGREEMENT ON STATE ADJUSTED LEVELS OF PERFORMANCE [FOR FIRST 3 YEARS].—In order to ensure an optimal return on the investment of Federal funds in workforce investment activities authorized under this subtitle, the Secretary and each Governor shall reach agreement on levels of performance for each of the core indicators of performance [and the customer satisfaction indicator of performance, for the first 3] *for the 2* program years covered by the State plan, tak-

ing into account the levels identified in the State plan under clause (ii) and the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the State adjusted levels of performance for the State for such years and shall be incorporated into the State plan prior to the approval of such plan.

(iv) FACTORS.—The agreement described in clause (iii) or (v) shall take into account—

[(I) the extent to which the levels involved will assist the State in attaining a high level of customer satisfaction;]

[(II)] *(I)* how the levels involved compare with the State adjusted levels of performance established for other States, [taking into account] *which shall be adjusted based on* factors including differences in economic conditions *such as unemployment rates and job losses or gains in particular industries*, the characteristics of participants when the participants entered the program *such as indicators of poor work history, lack of work experience, low levels of literacy or English proficiency, disability status, and welfare dependency*, and the services to be provided; and

[(III)] *(II)* the extent to which such levels involved promote continuous improvement in performance on the performance measures by such State and ensure optimal return on the investment of Federal funds.

[(v) AGREEMENT ON STATE ADJUSTED LEVELS OF PERFORMANCE FOR 4TH AND 5TH YEARS.—Prior to the 4th program year covered by the State plan, the Secretary and each Governor shall reach agreement on levels of performance for each of the core indicators of performance and the customer satisfaction indicator of performance, for the 4th and 5th program years covered by the State plan, taking into account the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the State adjusted levels of performance for the State for such years and shall be incorporated into the State plan.]

[(vi)] *(v)* REVISIONS.—If unanticipated circumstances arise in a State resulting in a significant change in the factors described in clause (iv)(II), the Governor may request that the State adjusted levels of performance agreed to under clause (iii) or (v) be revised. The Secretary, after collaboration with the representatives described in subsection (i), shall issue objective criteria and methods for making such revisions.

(B) LEVELS OF PERFORMANCE FOR ADDITIONAL INDICATORS.—The State may identify, in the State plan, State levels of performance for each of the additional indicators described in paragraph [(2)(C)] *(2)(B)*. Such levels shall be considered to be State adjusted levels of performance for purposes of this title.

(c) LOCAL PERFORMANCE MEASURES.—

(1) IN GENERAL.—For each local area in a State, the local performance measures shall consist of—

(A)(i) the core indicators of performance described in subsection (b)(2)(A)[, and the customer satisfaction indicator of performance described in subsection (b)(2)(B),] for activities described in such subsections, other than statewide workforce investment activities; and

(ii) additional indicators of performance (if any) identified by the State under subsection [(b)(2)(C)] *(b)(2)(B)* for activities described in such subsection, other than statewide workforce investment activities; and

* * * * * * *

[(3) DETERMINATIONS.—In determining such local levels of performance, the local board, the chief elected official, and the Governor shall take into account the specific economic, demographic, and other characteristics of the populations to be served in the local area.]

(3) DETERMINATIONS.—In determining such local levels of performance, the local board, the chief elected official, and the Governor shall ensure such levels are adjusted based on the specific economic characteristics (such as unemployment rates and job losses or gains in particular industries), demographic characteristics, or other characteristics of the population to be served in the local area, such as poor work history, lack of work experience, low levels of literacy or English proficiency, disability status, and welfare dependency.

(d) REPORT.—

(1) IN GENERAL.—Each State that receives an allotment under section 127 or 132 shall annually prepare and submit to the Secretary a report on the progress of the State in achieving State performance measures, including information on the levels of performance achieved by the State with respect to the core indicators of performance [and the customer satisfaction indicator]. The annual report also shall include information regarding the progress of local areas in the State in achieving local performance measures, including information on the levels of performance achieved by the areas with respect to the core indicators of performance [and the customer satisfaction indicator]. The report also shall include information on the status of State evaluations of workforce investment activities described in subsection (e).

(2) ADDITIONAL INFORMATION.—In preparing such report, the State shall include, at a minimum, information on participants in workforce investment activities authorized under this subtitle relating to—

(A) * * *

* * * * * * *

(E) performance with respect to the indicators of performance specified in subsection (b)(2)(A) of participants in workforce investment activities who received the training services compared with the performance of participants in workforce investment activities who received only services other than the training services [(excluding participants

who received only self-service and informational activities)]; and

* * * * * * *

(4) DATA VALIDATION.—In preparing the reports described in this subsection, the States shall establish procedures, consistent with guidelines issued by the Secretary, to ensure the information contained in the report is valid and reliable.

* * * * * * *

(g) SANCTIONS FOR STATE FAILURE TO MEET STATE PERFORMANCE MEASURES.—

(1) STATES.—

(A) TECHNICAL ASSISTANCE.—If a State fails to meet State adjusted levels of performance relating to indicators described in subparagraph (A) [or (B)] of subsection (b)(2) for a program for any program year, the Secretary shall, upon request, provide technical assistance in accordance with section 170, including assistance in the development of a performance improvement plan.

(2) FUNDS RESULTING FROM REDUCED ALLOTMENTS.—The Secretary shall use an amount retained, as a result of a reduction in an allotment to a State made under paragraph (1)(B), to provide incentive grants under section [503] *136(i)*.

(h) SANCTIONS FOR LOCAL AREA FAILURE TO MEET LOCAL PERFORMANCE MEASURES.—

(1) TECHNICAL ASSISTANCE.—If a local area fails to meet levels of performance relating to indicators described in subparagraph (A) [or (B)] of subsection (b)(2) for a program for any program year, the Governor, or upon request by the Governor, the Secretary, shall provide technical assistance, which may include assistance in the development of a performance improvement plan, or the development of a modified local plan.

(2) CORRECTIVE ACTIONS.—

(A) * * *

[(B) APPEAL BY LOCAL AREA.—

[(i) APPEAL TO GOVERNOR.—A local area that is subject to a reorganization plan under subparagraph (A) may, not later than 30 days after receiving notice of the reorganization plan, appeal to the Governor to rescind or revise such plan. In such case, the Governor shall make a final decision not later then 30 days after the receipt of the appeal.

[(ii) SUBSEQUENT ACTION.—The local area may, not later than 30 days after receiving a decision from the Governor pursuant to clause (i), appeal such decision to the Secretary. In such case, the Secretary shall make a final decision not later than 30 days after the receipt of the appeal.]

(B) APPEAL TO GOVERNOR.—A local area that is subject to a reorganization plan under subparagraph (A) may, not later than 30 days after receiving notice of the reorganization plan, appeal to the Governor to rescind or revise such

plan. In such case, the Governor shall make a final decision not later than 30 days after the receipt of the appeal.

* * * * * * *

[(i) OTHER MEASURES AND TERMINOLOGY.—

[(1) RESPONSIBILITIES.—In order to ensure nationwide comparability of performance data, the Secretary, after collaboration with representatives of appropriate Federal agencies, and representatives of States and political subdivisions, business and industry, employees, eligible providers of employment and training activities, educators, and participants, with expertise regarding workforce investment policies and workforce investment activities, shall issue—

[(A) definitions for information required to be reported under subsection (d)(2);

[(B) terms for a menu of additional indicators of performance described in subsection (b)(2)(C) to assist States in assessing their progress toward State workforce investment goals; and

[(C) objective criteria and methods described in subsection (b)(3)(A)(vi) for making revisions to levels of performance.

[(2) DEFINITIONS FOR CORE INDICATORS.—The Secretary and the representatives described in paragraph (1) shall participate in the activities described in section 502 concerning the issuance of definitions for indicators of performance described in subsection (b)(2)(A).

[(3) ASSISTANCE.—The Secretary shall make the services of staff available to the representatives to assist the representatives in participating in the collaboration described in paragraph (1) and in the activities described in section 502.]

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

(1) INCENTIVE GRANTS FOR STATES.—

(A) IN GENERAL.—From funds appropriated under section 174, the Secretary may award grants to States for exemplary performance in carrying programs under this chapters 4 and 5 of this title. Such awards may be based on States meeting or exceeding the performance measures established under this section, on the performance of the State in serving special populations, including the levels of service provided and the performance outcomes, and such other factors relating to the performance of the State under this title as the Secretary determines is appropriate.

(B) USE OF FUNDS.—The funds awarded to a State under this paragraph may be used to carry out any activities authorized under chapters 4 and 5 of this title, including demonstrations and innovative programs for special populations.

(2) INCENTIVE GRANTS FOR LOCAL AREAS.—

(A) IN GENERAL.—From funds reserved under sections 128(a) and 133(a), the Governor may award incentive grants to local areas for exemplary performance with respect to the measures established under this section and with the performance of the local area in serving special populations, including the levels of service and the performance outcomes.

(B) USE OF FUNDS.—The funds awarded to a local area may be used to carry out activities authorized for local areas under chapters 4 and 5 of this title, and such demonstration or other innovative programs to serve special populations as may be approved by the Governor.

SEC. 137. AUTHORIZATION OF APPROPRIATIONS.

(a) YOUTH ACTIVITIES.—There are authorized to be appropriated to carry out the activities described in section 127(a), [such sums as may be necessary for each of fiscal years 1999 through 2003] *$1,001,000,000 for fiscal year 2004 and such sums as may be necessary for each of fiscal years 2005 through 2009*.

(b) ADULT EMPLOYMENT AND TRAINING ACTIVITIES.—There are authorized to be appropriated to carry out the activities described in [section 132(a)(1), such sums as may be necessary for each of fiscal years 1999 through 2003] *132(a), $3,079,800,000 for fiscal year 2004 and such sums as may be necessary for each of fiscal years 2005 through 2009*.

[(c) DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES.—There are authorized to be appropriated to carry out the activities described in section 132(a)(2), such sums as may be necessary for each of fiscal years 1999 through 2003.]

Subtitle C—Job Corps

* * * * * * *

SEC. 153. COMMUNITY PARTICIPATION.

[(a) BUSINESS AND COMMUNITY LIAISON.—Each Job Corps center shall have a Business and Community Liaison (referred to in this Act as a "Liaison"), designated by the director of the center.]

(a) BUSINESS AND COMMUNITY PARTICIPATION.—The director of each Job Corps center shall ensure the establishment and development of the business and community relationships and networks described in subsection (b) in order to enhance the effectiveness of such center.

(b) [RESPONSIBILITIES.—The responsibilities of the Liaison] *NETWORKS.—The activities carried out by each Job Corps center under this section* shall include—

(1) * * *

* * * * * * *

(c) NEW CENTERS.—[The Liaison for] *The director of* a Job Corps center that is not yet operating shall establish and develop the relationships and networks described in subsection (b) at least 3 months prior to the date on which the center accepts the first enrollee at the center.

SEC. 154. INDUSTRY COUNCILS.

(a) * * *

(b) INDUSTRY COUNCIL COMPOSITION.—

(1) IN GENERAL.—An industry council shall be comprised of—

(A) a majority of members who shall be [local and distant] owners of business concerns, chief executives or chief operating officers of nongovernmental employers, or other private sector employers, who—

(i) * * *

* * * * * * *

(3) EMPLOYERS OUTSIDE OF LOCAL AREAS.—The industry council may include, or otherwise provide for consultation with, employers from outside the local area who are likely to hire a significant number of enrollees from the Job Corps center.

* * * * * * *

SEC. 159. MANAGEMENT INFORMATION.

(a) * * *

* * * * * * *

(c) INFORMATION ON INDICATORS OF PERFORMANCE.—

[(1) ESTABLISHMENT.—The Secretary shall, with continuity and consistency from year to year, establish indicators of performance, and expected levels of performance for Job Corps centers and the Job Corps program, relating to—

[(A) the number of graduates and the rate of such graduation, analyzed by type of vocational training received through the Job Corps program and by whether the vocational training was provided by a local or national service provider;

[(B) the number of graduates who entered unsubsidized employment related to the vocational training received through the Job Corps program and the number who entered unsubsidized employment not related to the vocational training received, analyzed by whether the vocational training was provided by a local or national service provider and by whether the placement in the employment was conducted by a local or national service provider;

[(C) the average wage received by graduates who entered unsubsidized employment related to the vocational training received through the Job Corps program and the average wage received by graduates who entered unsubsidized employment unrelated to the vocational training received;

[(D) the average wage received by graduates placed in unsubsidized employment after completion of the Job Corps program—

[(i) on the first day of the employment;

[(ii) 6 months after the first day of the employment; and

[(iii) 12 months after the first day of the employment,

analyzed by type of vocational training received through the Job Corps program;

[(E) the number of graduates who entered unsubsidized employment and were retained in the unsubsidized employment—

[(i) 6 months after the first day of the employment; and

[(ii) 12 months after the first day of the employment;

[(F) the number of graduates who entered unsubsidized employment—

[(i) for 32 hours per week or more;

[(ii) for not less than 20 but less than 32 hours per week; and

[(iii) for less than 20 hours per week;

[(G) the number of graduates who entered postsecondary education or advanced training programs, including apprenticeship programs, as appropriate; and

[(H) the number of graduates who attained job readiness and employment skills.]

(1) CORE INDICATORS.—The Secretary shall annually establish expected levels of performance for Job Corps centers and the Job Corps program relating to each of the core indicators for youth identified in section 136(b)(2)(A)(ii).

(2) PERFORMANCE OF RECRUITERS.—The Secretary shall also establish performance [measures] *indicators*, and expected performance levels on the performance [measures] *indicators*, for local and national recruitment service providers serving the Job Corps program. The performance [measures] *indicators* shall relate to the number of enrollees retained in the Job Corps program for 30 days and for 60 days after initial placement in the program.

* * * * * * *

Subtitle D—National Programs

SEC. 166. NATIVE AMERICAN PROGRAMS.

(a) * * *

* * * * * * *

(d) AUTHORIZED ACTIVITIES.—

(1) * * *

[(2) WORKFORCE INVESTMENT ACTIVITIES AND SUPPLEMENTAL SERVICES.—

[(A) IN GENERAL.—Funds made available under subsection (c) shall be used for—

[(i) comprehensive workforce investment activities for Indians or Native Hawaiians; or

[(ii) supplemental services for Indian or Native Hawaiian youth on or near Indian reservations and in Oklahoma, Alaska, or Hawaii.

[(B) SPECIAL RULE.—Notwithstanding any other provision of this section, individuals who were eligible to participate in programs under section 401 of the Job Training Partnership Act (29 U.S.C. 1671) (as such section was in effect on the day before the date of enactment of this Act) shall be eligible to participate in an activity assisted under this section.]

(2) WORKFORCE INVESTMENT ACTIVITIES AND SUPPLEMENTAL SERVICES.—Funds made available under subsection (c) shall be used for—

(A) comprehensive workforce investment activities for Indians or Native Hawaiians; or

(B) supplemental services for Indian or Native Hawaiian youth on or near Indian reservations and in Oklahoma, Alaska, or Hawaii.

* * * * * * *

(h) ADMINISTRATIVE PROVISIONS.—

(1) * * *

* * * * * * *

(4) ADVISORY COUNCIL.—

(A) * * *

* * * * * * *

[(C) DUTIES.—The Council shall advise the Secretary on all aspects of the operation and administration of the programs assisted under this section, including the selection of the individual appointed as the head of the unit established under paragraph (1).]

(C) DUTIES.—The Council shall advise the Secretary on the operation and administration of the programs assisted under this section.

* * * * * * *

[(j) ASSISTANCE TO AMERICAN SAMOANS IN HAWAII.—

[(1) IN GENERAL.—Notwithstanding any other provision of law, the Secretary is authorized to provide assistance to American Samoans who reside in Hawaii for the co-location of federally funded and State-funded workforce investment activities.

[(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal year 1999 such sums as may be necessary to carry out this subsection.]

* * * * * * *

[SEC. 169. YOUTH OPPORTUNITY GRANTS.

[(a) GRANTS.—

[(1) IN GENERAL.—Using funds made available under section 127(b)(1)(A), the Secretary shall make grants to eligible local boards and eligible entities described in subsection (d) to provide activities described in subsection (b) for youth to increase the long-term employment of youth who live in empowerment zones, enterprise communities, and high poverty areas and who seek assistance.

[(2) DEFINITION.—In this section, the term "youth" means an individual who is not less than age 14 and not more than age 21.

[(3) GRANT PERIOD.—The Secretary may make a grant under this section for a 1-year period, and may renew the grant for each of the 4 succeeding years.

[(4) GRANT AWARDS.—In making grants under this section, the Secretary shall ensure that grants are distributed equitably among local boards and entities serving urban areas and local boards and entities serving rural areas, taking into consideration the poverty rate in such urban and rural areas, as described in subsection (c)(3)(B).

[(b) USE OF FUNDS.—

[(1) IN GENERAL.—A local board or entity that receives a grant under this section shall use the funds made available

through the grant to provide activities that meet the requirements of section 129, except as provided in paragraph (2), as well as youth development activities such as activities relating to leadership development, citizenship, and community service, and recreation activities.

[(2) INTENSIVE PLACEMENT AND FOLLOWUP SERVICES.—In providing activities under this section, a local board or entity shall provide—

[(A) intensive placement services; and

[(B) followup services for not less than 24 months after the completion of participation in the other activities described in this subsection, as appropriate.

[(c) ELIGIBLE LOCAL BOARDS.—To be eligible to receive a grant under this section, a local board shall serve a community that—

[(1) has been designated as an empowerment zone or enterprise community under section 1391 of the Internal Revenue Code of 1986;

[(2)(A) is a State without a zone or community described in paragraph (1); and

[(B) has been designated as a high poverty area by the Governor of the State; or

[(3) is 1 of 2 areas in a State that—

[(A) have been designated by the Governor as areas for which a local board may apply for a grant under this section; and

[(B) meet the poverty rate criteria set forth in subsections (a)(4), (b), and (d) of section 1392 of the Internal Revenue Code of 1986.

[(d) ELIGIBLE ENTITIES.—To be eligible to receive a grant under this section, an entity (other than a local board) shall—

[(1) be a recipient of financial assistance under section 166; and

[(2) serve a community that—

[(A) meets the poverty rate criteria set forth in subsections (a)(4), (b), and (d) of section 1392 of the Internal Revenue Code of 1986; and

[(B) is located on an Indian reservation or serves Oklahoma Indians or Alaska Natives.

[(e) APPLICATION.—To be eligible to receive a grant under this section, a local board or entity shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including—

[(1) a description of the activities that the local board or entity will provide under this section to youth in the community described in subsection (c);

[(2) a description of the performance measures negotiated under subsection (f), and the manner in which the local boards or entities will carry out the activities to meet the performance measures;

[(3) a description of the manner in which the activities will be linked to activities described in section 129; and

[(4) a description of the community support, including financial support through leveraging additional public and private resources, for the activities.

[(f) PERFORMANCE MEASURES.—

[(1) IN GENERAL.—The Secretary shall negotiate and reach agreement with the local board or entity on performance measures for the indicators of performance referred to in subparagraphs (A) and (B) of section 136(b)(2) that will be used to evaluate the performance of the local board or entity in carrying out the activities described in subsection (b). Each local performance measure shall consist of such a indicator of performance, and a performance level referred to in paragraph (2).

[(2) PERFORMANCE LEVELS.—The Secretary shall negotiate and reach agreement with the local board or entity regarding the levels of performance expected to be achieved by the local board or entity on the indicators of performance.

[(g) ROLE MODEL ACADEMY PROJECT.—

[(1) IN GENERAL.—Using the funds made available pursuant to section 127(b)(1)(A)(iv) for fiscal year 1999, the Secretary shall provide assistance to an entity to carry out a project establishing a role model academy for out-of-school youth.

[(2) RESIDENTIAL CENTER.—The entity shall use the assistance to establish an academy that consists of a residential center located on the site of a military installation closed or realigned pursuant to a law providing for closures and realignments of such installations.

[(3) SERVICES.—The academy established pursuant to this subsection shall provide services that—

[(A) utilize a military style model that emphasizes leadership skills and discipline, or another model of demonstrated effectiveness; and

[(B) include vocational training, secondary school course work leading to a secondary school diploma or recognized equivalent, and the use of mentors who serve as role models and who provide academic training and career counseling to the youth.]

SEC. 169 YOUTH CHALLENGE GRANTS.

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

(1) the Secretary shall use not less than 80 percent to award competitive grants under subsection (b); and

(2) the Secretary may use not more than 20 percent to award discretionary grants under subsection (c).

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

(1) ESTABLISHMENT.—From the funds described in subsection (a)(1), the Secretary shall award competitive grants to eligible entities to carry out activities authorized under this section to assist eligible youth in acquiring the skills, credentials and employment experience necessary to succeed in the labor market.

(2) ELIGIBLE ENTITIES.—Grants under this subsection may be awarded to States, local boards, recipients of grants under section 166 (relating to Native American programs), and public or private entities (including consortia of such entities) applying in conjunction with local boards.

(3) GRANT PERIOD.—The Secretary may make a grant under this section for a period of 1 year and may renew the grants for each of the 4 succeeding years.

(4) AUTHORITY TO REQUIRE MATCH.—The Secretary may require that grantees under this subsection provide a non-Federal

share of the cost of activities carried out under a grant awarded under this subsection.

(5) PARTICIPANT ELIGIBILITY.—Youth ages 14 through 19 as of the time the eligibility determination is made may be eligible to participate in activities provided under this subsection.

(6) USE OF FUNDS.—Funds under this subsection may be used for activities that are designed to assist youth in acquiring the skills, credentials and employment experience that are necessary to succeed in the labor market, including the activities identified in section 129. The activities may include activities such as—

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

(B) after-school dropout prevention activities for in-school youth;

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

(D) activities combining remediation of academic skills, work readiness training, and work experience, and including linkages to postsecondary education, apprenticeships, and career-ladder employment.

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

(A) a description of the activities the eligible entity will provide to eligible youth under this subsection;

(B) a description of the programs of demonstrated effectiveness on which the provision of the activities under subparagraph (A) are based, and a description of how such activities will expand the base of knowledge relating to the provision of activities for youth;

(C) a description of the private and public, and local and State resources that will be leveraged to provide the activities described under subparagraph (A) in addition the funds provided under this subsection; and

(D) the levels of performance the eligible entity expects to achieve with respect to the indicators of performance for youth specified in section 136(b)(2)(A)(ii).

(8) FACTORS FOR AWARD.—In awarding grants under this subsection the Secretary may consider the quality of the proposed project, the goals to be achieved, the likelihood of successful implementation, the extent to which the project is based on proven strategies or the extent to which the project will expand the knowledge base on activities for youth, and the additional State, local or private resources that will be provided.

(9) EVALUATION.—The Secretary may reserve up to 5 percent of the funds described in subsection(a)(1) to provide technical assistance to, and conduct evaluations of the projects funded under this subsection (using appropriate techniques as described in section 172(c)).

(c) DISCRETIONARY GRANTS FOR YOUTH ACTIVITIES.—

(1) IN GENERAL.—From the funds described in subsection(a)(2), the Secretary may award grants to eligible entities to provide activities that will assist youth in preparing for, and entering and retaining, employment.

(2) ELIGIBLE ENTITIES.—Grants under this subsection may be awarded to public or private entities that the Secretary determines would effectively carry out activities relating to youth under this subsection.

(3) PARTICIPANT ELIGIBILITY.—Youth ages 14 through 19 at the time the eligibility determination is made may be eligible to participate in activities under this subsection.

(4) USE OF FUNDS.—Funds provided under this subsection may be used for activities that will assist youth in preparing for, and entering and retaining, employment, including the activities described in section 129 for out-of-school youth, activities designed to assist in-school youth to stay in school and gain work experience, and such other activities that the Secretary determines are appropriate.

(5) APPLICATIONS.—To be eligible to receive a grant under this subsection, an eligible entity shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

(6) ADDITIONAL REQUIREMENTS.—The Secretary may require the provision of a non-Federal share for projects funded under this subsection and may require participation of grantees in evaluations of such projects, including evaluations using the techniques as described in section 172(c).

SEC. 170. TECHNICAL ASSISTANCE.

[(a) GENERAL TECHNICAL ASSISTANCE.—]

[(1)] *(a)* IN GENERAL.—The Secretary shall provide, coordinate, and support the development of, appropriate training, technical assistance, staff development, and other activities, including assistance in replicating programs of demonstrated effectiveness, to States and localities, *the training of staff providing rapid response services, the training of other staff of recipients of funds under this title, peer review activities under this title,* and, in particular, to assist States in making transitions [from carrying out activities under the provisions of law repealed under section 199 to carrying out activities under this title] *to implement the amendments made by the Workforce Reinvestment and Adult Education Act of 2003*.

[(2)] *(b)* FORM OF ASSISTANCE.—In carrying out paragraph (1) on behalf of a State, or recipient of financial assistance under any of sections 166 through 169, the Secretary, after consultation with the State or grant recipient, may award grants and enter into contracts and cooperative agreements.

[(3)] *(c)* LIMITATION.—Grants or contracts awarded under paragraph (1) to entities other than States or local units of government that are for amounts in excess of $100,000 shall only be awarded on a competitive basis.

[(b) DISLOCATED WORKER TECHNICAL ASSISTANCE.—

[(1) AUTHORITY.—Of the amounts available pursuant to section 132(a)(2), the Secretary shall reserve not more than 5 percent of such amounts to provide technical assistance to States that do not meet the State performance measures described in section 136 with respect to employment and training activities

for dislocated workers. Using such reserved funds, the Secretary may provide such assistance to other States, local areas, and other entities involved in providing assistance to dislocated workers, to promote the continuous improvement of assistance provided to dislocated workers, under this title.

[(2) TRAINING.—Amounts reserved under this subsection may be used to provide for the training of staff, including specialists, who provide rapid response services. Such training shall include instruction in proven methods of promoting, establishing, and assisting labor-management committees. Such projects shall be administered through the dislocated worker office described in section 173(b).]

SEC. 171. DEMONSTRATION, PILOT, MULTISERVICE, RESEARCH, AND MULTISTATE PROJECTS.

(a) * * *

(b) DEMONSTRATION AND PILOT PROJECTS.—

(1) IN GENERAL.—[Under a] *Consistent with the priorities specified in the* plan published under subsection (a), the Secretary shall, through grants or contracts, carry out demonstration and pilot projects for the purpose of developing and implementing techniques and approaches, and demonstrating the effectiveness of specialized methods, in addressing employment and training needs. Such projects shall include the provision of direct services to individuals to enhance employment opportunities and an evaluation component and may include—

[(A) the establishment of advanced manufacturing technology skill centers developed through local partnerships of industry, labor, education, community-based organizations, and economic development organizations to meet unmet, high-tech skill needs of local communities;

[(B) projects that provide training to upgrade the skills of employed workers who reside and are employed in enterprise communities or empowerment zones;

[(C) programs conducted jointly with the Department of Defense to develop training programs utilizing computer-based and other innovative learning technologies;

[(D) projects that promote the use of distance learning, enabling students to take courses through the use of media technology such as videos, teleconferencing computers, and the Internet;

[(E) projects that assist in providing comprehensive services to increase the employment rates of out-of-school youth residing in targeted high poverty areas within empowerment zones and enterprise communities;]

(A) projects that assist national employers in connecting with the workforce investment system established under this title in order to facilitate the recruitment and employment of needed workers and to provide information to such system on skills and occupations in demand;

(B) projects that promote the development of systems that will improve the effectiveness and efficiency of programs carried out under this title;

(C) projects that focus on opportunities for employment in industries and sectors of industries that are experiencing or are likely to experience high rates of growth;

(D) projects carried out by States and local areas to test innovative approaches to delivering employment-related services;

[(F)] *(E)* the establishment of partnerships with national organizations with special expertise in developing, organizing, and administering employment and training services, for individuals with disabilities, at the national, State, and local levels;

[(G)] *(F)* projects to assist public housing authorities that provide, to public housing residents, job training programs that demonstrate success in upgrading the job skills and promoting employment of the residents; and

[(H) projects that assist local areas to develop and implement local self-sufficiency standards to evaluate the degree to which participants in programs under this title are achieving self-sufficiency.]

(G) projects that provide retention grants to qualified job training programs upon placement or retention of a low-income individual trained by that program in employment with a single employer for a period of 1 year, provided that such employment is providing to the low-income individual an income not less than twice the poverty line for that individual.

(2) LIMITATIONS.—

(A) * * *

[(B) ELIGIBLE ENTITIES.—Grants or contracts may be awarded under this subsection only to—

[(i) entities with recognized expertise in—

[(I) conducting national demonstration projects;

[(II) utilizing state-of-the-art demonstration methods; or

[(III) conducting evaluations of workforce investment projects; or

[(ii) State and local entities with expertise in operating or overseeing workforce investment programs.]

[(C)] *(B)* TIME LIMITS.—The Secretary shall establish appropriate time limits for carrying out demonstration and pilot projects under this subsection.

(c) MULTISERVICE PROJECTS, RESEARCH PROJECTS, AND MULTISTATE PROJECTS.—

(1) * * *

(2) RESEARCH PROJECTS.—

(A) * * *

[(B) FORMULA IMPROVEMENT STUDY AND REPORT.—

[(i) STUDY.—The Secretary shall conduct a 2-year study concerning improvements in the formulas described in section 132(b)(1)(B) and paragraphs (2)(A) and (3) of section 133(b) (regarding distributing funds under subtitle B to States and local areas for adult employment and training activities). In conducting the study, the Secretary shall examine means of improving the formulas by—

[(I) developing formulas based on statistically reliable data;

[(II) developing formulas that are consistent with the goals and objectives of this title; and

[(III) developing formulas based on organizational and financial stability of State boards and local boards.

[(ii) REPORT.—The Secretary shall prepare and submit to Congress a report containing the results of the study, including recommendations for improved formulas.]

(B) NET IMPACT STUDIES AND REPORTS.—The Secretary shall conduct studies to determine the net impacts of programs, services, and activities carried out under this title. The Secretary shall prepare and disseminate to the public reports containing the results of such studies.

* * * * * * *

[(d) DISLOCATED WORKER PROJECTS.—Of the amount made available pursuant to section 132(a)(2)(A) for any program year, the Secretary shall use not more than 10 percent of such amount to carry out demonstration and pilot projects, multiservice projects, and multistate projects, relating to the employment and training needs of dislocated workers. Of the requirements of this section, such projects shall be subject only to the provisions relating to review and evaluation of applications under subsection (c)(4)(C). Such projects may include demonstration and pilot projects relating to promoting self-employment, promoting job creation, averting dislocations, assisting dislocated farmers, assisting dislocated fishermen, and promoting public works. Such projects shall be administered through the dislocated worker office described in section 173(b).]

* * * * * * *

[SEC. 173. NATIONAL EMERGENCY GRANTS.]

SEC. 173. NATIONAL DISLOCATED WORKER GRANTS.

(a) IN GENERAL.—The Secretary is authorized to award [national emergency grants] *national dislocated worker grants* in a timely manner—

(1) to an entity described in subsection [(c)] *(b)* to provide employment and training assistance to workers affected by major economic dislocations, such as plant closures, mass layoffs, or closures and realignments of military installations;

* * * * * * *

[(b) ADMINISTRATION.—The Secretary shall designate a dislocated worker office to coordinate the functions of the Secretary under this title relating to employment and training activities for dislocated workers, including activities carried out under the national emergency grants.]

[(c)] *(b)* EMPLOYMENT AND TRAINING ASSISTANCE REQUIREMENTS.—

(1) GRANT RECIPIENT ELIGIBILITY.—

(A) * * *

(B) ELIGIBLE ENTITY.—In this paragraph, the term "entity" means a State, a local board, an entity described in section 166(c), entities determined to be eligible by the Governor of the State involved[, and other entities that

demonstrate to the Secretary the capability to effectively respond to the circumstances relating to particular dislocations.].

* * * * * * *

[(d)] *(c)* DISASTER RELIEF EMPLOYMENT ASSISTANCE REQUIREMENTS.—

(1) * * *

* * * * * * *

[(e) ADDITIONAL ASSISTANCE.—

[(1) IN GENERAL.—From the amount appropriated and made available to carry out this section for any program year, the Secretary shall use not more than $15,000,000 to make grants to not more than 8 States to provide employment and training activities under section 134, in accordance with subtitle B.

[(2) ELIGIBLE STATES.—The Secretary shall make a grant under paragraph (1) to a State for a program year if—

[(A)(i) the amount of the allotment that would be made to the State for the program year under the formula specified in section 202(a) of the Job Training Partnership Act, as in effect on July 1, 1998; is greater than

[(ii) the amount of the allotment that would be made to the State for the program year under the formula specified in section 132(b)(1)(B); and

[(B) the State is 1 of the 8 States with the greatest quotient obtained by dividing—

[(i) the amount described in subparagraph (A)(i); by

[(ii) the amount described in subparagraph (A)(ii).

[(3) AMOUNT OF GRANTS.—Subject to paragraph (1), the amount of the grant made under paragraph (1) to a State for a program year shall be based on the difference between—

[(A) the amount of the allotment that would be made to the State for the program year under the formula specified in section 202(a) of the Job Training Partnership Act, as in effect on July 1, 1998; and

[(B) the amount of the allotment that would be made to the State for the program year under the formula specified in section 132(b)(1)(B).

[(4) ALLOCATION OF FUNDS.—A State that receives a grant under paragraph (1) for a program year—

[(A) shall allocate funds made available through the grant on the basis of the formula used by the State to allocate funds within the State for that program year under—

[(i) paragraph (2)(A) or (3) of section 133(b); or

[(ii) paragraph (2)(B) of section 133(b); and

[(B) shall use the funds in the same manner as the State uses other funds allocated under the appropriate paragraph of section 133(b).]

[(f)] *(d)* HEALTH INSURANCE COVERAGE ASSISTANCE FOR ELIGIBLE INDIVIDUALS.—

(1) * * *

* * * * * * *

[(g)] *(e)* INTERIM HEALTH INSURANCE COVERAGE AND OTHER ASSISTANCE.—

(1) * * *

* * * * * * *

SEC. 174. AUTHORIZATION OF APPROPRIATIONS.

(a) NATIVE AMERICAN PROGRAMS; MIGRANT AND SEASONAL FARMWORKER PROGRAMS; VETERANS' WORKFORCE INVESTMENT PROGRAMS.—

(1) IN GENERAL.—Subject to paragraph (2), there are authorized to be appropriated to carry out sections 166 through 168 such sums as may be necessary for each of the fiscal years [1999 through 2003] *2004 through 2009*.

* * * * * * *

[(b) TECHNICAL ASSISTANCE; DEMONSTRATION AND PILOT PROJECTS; EVALUATIONS; INCENTIVE GRANTS.—

[(1) IN GENERAL.—Subject to paragraph (2), there are authorized to be appropriated to carry out sections 170 through 172 and section 503 such sums as may be necessary for each of the fiscal years 1999 through 2003.

[(2) RESERVATIONS.—Of the amount appropriated pursuant to the authorization of appropriations under paragraph (1) for a fiscal year, the Secretary shall—

[(A)(i) for fiscal year 1999, reserve up to 40 percent for carrying out section 170 (other than subsection (b) of such section);

[(ii) for fiscal year 2000, reserve up to 25 percent for carrying out section 170 (other than subsection (b) of such section); and

[(iii) for each of the fiscal years 2001 through 2003, reserve up to 20 percent for carrying out section 170 (other than subsection (b) of such section);

[(B)(i) for fiscal year 1999, reserve not less than 50 percent for carrying out section 171; and

[(ii) for each of the fiscal years 2000 through 2003, reserve not less than 45 percent for carrying out section 171;

[(C)(i) for fiscal year 1999, reserve not less than 10 percent for carrying out section 172; and

[(ii) for each of the fiscal years 2000 through 2003, reserve not less than 10 percent for carrying out section 172; and

[(D)(i) for fiscal year 1999, reserve no funds for carrying out section 503;

[(ii) for fiscal year 2000, reserve up to 20 percent for carrying out section 503; and

[(iii) for each of the fiscal years 2001 through 2003, reserve up to 25 percent for carrying out section 503.]

(b) TECHNICAL ASSISTANCE; DEMONSTRATION AND PILOT PROJECTS; EVALUATIONS; INCENTIVE GRANTS.—There are authorized to be appropriated to carry out sections 170 through 172 and section 136 such sums as may be necessary for each of fiscal years 2004 through 2009.

* * * * * * *

Subtitle E—Administration

SEC. 181. REQUIREMENTS AND RESTRICTIONS.

(a) * * *

* * * * * * *

(c) GRIEVANCE PROCEDURE.—

(1) * * *

(2) INVESTIGATION.—

(A) IN GENERAL.—The Secretary [shall] *may* investigate an allegation of a violation described in paragraph (1) if—

(i) * * *

* * * * * * *

(e) LIMITATION ON USE OF FUNDS.—[No funds available under this title shall be used for employment generating activities, economic development activities, investment in revolving loan funds, capitalization of businesses, investment in contract bidding resource centers, and similar activities that are not directly related to training for eligible individuals under this title.] No funds available under subtitle B shall be used for foreign travel.

* * * * * * *

SEC. 188. NONDISCRIMINATION.

(a) IN GENERAL.—

(1) * * *

(2) PROHIBITION OF DISCRIMINATION REGARDING PARTICIPATION, BENEFITS, AND [EMPLOYMENT.—No] *EMPLOYMENT.—*

(A) IN GENERAL.—Except as provided in subparagraph (B), no individual shall be excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in the administration of or in connection with, any such program or activity because of race, color, religion, sex (except as otherwise permitted under title IX of the Education Amendments of 1972), national origin, age, disability, or political affiliation or belief.

(B) EXEMPTION FOR RELIGIOUS ORGANIZATIONS.—Subparagraph (A) shall not apply to recipients of financial assistance under this title that is a religious corporation, association, educational institution, or society, with respect to the employment of individuals of a particular religion to perform work connected with the carrying on by such corporation, association, educational institution, or society of its activities Such recipients shall comply with the other requirements contained in subparagraph (A).

* * * * * * *

SEC. 189. ADMINISTRATIVE PROVISIONS.

(a) * * *

* * * * * * *

(g) PROGRAM YEAR.—

[(1) IN GENERAL.—

[(A) PROGRAM YEAR.—Except as provided in subparagraph (B), appropriations for any fiscal year for programs and activities carried out under this title shall be available

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

[(B) YOUTH ACTIVITIES.—The Secretary may make available for obligation, beginning April 1 of any fiscal year, funds appropriated for such fiscal year to carry out youth activities under subtitle B.]

(1) IN GENERAL.—Appropriations for any fiscal year for programs and activities carried out under this title shall be available for obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made.

(2) AVAILABILITY.—Funds obligated for any program year for a program or activity carried out under this title may be expended by [each State] *each recipient* receiving such funds during that program year and the 2 succeeding program years. Funds obligated for any program year for a program or activity carried out under section 171 or 172 shall remain available until expended. Funds received by local areas from States under this title during a program year may be expended during that program year and the succeeding program year. No amount of the funds described in this paragraph shall be deobligated on account of a rate of expenditure that is consistent with a State plan, an operating plan described in section 151, or a plan, grant agreement, contract, application, or other agreement described in subtitle D, as appropriate.

* * * * * * *

(i) WAIVERS AND SPECIAL RULES.—

(1) * * *

* * * * * * *

(4) GENERAL WAIVERS OF STATUTORY OR REGULATORY REQUIREMENTS.—

(A) GENERAL AUTHORITY.—Notwithstanding any other provision of law, the Secretary may waive for a State, or a local area in a State, pursuant to a request submitted by the Governor of the State (in consultation with appropriate local elected officials) that meets the requirements of subparagraph (B)*, or in accordance with subparagraph (D),*—

(i) * * *

* * * * * * *

(D) EXPEDITED PROCESS FOR EXTENDING APPROVED WAIVERS TO ADDITIONAL STATES.—In lieu of the requirements of subparagraphs (B) and (C), the Secretary may establish an expedited procedure for the purpose of extending to additional States the waiver of statutory or regulatory requirements that have been approved for a State pursuant to a request under subparagraph (B). Such procedure shall ensure that the extension of such waivers to additional States are accompanied by appropriate conditions relating the implementation of such waivers.

* * * * * * *

SEC. 195. GENERAL PROGRAM REQUIREMENTS.

Except as otherwise provided in this title, the following conditions are applicable to all programs under this title:

(1) * * *

* * * * * * *

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

[TITLE II—ADULT EDUCATION AND LITERACY

[SEC. 201. SHORT TITLE.

[This title may be cited as the "Adult Education and Family Literacy Act".

[SEC. 202. PURPOSE.

[It is the purpose of this title to create a partnership among the Federal Government, States, and localities to provide, on a voluntary basis, adult education and literacy services, in order to—

[(1) assist adults to become literate and obtain the knowledge and skills necessary for employment and self-sufficiency;

[(2) assist adults who are parents to obtain the educational skills necessary to become full partners in the educational development of their children; and

[(3) assist adults in the completion of a secondary school education.

[SEC. 203. DEFINITIONS.

[In this title:

[(1) ADULT EDUCATION.—The term "adult education" means services or instruction below the postsecondary level for individuals—

[(A) who have attained 16 years of age;

[(B) who are not enrolled or required to be enrolled in secondary school under State law; and

[(C) who—

[(i) lack sufficient mastery of basic educational skills to enable the individuals to function effectively in society;

[(ii) do not have a secondary school diploma or its recognized equivalent, and have not achieved an equivalent level of education; or

[(iii) are unable to speak, read, or write the English language.

[(2) ADULT EDUCATION AND LITERACY ACTIVITIES.—The term "adult education and literacy activities" means activities described in section 231(b).

[(3) EDUCATIONAL SERVICE AGENCY.—The term "educational service agency" means a regional public multiservice agency authorized by State statute to develop and manage a service

or program, and to provide the service or program to a local educational agency.

[(4) ELIGIBLE AGENCY.—The term "eligible agency" means the sole entity or agency in a State or an outlying area responsible for administering or supervising policy for adult education and literacy in the State or outlying area, respectively, consistent with the law of the State or outlying area, respectively.

[(5) ELIGIBLE PROVIDER.—The term "eligible provider" means—

[(A) a local educational agency;

[(B) a community-based organization of demonstrated effectiveness;

[(C) a volunteer literacy organization of demonstrated effectiveness;

[(D) an institution of higher education;

[(E) a public or private nonprofit agency;

[(F) a library;

[(G) a public housing authority;

[(H) a nonprofit institution that is not described in any of subparagraphs (A) through (G) and has the ability to provide literacy services to adults and families; and

[(I) a consortium of the agencies, organizations, institutions, libraries, or authorities described in any of subparagraphs (A) through (H).

[(6) ENGLISH LITERACY PROGRAM.—The term "English literacy program" means a program of instruction designed to help individuals of limited English proficiency achieve competence in the English language.

[(7) FAMILY LITERACY SERVICES.—The term "family literacy services" means services that are of sufficient intensity in terms of hours, and of sufficient duration, to make sustainable changes in a family, and that integrate all of the following activities:

[(A) Interactive literacy activities between parents and their children.

[(B) Training for parents regarding how to be the primary teacher for their children and full partners in the education of their children.

[(C) Parent literacy training that leads to economic self-sufficiency.

[(D) An age-appropriate education to prepare children for success in school and life experiences.

[(8) GOVERNOR.—The term "Governor" means the chief executive officer of a State or outlying area.

[(9) INDIVIDUAL WITH A DISABILITY.—

[(A) IN GENERAL.—The term "individual with a disability" means an individual with any disability (as defined in section 3 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102)).

[(B) INDIVIDUALS WITH DISABILITIES.—The term "individuals with disabilities" means more than one individual with a disability.

[(10) INDIVIDUAL OF LIMITED ENGLISH PROFICIENCY.—The term "individual of limited English proficiency" means an adult or out-of-school youth who has limited ability in speaking,

reading, writing, or understanding the English language, and—

[(A) whose native language is a language other than English; or

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

[(11) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given the term in section 101 of the Higher Education Act of 1965.

[(12) LITERACY.—The term "literacy" means an individual's ability to read, write, and speak in English, compute, and solve problems, at levels of proficiency necessary to function on the job, in the family of the individual, and in society.

[(13) LOCAL EDUCATIONAL AGENCY.—The term "local educational agency" has the meaning given the term in section 9101 of the Elementary and Secondary Education Act of 1965.

[(14) OUTLYING AREA.—The term "outlying area" has the meaning given the term in section 101.

[(15) POSTSECONDARY EDUCATIONAL INSTITUTION.—The term "postsecondary educational institution" means—

[(A) an institution of higher education that provides not less than a 2-year program of instruction that is acceptable for credit toward a bachelor's degree;

[(B) a tribally controlled community college; or

[(C) a nonprofit educational institution offering certificate or apprenticeship programs at the postsecondary level.

[(16) SECRETARY.—The term "Secretary" means the Secretary of Education.

[(17) STATE.—The term "State" means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

[(18) WORKPLACE LITERACY SERVICES.—The term "workplace literacy services" means literacy services that are offered for the purpose of improving the productivity of the workforce through the improvement of literacy skills.

[SEC. 204. HOME SCHOOLS.

[Nothing in this title shall be construed to affect home schools, or to compel a parent engaged in home schooling to participate in an English literacy program, family literacy services, or adult education.

[SEC. 205. AUTHORIZATION OF APPROPRIATIONS.

[There is authorized to be appropriated to carry out this title such sums as may be necessary for each of the fiscal years 1999 through 2003.

[Subtitle A—Adult Education and Literacy Programs

[CHAPTER 1—FEDERAL PROVISIONS

[SEC. 211. RESERVATION OF FUNDS; GRANTS TO ELIGIBLE AGENCIES; ALLOTMENTS.

[(a) RESERVATION OF FUNDS.—From the sum appropriated under section 205 for a fiscal year, the Secretary—

[(1) shall reserve 1.5 percent to carry out section 242, except that the amount so reserved shall not exceed $8,000,000;

[(2) shall reserve 1.5 percent to carry out section 243, except that the amount so reserved shall not exceed $8,000,000; and

[(3) shall make available, to the Secretary of Labor, 1.72 percent for incentive grants under section 503.

[(b) GRANTS TO ELIGIBLE AGENCIES.—

[(1) IN GENERAL.—From the sum appropriated under section 205 and not reserved under subsection (a) for a fiscal year, the Secretary shall award a grant to each eligible agency having a State plan approved under section 224 in an amount equal to the sum of the initial allotment under subsection (c)(1) and the additional allotment under subsection (c)(2) for the eligible agency for the fiscal year, subject to subsections (f) and (g), to enable the eligible agency to carry out the activities assisted under this subtitle.

[(2) PURPOSE OF GRANTS.—The Secretary may award a grant under paragraph (1) only if the eligible entity involved agrees to expend the grant for adult education and literacy activities in accordance with the provisions of this subtitle.

[(c) ALLOTMENTS.—

[(1) INITIAL ALLOTMENTS.—From the sum appropriated under section 205 and not reserved under subsection (a) for a fiscal year, the Secretary shall allot to each eligible agency having a State plan approved under section 224(f)—

[(A) $100,000, in the case of an eligible agency serving an outlying area; and

[(B) $250,000, in the case of any other eligible agency.

[(2) ADDITIONAL ALLOTMENTS.—From the sum appropriated under section 205, not reserved under subsection (a), and not allotted under paragraph (1), for a fiscal year, the Secretary shall allot to each eligible agency that receives an initial allotment under paragraph (1) an additional amount that bears the same relationship to such sum as the number of qualifying adults in the State or outlying area served by the eligible agency bears to the number of such adults in all States and outlying areas.

[(d) QUALIFYING ADULT.—For the purpose of subsection (c)(2), the term "qualifying adult" means an adult who—

[(1) is at least 16 years of age;

[(2) is beyond the age of compulsory school attendance under the law of the State or outlying area;

[(3) does not have a secondary school diploma or its recognized equivalent; and

[(4) is not enrolled in secondary school.

[(e) SPECIAL RULE.—

[(1) IN GENERAL.—From amounts made available under subsection (c) for the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau, the Secretary shall award grants to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau to carry out activities described in this subtitle in accordance with the provisions of this subtitle that the Secretary determines are not inconsistent with this subsection.

[(2) AWARD BASIS.—The Secretary shall award grants pursuant to paragraph (1) on a competitive basis and pursuant to recommendations from the Pacific Region Educational Laboratory in Honolulu, Hawaii.

[(3) TERMINATION OF ELIGIBILITY.—Notwithstanding any other provision of law, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau shall not receive any funds under this subtitle for any fiscal year that begins after September 30, 2001.

[(4) ADMINISTRATIVE COSTS.—The Secretary may provide not more than 5 percent of the funds made available for grants under this subsection to pay the administrative costs of the Pacific Region Educational Laboratory regarding activities assisted under this subsection.

[(f) HOLD-HARMLESS.—

[(1) IN GENERAL.—Notwithstanding subsection (c)—

[(A) for fiscal year 1999, no eligible agency shall receive an allotment under this subtitle that is less than 90 percent of the payments made to the State or outlying area of the eligible agency for fiscal year 1998 for programs for which funds were authorized to be appropriated under section 313 of the Adult Education Act (as such Act was in effect on the day before the date of the enactment of the Workforce Investment Act of 1998); and

[(B) for fiscal year 2000 and each succeeding fiscal year, no eligible agency shall receive an allotment under this subtitle that is less than 90 percent of the allotment the eligible agency received for the preceding fiscal year under this subtitle.

[(2) RATABLE REDUCTION.—If for any fiscal year the amount available for allotment under this subtitle is insufficient to satisfy the provisions of paragraph (1), the Secretary shall ratably reduce the payments to all eligible agencies, as necessary.

[(g) REALLOTMENT.—The portion of any eligible agency's allotment under this subtitle for a fiscal year that the Secretary determines will not be required for the period such allotment is available for carrying out activities under this subtitle, shall be available for reallotment from time to time, on such dates during such period as the Secretary shall fix, to other eligible agencies in proportion to the original allotments to such agencies under this subtitle for such year.

[SEC. 212. PERFORMANCE ACCOUNTABILITY SYSTEM.

[(a) PURPOSE.—The purpose of this section is to establish a comprehensive performance accountability system, comprised of the activities described in this section, to assess the effectiveness of eligi-

ble agencies in achieving continuous improvement of adult education and literacy activities funded under this subtitle, in order to optimize the return on investment of Federal funds in adult education and literacy activities.

[(b) ELIGIBLE AGENCY PERFORMANCE MEASURES.—

[(1) IN GENERAL.—For each eligible agency, the eligible agency performance measures shall consist of—

[(A)(i) the core indicators of performance described in paragraph (2)(A); and

[(ii) additional indicators of performance (if any) identified by the eligible agency under paragraph (2)(B); and

[(B) an eligible agency adjusted level of performance for each indicator described in subparagraph (A).

[(2) INDICATORS OF PERFORMANCE.—

[(A) CORE INDICATORS OF PERFORMANCE.—The core indicators of performance shall include the following:

[(i) Demonstrated improvements in literacy skill levels in reading, writing, and speaking the English language, numeracy, problem solving, English language acquisition, and other literacy skills.

[(ii) Placement in, retention in, or completion of, postsecondary education, training, unsubsidized employment or career advancement.

[(iii) Receipt of a secondary school diploma or its recognized equivalent.

[(B) ADDITIONAL INDICATORS.—An eligible agency may identify in the State plan additional indicators for adult education and literacy activities authorized under this subtitle.

[(3) LEVELS OF PERFORMANCE.—

[(A) ELIGIBLE AGENCY ADJUSTED LEVELS OF PERFORMANCE FOR CORE INDICATORS.—

[(i) IN GENERAL.—For each eligible agency submitting a State plan, there shall be established, in accordance with this subparagraph, levels of performance for each of the core indicators of performance described in paragraph (2)(A) for adult education and literacy activities authorized under this subtitle. The levels of performance established under this subparagraph shall, at a minimum—

[(I) be expressed in an objective, quantifiable, and measurable form; and

[(II) show the progress of the eligible agency toward continuously improving in performance.

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

[(iii) AGREEMENT ON ELIGIBLE AGENCY ADJUSTED LEVELS OF PERFORMANCE FOR FIRST 3 YEARS.—In order to ensure an optimal return on the investment of Federal funds in adult education and literacy activities authorized under this subtitle, the Secretary and each eligible agency shall reach agreement on levels of per-

formance for each of the core indicators of performance, for the first 3 program years covered by the State plan, taking into account the levels identified in the State plan under clause (ii) and the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the eligible agency adjusted levels of performance for the eligible agency for such years and shall be incorporated into the State plan prior to the approval of such plan.

[(iv) FACTORS.—The agreement described in clause (iii) or (v) shall take into account—

[(I) how the levels involved compare with the eligible agency adjusted levels of performance established for other eligible agencies, taking into account factors including the characteristics of participants when the participants entered the program, and the services or instruction to be provided; and

[(II) the extent to which such levels involved promote continuous improvement in performance on the performance measures by such eligible agency and ensure optimal return on the investment of Federal funds.

[(v) AGREEMENT ON ELIGIBLE AGENCY ADJUSTED LEVELS OF PERFORMANCE FOR 4TH AND 5TH YEARS.—Prior to the fourth program year covered by the State plan, the Secretary and each eligible agency shall reach agreement on levels of performance for each of the core indicators of performance for the fourth and fifth program years covered by the State plan, taking into account the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the eligible agency adjusted levels of performance for the eligible agency for such years and shall be incorporated into the State plan.

[(vi) REVISIONS.—If unanticipated circumstances arise in a State resulting in a significant change in the factors described in clause (iv)(II), the eligible agency may request that the eligible agency adjusted levels of performance agreed to under clause (iii) or (v) be revised. The Secretary, after collaboration with the representatives described in section 136(i)(1), shall issue objective criteria and methods for making such revisions.

[(B) LEVELS OF PERFORMANCE FOR ADDITIONAL INDICATORS.—The eligible agency may identify, in the State plan, eligible agency levels of performance for each of the additional indicators described in paragraph (2)(B). Such levels shall be considered to be eligible agency adjusted levels of performance for purposes of this subtitle.

[(c) REPORT.—

[(1) IN GENERAL.—Each eligible agency that receives a grant under section 211(b) shall annually prepare and submit to the Secretary a report on the progress of the eligible agency in achieving eligible agency performance measures, including in-

formation on the levels of performance achieved by the eligible agency with respect to the core indicators of performance.

[(2) INFORMATION DISSEMINATION.—The Secretary—

[(A) shall make the information contained in such reports available to the general public through publication and other appropriate methods;

[(B) shall disseminate State-by-State comparisons of the information; and

[(C) shall provide the appropriate committees of Congress with copies of such reports.

[CHAPTER 2—STATE PROVISIONS

[SEC. 221. STATE ADMINISTRATION.

[Each eligible agency shall be responsible for the State or outlying area administration of activities under this subtitle, including—

[(1) the development, submission, and implementation of the State plan;

[(2) consultation with other appropriate agencies, groups, and individuals that are involved in, or interested in, the development and implementation of activities assisted under this subtitle; and

[(3) coordination and nonduplication with other Federal and State education, training, corrections, public housing, and social service programs.

[SEC. 222. STATE DISTRIBUTION OF FUNDS; MATCHING REQUIREMENT.

[(a) STATE DISTRIBUTION OF FUNDS.—Each eligible agency receiving a grant under this subtitle for a fiscal year—

[(1) shall use not less than 82.5 percent of the grant funds to award grants and contracts under section 231 and to carry out section 225, of which not more than 10 percent of the 82.5 percent shall be available to carry out section 225;

[(2) shall use not more than 12.5 percent of the grant funds to carry out State leadership activities under section 223; and

[(3) shall use not more than 5 percent of the grant funds, or $65,000, whichever is greater, for the administrative expenses of the eligible agency.

[(b) MATCHING REQUIREMENT.—

[(1) IN GENERAL.—In order to receive a grant from the Secretary under section 211(b) each eligible agency shall provide, for the costs to be incurred by the eligible agency in carrying out the adult education and literacy activities for which the grant is awarded, a non-Federal contribution in an amount equal to—

[(A) in the case of an eligible agency serving an outlying area, 12 percent of the total amount of funds expended for adult education and literacy activities in the outlying area, except that the Secretary may decrease the amount of funds required under this subparagraph for an eligible agency; and

[(B) in the case of an eligible agency serving a State, 25 percent of the total amount of funds expended for adult education and literacy activities in the State.

[(2) NON-FEDERAL CONTRIBUTION.—An eligible agency's non-Federal contribution required under paragraph (1) may be provided in cash or in kind, fairly evaluated, and shall include only non-Federal funds that are used for adult education and literacy activities in a manner that is consistent with the purpose of this subtitle.

[SEC. 223. STATE LEADERSHIP ACTIVITIES.

[(a) IN GENERAL.—Each eligible agency shall use funds made available under section 222(a)(2) for one or more of the following adult education and literacy activities:

[(1) The establishment or operation of professional development programs to improve the quality of instruction provided pursuant to local activities required under section 231(b), including instruction incorporating phonemic awareness, systematic phonics, fluency, and reading comprehension, and instruction provided by volunteers or by personnel of a State or outlying area.

[(2) The provision of technical assistance to eligible providers of adult education and literacy activities.

[(3) The provision of technology assistance, including staff training, to eligible providers of adult education and literacy activities to enable the eligible providers to improve the quality of such activities.

[(4) The support of State or regional networks of literacy resource centers.

[(5) The monitoring and evaluation of the quality of, and the improvement in, adult education and literacy activities.

[(6) Incentives for—

[(A) program coordination and integration; and

[(B) performance awards.

[(7) Developing and disseminating curricula, including curricula incorporating phonemic awareness, systematic phonics, fluency, and reading comprehension.

[(8) Other activities of statewide significance that promote the purpose of this title.

[(9) Coordination with existing support services, such as transportation, child care, and other assistance designed to increase rates of enrollment in, and successful completion of, adult education and literacy activities, to adults enrolled in such activities.

[(10) Integration of literacy instruction and occupational skill training, and promoting linkages with employers.

[(11) Linkages with postsecondary educational institutions.

[(b) COLLABORATION.—In carrying out this section, eligible agencies shall collaborate where possible, and avoid duplicating efforts, in order to maximize the impact of the activities described in subsection (a).

[(c) STATE-IMPOSED REQUIREMENTS.—Whenever a State or outlying area implements any rule or policy relating to the administration or operation of a program authorized under this subtitle that has the effect of imposing a requirement that is not imposed under Federal law (including any rule or policy based on a State or outlying area interpretation of a Federal statute, regulation, or guideline), the State or outlying area shall identify, to eligible providers, the rule or policy as being State- or outlying area-imposed.

[SEC. 224. STATE PLAN.

[(a) 5-YEAR PLANS.—

[(1) IN GENERAL.—Each eligible agency desiring a grant under this subtitle for any fiscal year shall submit to, or have on file with, the Secretary a 5-year State plan.

[(2) COMPREHENSIVE PLAN OR APPLICATION.—The eligible agency may submit the State plan as part of a comprehensive plan or application for Federal education assistance.

[(b) PLAN CONTENTS.—In developing the State plan, and any revisions to the State plan, the eligible agency shall include in the State plan or revisions—

[(1) an objective assessment of the needs of individuals in the State or outlying area for adult education and literacy activities, including individuals most in need or hardest to serve;

[(2) a description of the adult education and literacy activities that will be carried out with any funds received under this subtitle;

[(3) a description of how the eligible agency will evaluate annually the effectiveness of the adult education and literacy activities based on the performance measures described in section 212;

[(4) a description of the performance measures described in section 212 and how such performance measures will ensure the improvement of adult education and literacy activities in the State or outlying area;

[(5) an assurance that the eligible agency will award not less than one grant under this subtitle to an eligible provider who offers flexible schedules and necessary support services (such as child care and transportation) to enable individuals, including individuals with disabilities, or individuals with other special needs, to participate in adult education and literacy activities, which eligible provider shall attempt to coordinate with support services that are not provided under this subtitle prior to using funds for adult education and literacy activities provided under this subtitle for support services;

[(6) an assurance that the funds received under this subtitle will not be expended for any purpose other than for activities under this subtitle;

[(7) a description of how the eligible agency will fund local activities in accordance with the considerations described in section 231(e);

[(8) an assurance that the eligible agency will expend the funds under this subtitle only in a manner consistent with fiscal requirements in section 241;

[(9) a description of the process that will be used for public participation and comment with respect to the State plan;

[(10) a description of how the eligible agency will develop program strategies for populations that include, at a minimum—

[(A) low-income students;

[(B) individuals with disabilities;

[(C) single parents and displaced homemakers; and

[(D) individuals with multiple barriers to educational enhancement, including individuals with limited English proficiency;

[(11) a description of how the adult education and literacy activities that will be carried out with any funds received under this subtitle will be integrated with other adult education, career development, and employment and training activities in the State or outlying area served by the eligible agency; and

[(12) a description of the steps the eligible agency will take to ensure direct and equitable access, as required in section 231(c)(1).

[(c) PLAN REVISIONS.—When changes in conditions or other factors require substantial revisions to an approved State plan, the eligible agency shall submit the revisions to the State plan to the Secretary.

[(d) CONSULTATION.—The eligible agency shall—

[(1) submit the State plan, and any revisions to the State plan, to the Governor of the State or outlying area for review and comment; and

[(2) ensure that any comments by the Governor regarding the State plan, and any revision to the State plan, are submitted to the Secretary.

[(e) PEER REVIEW.—The Secretary shall establish a peer review process to make recommendations regarding the approval of State plans.

[(f) PLAN APPROVAL.—A State plan submitted to the Secretary shall be approved by the Secretary unless the Secretary makes a written determination, within 90 days after receiving the plan, that the plan is inconsistent with the specific provisions of this subtitle.

[(g) TRANSITION.—The provisions of this section shall be subject to section 506(b).

[SEC. 225. PROGRAMS FOR CORRECTIONS EDUCATION AND OTHER INSTITUTIONALIZED INDIVIDUALS.

[(a) PROGRAM AUTHORIZED.—From funds made available under section 222(a)(1) for a fiscal year, each eligible agency shall carry out corrections education and education for other institutionalized individuals.

[(b) USES OF FUNDS.—The funds described in subsection (a) shall be used for the cost of educational programs for criminal offenders in correctional institutions and for other institutionalized individuals, including academic programs for—

[(1) basic education;

[(2) special education programs as determined by the eligible agency;

[(3) English literacy programs; and

[(4) secondary school credit programs.

[(c) PRIORITY.—Each eligible agency that is using assistance provided under this section to carry out a program for criminal offenders within a correctional institution shall give priority to serving individuals who are likely to leave the correctional institution within 5 years of participation in the program.

[(d) DEFINITION OF CRIMINAL OFFENDER.—

[(1) CRIMINAL OFFENDER.—The term "criminal offender" means any individual who is charged with or convicted of any criminal offense.

[(2) CORRECTIONAL INSTITUTION.—The term "correctional institution" means any—

[(A) prison;
[(B) jail;
[(C) reformatory;
[(D) work farm;
[(E) detention center; or
[(F) halfway house, community-based rehabilitation center, or any other similar institution designed for the confinement or rehabilitation of criminal offenders.

[CHAPTER 3—LOCAL PROVISIONS

[SEC. 231. GRANTS AND CONTRACTS FOR ELIGIBLE PROVIDERS.

[(a) GRANTS AND CONTRACTS.—From grant funds made available under section 211(b), each eligible agency shall award multiyear grants or contracts, on a competitive basis, to eligible providers within the State or outlying area to enable the eligible providers to develop, implement, and improve adult education and literacy activities within the State.

[(b) REQUIRED LOCAL ACTIVITIES.—The eligible agency shall require that each eligible provider receiving a grant or contract under subsection (a) use the grant or contract to establish or operate one or more programs that provide services or instruction in one or more of the following categories:

[(1) Adult education and literacy services, including workplace literacy services.

[(2) Family literacy services.

[(3) English literacy programs.

[(c) DIRECT AND EQUITABLE ACCESS; SAME PROCESS.—Each eligible agency receiving funds under this subtitle shall ensure that—

[(1) all eligible providers have direct and equitable access to apply for grants or contracts under this section; and

[(2) the same grant or contract announcement process and application process is used for all eligible providers in the State or outlying area.

[(d) SPECIAL RULE.—Each eligible agency awarding a grant or contract under this section shall not use any funds made available under this subtitle for adult education and literacy activities for the purpose of supporting or providing programs, services, or activities for individuals who are not individuals described in subparagraphs (A) and (B) of section 203(1), except that such agency may use such funds for such purpose if such programs, services, or activities are related to family literacy services. In providing family literacy services under this subtitle, an eligible provider shall attempt to coordinate with programs and services that are not assisted under this subtitle prior to using funds for adult education and literacy activities under this subtitle for activities other than adult education activities.

[(e) CONSIDERATIONS.—In awarding grants or contracts under this section, the eligible agency shall consider—

[(1) the degree to which the eligible provider will establish measurable goals for participant outcomes;

[(2) the past effectiveness of an eligible provider in improving the literacy skills of adults and families, and, after the 1-year period beginning with the adoption of an eligible agency's performance measures under section 212, the success of an eligible provider receiving funding under this subtitle in meeting

or exceeding such performance measures, especially with respect to those adults with the lowest levels of literacy;

[(3) the commitment of the eligible provider to serve individuals in the community who are most in need of literacy services, including individuals who are low-income or have minimal literacy skills;

[(4) whether or not the program—

[(A) is of sufficient intensity and duration for participants to achieve substantial learning gains; and

[(B) uses instructional practices, such as phonemic awareness, systematic phonics, fluency, and reading comprehension that research has proven to be effective in teaching individuals to read;

[(5) whether the activities are built on a strong foundation of research and effective educational practice;

[(6) whether the activities effectively employ advances in technology, as appropriate, including the use of computers;

[(7) whether the activities provide learning in real life contexts to ensure that an individual has the skills needed to compete in the workplace and exercise the rights and responsibilities of citizenship;

[(8) whether the activities are staffed by well-trained instructors, counselors, and administrators;

[(9) whether the activities coordinate with other available resources in the community, such as by establishing strong links with elementary schools and secondary schools, postsecondary educational institutions, one-stop centers, job training programs, and social service agencies;

[(10) whether the activities offer flexible schedules and support services (such as child care and transportation) that are necessary to enable individuals, including individuals with disabilities or other special needs, to attend and complete programs;

[(11) whether the activities maintain a high-quality information management system that has the capacity to report participant outcomes and to monitor program performance against the eligible agency performance measures; and

[(12) whether the local communities have a demonstrated need for additional English literacy programs.

[SEC. 232. LOCAL APPLICATION.

[Each eligible provider desiring a grant or contract under this subtitle shall submit an application to the eligible agency containing such information and assurances as the eligible agency may require, including—

[(1) a description of how funds awarded under this subtitle will be spent; and

[(2) a description of any cooperative arrangements the eligible provider has with other agencies, institutions, or organizations for the delivery of adult education and literacy activities.

[SEC. 233. LOCAL ADMINISTRATIVE COST LIMITS.

[(a) IN GENERAL.—Subject to subsection (b), of the amount that is made available under this subtitle to an eligible provider—

[(1) not less than 95 percent shall be expended for carrying out adult education and literacy activities; and

[(2) the remaining amount, not to exceed 5 percent, shall be used for planning, administration, personnel development, and interagency coordination.

[(b) SPECIAL RULE.—In cases where the cost limits described in subsection (a) are too restrictive to allow for adequate planning, administration, personnel development, and interagency coordination, the eligible provider shall negotiate with the eligible agency in order to determine an adequate level of funds to be used for non-instructional purposes.

[CHAPTER 4—GENERAL PROVISIONS

[SEC. 241. ADMINISTRATIVE PROVISIONS.

[(a) SUPPLEMENT NOT SUPPLANT.—Funds made available for adult education and literacy activities under this subtitle shall supplement and not supplant other State or local public funds expended for adult education and literacy activities.

[(b) MAINTENANCE OF EFFORT.—

[(1) IN GENERAL.—

[(A) DETERMINATION.—An eligible agency may receive funds under this subtitle for any fiscal year if the Secretary finds that the fiscal effort per student or the aggregate expenditures of such eligible agency for adult education and literacy activities, in the second preceding fiscal year, was not less than 90 percent of the fiscal effort per student or the aggregate expenditures of such eligible agency for adult education and literacy activities, in the third preceding fiscal year.

[(B) PROPORTIONATE REDUCTION.—Subject to paragraphs (2), (3), and (4), for any fiscal year with respect to which the Secretary determines under subparagraph (A) that the fiscal effort or the aggregate expenditures of an eligible agency for the preceding program year were less than such effort or expenditures for the second preceding program year, the Secretary—

[(i) shall determine the percentage decreases in such effort or in such expenditures; and

[(ii) shall decrease the payment made under this subtitle for such program year to the agency for adult education and literacy activities by the lesser of such percentages.

[(2) COMPUTATION.—In computing the fiscal effort and aggregate expenditures under paragraph (1), the Secretary shall exclude capital expenditures and special one-time project costs.

[(3) DECREASE IN FEDERAL SUPPORT.—If the amount made available for adult education and literacy activities under this subtitle for a fiscal year is less than the amount made available for adult education and literacy activities under this subtitle for the preceding fiscal year, then the fiscal effort per student and the aggregate expenditures of an eligible agency required in order to avoid a reduction under paragraph (1)(B) shall be decreased by the same percentage as the percentage decrease in the amount so made available.

[(4) WAIVER.—The Secretary may waive the requirements of this subsection for 1 fiscal year only, if the Secretary determines that a waiver would be equitable due to exceptional or

uncontrollable circumstances, such as a natural disaster or an unforeseen and precipitous decline in the financial resources of the State or outlying area of the eligible agency. If the Secretary grants a waiver under the preceding sentence for a fiscal year, the level of effort required under paragraph (1) shall not be reduced in the subsequent fiscal year because of the waiver.

[SEC. 242. NATIONAL INSTITUTE FOR LITERACY.

[(a) PURPOSE.—The purpose of this section is to establish a National Institute for Literacy that—

[(1) provides national leadership regarding literacy;

[(2) coordinates literacy services and policy; and

[(3) serves as a national resource for adult education and literacy programs by—

[(A) providing the best and most current information available, including the work of the National Institute of Child Health and Human Development in the area of phonemic awareness, systematic phonics, fluency, and reading comprehension, to all recipients of Federal assistance that focuses on reading, including programs under titles I and VII of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq. and 7401 et seq.), the Head Start Act (42 U.S.C. 9831 et seq.), the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.), and this Act; and

[(B) supporting the creation of new ways to offer services of proven effectiveness.

[(b) ESTABLISHMENT.—

[(1) IN GENERAL.—There is established the National Institute for Literacy (in this section referred to as the "Institute"). The Institute shall be administered under the terms of an interagency agreement entered into by the Secretary of Education with the Secretary of Labor and the Secretary of Health and Human Services (in this section referred to as the "Interagency Group"). The Interagency Group may include in the Institute any research and development center, institute, or clearinghouse established within the Department of Education, the Department of Labor, or the Department of Health and Human Services the purpose of which is determined by the Interagency Group to be related to the purpose of the Institute.

[(2) OFFICES.—The Institute shall have offices separate from the offices of the Department of Education, the Department of Labor, and the Department of Health and Human Services.

[(3) RECOMMENDATIONS.—The Interagency Group shall consider the recommendations of the National Institute for Literacy Advisory Board (in this section referred to as the "Board") established under subsection (e) in planning the goals of the Institute and in the implementation of any programs to achieve the goals. If the Board's recommendations are not followed, the Interagency Group shall provide a written explanation to the Board concerning actions the Interagency Group takes that are inconsistent with the Board's recommendations, including the reasons for not following the Board's recommendations with respect to the actions. The Board may also

request a meeting of the Interagency Group to discuss the Board's recommendations.

[(4) DAILY OPERATIONS.—The daily operations of the Institute shall be administered by the Director of the Institute.

[(c) DUTIES.—

[(1) IN GENERAL.—In order to provide leadership for the improvement and expansion of the system for delivery of literacy services, the Institute is authorized—

[(A) to establish a national electronic data base of information that disseminates information to the broadest possible audience within the literacy and basic skills field, and that includes—

[(i) effective practices in the provision of literacy and basic skills instruction, including instruction in phonemic awareness, systematic phonics, fluency, and reading comprehension, and the integration of literacy and basic skills instruction with occupational skills training;

[(ii) public and private literacy and basic skills programs, and Federal, State, and local policies, affecting the provision of literacy services at the national, State, and local levels;

[(iii) opportunities for technical assistance, meetings, conferences, and other opportunities that lead to the improvement of literacy and basic skills services; and

[(iv) a communication network for literacy programs, providers, social service agencies, and students;

[(B) to coordinate support for the provision of literacy and basic skills services across Federal agencies and at the State and local levels;

[(C) to coordinate the support of reliable and replicable research and development on literacy and basic skills in families and adults across Federal agencies, especially with the Office of Educational Research and Improvement in the Department of Education, and to carry out basic and applied research and development on topics that are not being investigated by other organizations or agencies, such as the special literacy needs of individuals with learning disabilities;

[(D) to collect and disseminate information on methods of advancing literacy that show great promise, including phonemic awareness, systematic phonics, fluency, and reading comprehension based on the work of the National Institute of Child Health and Human Development;

[(E) to provide policy and technical assistance to Federal, State, and local entities for the improvement of policy and programs relating to literacy;

[(F) to fund a network of State or regional adult literacy resource centers to assist State and local public and private nonprofit efforts to improve literacy by—

[(i) encouraging the coordination of literacy services;

[(ii) enhancing the capacity of State and local organizations to provide literacy services; and

[(iii) serving as a link between the Institute and providers of adult education and literacy activities for the purpose of sharing information, data, research, expertise, and literacy resources;

[(G) to coordinate and share information with national organizations and associations that are interested in literacy and workforce investment activities;

[(H) to advise Congress and Federal departments and agencies regarding the development of policy with respect to literacy and basic skills; and

[(I) to undertake other activities that lead to the improvement of the Nation's literacy delivery system and that complement other such efforts being undertaken by public and private agencies and organizations.

[(2) GRANTS, CONTRACTS, AND COOPERATIVE AGREEMENTS.—The Institute may award grants to, or enter into contracts or cooperative agreements with, individuals, public or private institutions, agencies, organizations, or consortia of such institutions, agencies, or organizations to carry out the activities of the Institute.

[(d) LITERACY LEADERSHIP.—

[(1) IN GENERAL.—The Institute, in consultation with the Board, may award fellowships, with such stipends and allowances that the Director considers necessary, to outstanding individuals pursuing careers in adult education or literacy in the areas of instruction, management, research, or innovation.

[(2) FELLOWSHIPS.—Fellowships awarded under this subsection shall be used, under the auspices of the Institute, to engage in research, education, training, technical assistance, or other activities to advance the field of adult education or literacy, including the training of volunteer literacy providers at the national, State, or local level.

[(3) INTERNS AND VOLUNTEERS.—The Institute, in consultation with the Board, may award paid and unpaid internships to individuals seeking to assist the Institute in carrying out its mission. Notwithstanding section 1342 of title 31, United States Code, the Institute may accept and use voluntary and uncompensated services as the Institute determines necessary.

[(e) NATIONAL INSTITUTE FOR LITERACY ADVISORY BOARD.—

[(1) ESTABLISHMENT.—

[(A) IN GENERAL.—There shall be a National Institute for Literacy Advisory Board (in this section referred to as the "Board"), which shall consist of 10 individuals appointed by the President with the advice and consent of the Senate.

[(B) COMPOSITION.—The Board shall be comprised of individuals who are not otherwise officers or employees of the Federal Government and who are representative of entities such as—

[(i) literacy organizations and providers of literacy services, including nonprofit providers, providers of English literacy programs and services, social service organizations, and eligible providers receiving assistance under this subtitle;

[(ii) businesses that have demonstrated interest in literacy programs;

[(iii) literacy students, including literacy students with disabilities;

[(iv) experts in the area of literacy research;

[(v) State and local governments;

[(vi) State Directors of adult education; and

[(vii) representatives of employees, including representatives of labor organizations.

[(2) DUTIES.—The Board shall—

[(A) make recommendations concerning the appointment of the Director and staff of the Institute;

[(B) provide independent advice on the operation of the Institute; and

[(C) receive reports from the Interagency Group and the Director.

[(3) FEDERAL ADVISORY COMMITTEE ACT.—Except as otherwise provided, the Board established by this subsection shall be subject to the provisions of the Federal Advisory Committee Act (5 U.S.C. App.).

[(4) APPOINTMENTS.—

[(A) IN GENERAL.—Each member of the Board shall be appointed for a term of 3 years, except that the initial terms for members may be 1, 2, or 3 years in order to establish a rotation in which one-third of the members are selected each year. Any such member may be appointed for not more than 2 consecutive terms.

[(B) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until a successor has taken office.

[(5) QUORUM.—A majority of the members of the Board shall constitute a quorum but a lesser number may hold hearings. Any recommendation of the Board may be passed only by a majority of the Board's members present.

[(6) ELECTION OF OFFICERS.—The Chairperson and Vice Chairperson of the Board shall be elected by the members of the Board. The term of office of the Chairperson and Vice Chairperson shall be 2 years.

[(7) MEETINGS.—The Board shall meet at the call of the Chairperson or a majority of the members of the Board.

[(f) GIFTS, BEQUESTS, AND DEVISES.—

[(1) IN GENERAL.—The Institute may accept, administer, and use gifts or donations of services, money, or property, whether real or personal, tangible or intangible.

[(2) RULES.—The Board shall establish written rules setting forth the criteria to be used by the Institute in determining whether the acceptance of contributions of services, money, or property whether real or personal, tangible or intangible, would reflect unfavorably upon the ability of the Institute or any employee to carry out the responsibilities of the Institute or employee, or official duties, in a fair and objective manner, or would compromise the integrity or the appearance of the in-

tegrity of the Institute's programs or any official involved in those programs.

[(g) MAILS.—The Board and the Institute may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

[(h) STAFF.—The Interagency Group, after considering recommendations made by the Board, shall appoint and fix the pay of a Director.

[(i) APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.—The Director and staff of the Institute may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of the annual rate of basic pay payable for level IV of the Executive Schedule.

[(j) EXPERTS AND CONSULTANTS.—The Institute may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

[(k) REPORT.—The Institute shall submit a report biennially to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate. Each report submitted under this subsection shall include—

[(1) a comprehensive and detailed description of the Institute's operations, activities, financial condition, and accomplishments in the field of literacy for the period covered by the report;

[(2) a description of how plans for the operation of the Institute for the succeeding 2 fiscal years will facilitate achievement of the goals of the Institute and the goals of the literacy programs within the Department of Education, the Department of Labor, and the Department of Health and Human Services; and

[(3) any additional minority, or dissenting views submitted by members of the Board.

[(l) FUNDING.—Any amounts appropriated to the Secretary, the Secretary of Labor, the Secretary of Health and Human Services, or any other department that participates in the Institute for purposes that the Institute is authorized to perform under this section may be provided to the Institute for such purposes.

[SEC. 243. NATIONAL LEADERSHIP ACTIVITIES.

[The Secretary shall establish and carry out a program of national leadership activities to enhance the quality of adult education and literacy programs nationwide. Such activities may include the following:

[(1) Technical assistance, including—

[(A) assistance provided to eligible providers in developing and using performance measures for the improvement of adult education and literacy activities, including family literacy services;

[(B) assistance related to professional development activities, and assistance for the purposes of developing, improving, identifying, and disseminating the most successful

methods and techniques for providing adult education and literacy activities, including family literacy services, based on scientific evidence where available; and

[(C) assistance in distance learning and promoting and improving the use of technology in the classroom.

[(2) Funding national leadership activities that are not described in paragraph (1), either directly or through grants, contracts, or cooperative agreements awarded on a competitive basis to or with postsecondary educational institutions, public or private organizations or agencies, or consortia of such institutions, organizations, or agencies, such as—

[(A) developing, improving, and identifying the most successful methods and techniques for addressing the education needs of adults, including instructional practices using phonemic awareness, systematic phonics, fluency, and reading comprehension, based on the work of the National Institute of Child Health and Human Development;

[(B) increasing the effectiveness of, and improving the quality of, adult education and literacy activities, including family literacy services;

[(C) carrying out research, such as estimating the number of adults functioning at the lowest levels of literacy proficiency;

[(D)(i) carrying out demonstration programs;

[(ii) developing and replicating model and innovative programs, such as the development of models for basic skill certificates, identification of effective strategies for working with adults with learning disabilities and with individuals with limited English proficiency who are adults, and workplace literacy programs; and

[(iii) disseminating best practices information, including information regarding promising practices resulting from federally funded demonstration programs;

[(E) providing for the conduct of an independent evaluation and assessment of adult education and literacy activities through studies and analyses conducted independently through grants and contracts awarded on a competitive basis, which evaluation and assessment shall include descriptions of—

[(i) the effect of performance measures and other measures of accountability on the delivery of adult education and literacy activities, including family literacy services;

[(ii) the extent to which the adult education and literacy activities, including family literacy services, increase the literacy skills of adults (and of children, in the case of family literacy services), lead the participants in such activities to involvement in further education and training, enhance the employment and earnings of such participants, and, if applicable, lead to other positive outcomes, such as reductions in recidivism in the case of prison-based adult education and literacy activities;

[(iii) the extent to which the provision of support services to adults enrolled in adult education and fam-

ily literacy programs increase the rate of enrollment in, and successful completion of, such programs; and

[(iv) the extent to which eligible agencies have distributed funds under section 231 to meet the needs of adults through community-based organizations;

[(F) supporting efforts aimed at capacity building at the State and local levels, such as technical assistance in program planning, assessment, evaluation, and monitoring of activities carried out under this subtitle;

[(G) collecting data, such as data regarding the improvement of both local and State data systems, through technical assistance and development of model performance data collection systems; and

[(H) other activities designed to enhance the quality of adult education and literacy activities nationwide.

[Subtitle B—Repeals

[SEC. 251. REPEALS.

[(a) REPEALS.—

[(1) ADULT EDUCATION ACT.—The Adult Education Act (20 U.S.C. 1201 et seq.) is repealed.

[(2) NATIONAL LITERACY ACT OF 1991.—The National Literacy Act of 1991 (20 U.S.C. 1201 note) is repealed.

[(b) CONFORMING AMENDMENTS.—

[(1) REFUGEE EDUCATION ASSISTANCE ACT.—Subsection (b) of section 402 of the Refugee Education Assistance Act of 1980 (8 U.S.C. 1522 note) is repealed.

[(2) ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—

[(A) SECTION 1202 OF ESEA.—Section 1202(c)(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6362(c)(1)) is amended by striking "Adult Education Act" and inserting "Adult Education and Family Literacy Act".

[(B) SECTION 1205 OF ESEA.—Section 1205(8)(B) of such Act (20 U.S.C. 6365(8)(B)) is amended by striking "Adult Education Act" and inserting "Adult Education and Family Literacy Act".

[(C) SECTION 1206 OF ESEA.—Section 1206(a)(1)(A) of such Act (20 U.S.C. 6366(a)(1)(A)) is amended by striking "an adult basic education program under the Adult Education Act" and inserting "adult education and literacy activities under the Adult Education and Family Literacy Act".

[(D) SECTION 3113 OF ESEA.—Section 3113(1) of such Act (20 U.S.C. 6813(1)) is amended by striking "section 312 of the Adult Education Act" and inserting "section 203 of the Adult Education and Family Literacy Act".

[(E) SECTION 9161 OF ESEA.—Section 9161(2) of such Act (20 U.S.C. 7881(2)) is amended by striking "section 312(2) of the Adult Education Act" and inserting "section 203 of the Adult Education and Family Literacy Act".

[(3) OLDER AMERICANS ACT OF 1965.—Section 203(b)(8) of the Older Americans Act of 1965 (42 U.S.C. 3013(b)(8)) is amended

by striking "Adult Education Act" and inserting "Adult Education and Family Literacy Act".]

TITLE II—ADULT BASIC SKILLS AND FAMILY LITERACY EDUCATION

SEC. 201. SHORT TITLE.

This title may be cited as the "Adult Basic Skills and Family Literacy Education Act".

SEC. 202. PURPOSE.

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

(1) increase the basic reading, writing, speaking, and math skills necessary for adults to obtain employment and self-sufficiency and to successfully advance in the workforce;

(2) assist adults in the completion of a secondary school education (or its equivalent) and the transition to a postsecondary educational institution;

(3) increase the basic reading, writing, speaking, and math skills of parents to enable them to support the educational development of their children and make informed choices regarding their children's education; and

(4) assist immigrants who are not proficient in English in improving their reading, writing, speaking, and math skills and acquiring an understanding of the American free enterprise system, individual freedom, and the responsibilities of citizenship.

SEC. 203. DEFINITIONS.

In this title:

(1) ADULT BASIC SKILLS AND FAMILY LITERACY EDUCATION PROGRAMS.—The term "adult basic skills and family literacy education programs" means a sequence of academic instruction and educational services below the postsecondary level that increase an individual's ability to read, write, and speak in English and perform mathematical computations leading to a level of proficiency equivalent to secondary school completion that is provided for individuals—

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

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

(C) who—

(i) lack sufficient mastery of basic reading, writing, speaking, and math skills to enable the individuals to function effectively in society;

(ii) do not have a secondary school diploma or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities), and have not achieved an equivalent level of education; or

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

(2) ELIGIBLE AGENCY.—The term "eligible agency"—

(A) means the sole entity or agency in a State or an outlying area responsible for administering or supervising policy for adult basic skills and family literacy education programs in the State or outlying area, respectively, consistent with the law of the State or outlying area, respectively; and

(B) may be the State educational agency, the State agency responsible for administering workforce investment activities, or the State agency responsible for administering community or technical colleges.

(3) ELIGIBLE PROVIDER.—The term "eligible provider" means—

(A) a local educational agency;

(B) a community-based or faith-based organization of demonstrated effectiveness;

(C) a volunteer literacy organization of demonstrated effectiveness;

(D) an institution of higher education;

(E) a public or private educational agency;

(F) a library;

(G) a public housing authority;

(H) an institution that is not described in any of subparagraphs (A) through (G) and has the ability to provide adult basic skills and family literacy education programs to adults and families; or

(I) a consortium of the agencies, organizations, institutions, libraries, or authorities described in any of subparagraphs (A) through (H).

(4) ENGLISH LANGUAGE ACQUISITION PROGRAM.—The term "English language acquisition program" means a program of instruction designed to help individuals with limited English proficiency achieve competence in reading, writing, and speaking the English language.

(5) ESSENTIAL COMPONENTS OF READING INSTRUCTION.—The term "essential components of reading instruction" has the meaning given to that term in section 1208 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6368).

(6) FAMILY LITERACY EDUCATION PROGRAMS.—The term "family literacy education programs" means educational programs that—

(A) assist parents and students, on a voluntary basis, in achieving the purposes of this title as described in section 202; and

(B) are of sufficient intensity in terms of hours and of sufficient duration to make sustainable changes in a family, are based upon scientific research-based principles, and for the purpose of substantially increasing the ability of parents and children to read, write, and speak English integrate—

(i) interactive literacy activities between parents and their children;

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

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

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

(7) GOVERNOR.—The term "Governor" means the chief executive officer of a State or outlying area.

(8) INDIVIDUAL WITH A DISABILITY.—

(A) IN GENERAL.—The term "individual with a disability" means an individual with any disability (as defined in section 3 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102)).

(B) INDIVIDUALS WITH DISABILITIES.—The term "individuals with disabilities" means more than one individual with a disability.

(9) INDIVIDUAL WITH LIMITED ENGLISH PROFICIENCY.—The term "individual with limited English proficiency" means an adult or out-of-school youth who has limited ability in reading, writing, speaking, or understanding the English language, and—

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

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

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

(11) LITERACY.—The term "literacy" means the ability to read, write, and speak the English language with competence, knowledge, and comprehension.

(12) LOCAL EDUCATIONAL AGENCY.—The term "local educational agency" has the meaning given to that term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

(13) OUTLYING AREA.—The term "outlying area" has the meaning given to that term in section 101 of this Act.

(14) POSTSECONDARY EDUCATIONAL INSTITUTION.—The term "postsecondary educational institution" means—

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

(B) a tribally controlled community college; or

(C) a nonprofit educational institution offering certificate or apprenticeship programs at the postsecondary level.

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

(16) SCIENTIFICALLY BASED READING RESEARCH.—The term "scientifically based reading research" has the meaning given to that term in section 1208 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6368).

(17) SECRETARY.—The term "Secretary" means the Secretary of Education.

(18) STATE.—The term "State" means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

(19) STATE EDUCATIONAL AGENCY.—The term "State educational agency" has the meaning given to that term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

(20) WORKPLACE LITERACY PROGRAM.—The term "workplace literacy program" means an educational program that is offered in collaboration between eligible providers and employers or employee organizations for the purpose of improving the productivity of the workforce through the improvement of reading, writing, speaking, and math skills.

SEC. 204. HOME SCHOOLS.

Nothing in this title shall be construed to affect home schools, whether or not a home school is treated as a home school or a private school under State law, or to compel a parent engaged in home schooling to participate in an English language acquisition program, a family literacy education program, or an adult basic skills and family literacy education program.

SEC. 205. AUTHORIZATION OF APPROPRIATIONS.

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

CHAPTER 1—FEDERAL PROVISIONS

SEC. 211. RESERVATION OF FUNDS; GRANTS TO ELIGIBLE AGENCIES; ALLOTMENTS.

(a) RESERVATION OF FUNDS.—From the sums appropriated under section 205 for a fiscal year, the Secretary—

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

(2) shall reserve up to 1.72 percent for incentive grants under section 213; and

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

(b) GRANTS TO ELIGIBLE AGENCIES.—

(1) IN GENERAL.—From the sums appropriated under section 205 and not reserved under subsection (a) for a fiscal year, the Secretary shall award a grant to each eligible agency having a State plan approved under section 224 in an amount equal to the sum of the initial allotment under subsection (c)(1) and the additional allotment under subsection (c)(2) for the eligible agency for the fiscal year, subject to subsections (f) and (g).

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

(c) ALLOTMENTS.—

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

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

(B) $250,000, in the case of any other eligible agency.

(2) ADDITIONAL ALLOTMENTS.—From the sums appropriated under section 205, not reserved under subsection (a), and not allotted under paragraph (1), for a fiscal year, the Secretary shall allot to each eligible agency that receives an initial allotment under paragraph (1) an additional amount that bears the same relationship to such sums as the number of qualifying adults in the State or outlying area served by the eligible agency bears to the number of such adults in all States and outlying areas.

(d) QUALIFYING ADULT.—For the purpose of subsection (c)(2), the term "qualifying adult" means an adult who—

(1) is at least 16 years of age;

(2) is beyond the age of compulsory school attendance under the law of the State or outlying area;

(3) does not have a secondary school diploma or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities); and

(4) is not enrolled in secondary school.

(e) SPECIAL RULE.—

(1) IN GENERAL.—From amounts made available under subsection (c) for the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau, the Secretary shall award grants to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau to carry out activities described in this title in accordance with the provisions of this title as determined by the Secretary.

(2) TERMINATION OF ELIGIBILITY.—Notwithstanding any other provision of law, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau shall be eligible to receive a grant under this title until an agreement for the extension of United States education assistance under the Compact of Free Association for each of the Freely Associated States becomes effective.

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

(f) HOLD-HARMLESS PROVISIONS.—

(1) IN GENERAL.—Notwithstanding subsection (c), and subject to paragraphs (2) and (3), for fiscal year 2004 and each succeeding fiscal year, no eligible agency shall receive an allotment under this title that is less than 90 percent of the allotment the eligible agency received for the preceding fiscal year under this title.

(2) EXCEPTION.—An eligible agency that receives for the preceding fiscal year only an initial allotment under subsection 211(c)(1) (and no additional allotment under 211(c)(2)) shall receive an allotment equal to 100 percent of the initial allotment.

(3) RATABLE REDUCTION.—If for any fiscal year the amount available for allotment under this title is insufficient to satisfy

the provisions of paragraph (1), the Secretary shall ratably reduce the payments to all eligible agencies, as necessary.

(g) REALLOTMENT.—The portion of any eligible agency's allotment under this title for a fiscal year that the Secretary determines will not be required for the period such allotment is available for carrying out activities under this title, shall be available for reallotment from time to time, on such dates during such period as the Secretary shall fix, to other eligible agencies in proportion to the original allotments to such agencies under this title for such year.

SEC. 212. PERFORMANCE ACCOUNTABILITY SYSTEM.

(a) PURPOSE.—The purpose of this section is to establish a comprehensive performance accountability system, composed of the activities described in this section, to assess the effectiveness of eligible agencies in achieving continuous improvement of adult basic skills and family literacy education programs funded under this title, in order to optimize the return on investment of Federal funds in adult basic skills and family literacy education programs.

(b) ELIGIBLE AGENCY PERFORMANCE MEASURES.—

(1) IN GENERAL.—For each eligible agency, the eligible agency performance measures shall consist of—

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

(ii) employment performance indicators identified by the eligible agency under paragraph (2)(B); and

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

(2) INDICATORS OF PERFORMANCE.—

(A) CORE INDICATORS OF PERFORMANCE.—The core indicators of performance shall include the following:

(i) Measurable improvements in basic skill levels in reading, writing, and speaking the English language and math, and English language acquisition leading to proficiency in each skill.

(ii) Receipt of a secondary school diploma or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities).

(iii) Placement in postsecondary education or other training programs.

(B) EMPLOYMENT PERFORMANCE INDICATORS.—Consistent with applicable Federal and State privacy laws, an eligible agency shall identify in the State plan the following individual participant employment performance indicators—

(i) entry into employment;

(ii) retention in employment; and

(iii) increase in earnings.

(3) LEVELS OF PERFORMANCE.—

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

(i) IN GENERAL.—For each eligible agency submitting a State plan, there shall be established, in accordance with this subparagraph, levels of performance for each of the core indicators of performance described in paragraph (2)(A) for adult basic skills and family literacy education programs authorized under this title. The

levels of performance established under this subparagraph shall, at a minimum—

(I) be expressed in an objective, quantifiable, and measurable form; and

(II) show the progress of the eligible agency toward continuously and significantly improving the agency's performance outcomes in an objective, quantifiable, and measurable form.

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

(iii) AGREEMENT ON ELIGIBLE AGENCY ADJUSTED LEVELS OF PERFORMANCE FOR FIRST 3 YEARS.—In order to ensure an optimal return on the investment of Federal funds in adult basic skills and family literacy education programs authorized under this title, the Secretary and each eligible agency shall reach agreement on levels of student proficiency for each of the core indicators of performance, for the first 3 program years covered by the State plan, taking into account the levels identified in the State plan under clause (ii) and the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the eligible agency adjusted levels of performance for the eligible agency for such years and shall be incorporated into the State plan prior to the approval of such plan.

(iv) FACTORS.—The agreement described in clause (iii) or (v) shall take into account—

(I) how the levels involved compare with the eligible agency's adjusted levels of performance, taking into account factors including the characteristics of participants when the participants entered the program; and

(II) the extent to which such levels promote continuous and significant improvement in performance on the student proficiency measures used by such eligible agency and ensure optimal return on the investment of Federal funds.

(v) AGREEMENT ON ELIGIBLE AGENCY ADJUSTED LEVELS OF PERFORMANCE FOR SECOND 3 YEARS.—Prior to the fourth program year covered by the State plan, the Secretary and each eligible agency shall reach agreement on levels of student proficiency for each of the core indicators of performance for the fourth, fifth, and sixth program years covered by the State plan, taking into account the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the eligible agency adjusted levels of performance for the eligible agency for such years and shall be incorporated into the State plan.

(vi) REVISIONS.—If unanticipated circumstances arise in a State resulting in a significant change in the factors described in clause (iv)(I), the eligible agency

may request that the eligible agency adjusted levels of performance agreed to under clause (iii) or (v) be revised.

(B) LEVELS OF EMPLOYMENT PERFORMANCE.—The eligible agency shall identify, in the State plan, eligible agency levels of performance for each of the employment performance indicators described in paragraph (2)(B). Such levels shall be considered to be eligible agency adjusted levels of performance for purposes of this title.

(c) REPORT.—

(1) IN GENERAL.—Each eligible agency that receives a grant under section 211(b) shall annually prepare and submit to the Secretary, the Governor, the State legislature, eligible providers, and the general public within the State, a report on the progress of the eligible agency in achieving eligible agency performance measures, including the following:

(A) Information on the levels of performance achieved by the eligible agency with respect to the core indicators of performance and employment performance indicators.

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

(2) INFORMATION DISSEMINATION.—The Secretary—

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

(B) shall disseminate State-by-State comparisons of the information; and

(C) shall provide the appropriate committees of the Congress with copies of such reports.

SEC. 213. INCENTIVE GRANTS FOR STATES.

(a) IN GENERAL.—From funds appropriated under section 211(a)(2), the Secretary may award grants to States for exemplary performance in carrying out programs under this title. Such awards shall be based on States meeting or exceeding the core indicators of performance established under section 212(b)(2)(A) and may be based on the performance of the State in serving populations, such as those described in section 224(b)(10), including the levels of service provided and the performance outcomes, and such other factors relating to the performance of the State under this title as the Secretary determines appropriate.

(b) USE OF FUNDS.—The funds awarded to a State under this paragraph may be used to carry out any activities authorized under this title, including demonstrations and innovative programs for hard-to-serve populations.

CHAPTER 2—STATE PROVISIONS

SEC. 221. STATE ADMINISTRATION.

Each eligible agency shall be responsible for the following activities under this title:

(1) The development, submission, implementation, and monitoring of the State plan.

(2) Consultation with other appropriate agencies, groups, and individuals that are involved in, or interested in, the development and implementation of activities assisted under this title.

(3) Coordination and avoidance of duplication with other Federal and State education, training, corrections, public housing, and social service programs.

SEC. 222. STATE DISTRIBUTION OF FUNDS; MATCHING REQUIREMENT.

(a) STATE DISTRIBUTION OF FUNDS.—Each eligible agency receiving a grant under this title for a fiscal year—

(1) shall use an amount not less than 82.5 percent of the grant funds to award grants and contracts under section 231 and to carry out section 225, of which not more than 10 percent of such amount shall be available to carry out section 225;

(2) shall use not more than 12.5 percent of the grant funds to carry out State leadership activities under section 223; and

(3) shall use not more than 5 percent of the grant funds, or $75,000, whichever is greater, for the administrative expenses of the eligible agency.

(b) MATCHING REQUIREMENT.—

(1) IN GENERAL.—In order to receive a grant from the Secretary under section 211(b), each eligible agency shall provide, for the costs to be incurred by the eligible agency in carrying out the adult basic skills and family literacy education programs for which the grant is awarded, a non-Federal contribution in an amount at least equal to—

(A) in the case of an eligible agency serving an outlying area, 12 percent of the total amount of funds expended for adult basic skills and family literacy education programs in the outlying area, except that the Secretary may decrease the amount of funds required under this subparagraph for an eligible agency; and

(B) in the case of an eligible agency serving a State, 25 percent of the total amount of funds expended for adult basic skills and family literacy education programs in the State.

(2) NON-FEDERAL CONTRIBUTION.—An eligible agency's non-Federal contribution required under paragraph (1) may be provided in cash or in kind, fairly evaluated, and shall include only non-Federal funds that are used for adult basic skills and family literacy education programs in a manner that is consistent with the purpose of this title.

SEC. 223. STATE LEADERSHIP ACTIVITIES.

(a) IN GENERAL.—Each eligible agency may use funds made available under section 222(a)(2) for any of the following adult basic skills and family literacy education programs:

(1) The establishment or operation of professional development programs to improve the quality of instruction provided pursuant to local activities required under section 231(b), including instruction incorporating the essential components of reading instruction and instruction provided by volunteers or by personnel of a State or outlying area.

(2) The provision of technical assistance to eligible providers of adult basic skills and family literacy education programs for development and dissemination of scientific research-based instructional practices in reading, writing, speaking, math, and English language acquisition programs.

(3) The provision of assistance to eligible providers in developing, implementing, and reporting measurable progress in achieving the objectives of this title.

(4) The provision of technology assistance, including staff training, to eligible providers of adult basic skills and family literacy education programs, including distance learning activities, to enable the eligible providers to improve the quality of such activities.

(5) The development and implementation of technology applications or distance learning, including professional development to support the use of instructional technology.

(6) Coordination with other public programs, including welfare-to-work, workforce development, and job training programs.

(7) Coordination with existing support services, such as transportation, child care, and other assistance designed to increase rates of enrollment in, and successful completion of, adult basic skills and family literacy education programs, for adults enrolled in such activities.

(8) The development and implementation of a system to assist in the transition from adult basic education to postsecondary education.

(9) Activities to promote workplace literacy programs.

(10) Activities to promote and complement local outreach initiatives described in section 242(7).

(11) Other activities of statewide significance, including assisting eligible agencies in achieving progress in improving the skill levels of adults who participate in programs under this title.

(b) COORDINATION.—In carrying out this section, eligible agencies shall coordinate where possible, and avoid duplicating efforts, in order to maximize the impact of the activities described in subsection (a).

(c) STATE-IMPOSED REQUIREMENTS.—Whenever a State or outlying area implements any rule or policy relating to the administration or operation of a program authorized under this title that has the effect of imposing a requirement that is not imposed under Federal law (including any rule or policy based on a State or outlying area interpretation of a Federal statute, regulation, or guideline), the State or outlying area shall identify, to eligible providers, the rule or policy as being imposed by the State or outlying area.

SEC. 224. STATE PLAN.

(a) 6-YEAR PLANS.—

(1) IN GENERAL.—Each eligible agency desiring a grant under this title for any fiscal year shall submit to, or have on file with, the Secretary a 6-year State plan.

(2) COMPREHENSIVE PLAN OR APPLICATION.—The eligible agency may submit the State plan as part of a comprehensive plan or application for Federal education assistance.

(b) PLAN CONTENTS.—The eligible agency shall include in the State plan or any revisions to the State plan—

(1) an objective assessment of the needs of individuals in the State or outlying area for adult basic skills and family literacy education programs, including individuals most in need or hardest to serve;

(2) a description of the adult basic skills and family literacy education programs that will be carried out with funds received under this title;

(3) a description of how the eligible agency will evaluate and measure annually the effectiveness and improvement of the adult basic skills and family literacy education programs based on the performance measures described in section 212 including—

(A) how the eligible agency will evaluate and measure annually such effectiveness on a grant-by-grant basis; and

(B) how the eligible agency—

(i) will hold eligible providers accountable regarding the progress of such providers in improving the academic achievement of participants in adult education programs under this title and regarding the core indicators of performance described in section 212(b)(2)(A); and

(ii) will use technical assistance, sanctions, and rewards (including allocation of grant funds based on performance and termination of grant funds based on nonperformance);

(4) a description of the performance measures described in section 212 and how such performance measures have significantly improved adult basic skills and family literacy education programs in the State or outlying area;

(5) an assurance that the eligible agency will, in addition to meeting all of the other requirements of this title, award not less than one grant under this title to an eligible provider that—

(A) offers flexible schedules and necessary support services (such as child care and transportation) to enable individuals, including individuals with disabilities, or individuals with other special needs, to participate in adult basic skills and family literacy education programs; and

(B) attempts to coordinate with support services that are not provided under this title prior to using funds for adult basic skills and family literacy education programs provided under this title for support services;

(6) an assurance that the funds received under this title will not be expended for any purpose other than for activities under this title;

(7) a description of how the eligible agency will fund local activities in accordance with the measurable goals described in section 231(d);

(8) an assurance that the eligible agency will expend the funds under this title only in a manner consistent with fiscal requirements in section 241;

(9) a description of the process that will be used for public participation and comment with respect to the State plan, which process—

(A) shall include consultation with the State workforce investment board, the State board responsible for administering community or technical colleges, the Governor, the State educational agency, the State board or agency responsible for administering block grants for temporary assist-

ance to needy families under title IV of the Social Security Act, the State council on disabilities, the State vocational rehabilitation agency, other State agencies that promote the improvement of adult basic skills and family literacy education programs, and direct providers of such programs; and

(B) may include consultation with the State agency on higher education, institutions responsible for professional development of adult basic skills and family literacy education programs instructors, representatives of business and industry, refugee assistance programs, and faith-based organizations;

(10) a description of the eligible agency's strategies for serving populations that include, at a minimum—

(A) low-income individuals;

(B) individuals with disabilities;

(C) the unemployed;

(D) the underemployed; and

(E) individuals with multiple barriers to educational enhancement, including individuals with limited English proficiency;

(11) a description of how the adult basic skills and family literacy education programs that will be carried out with any funds received under this title will be integrated with other adult education, career development, and employment and training activities in the State or outlying area served by the eligible agency;

(12) a description of the steps the eligible agency will take to ensure direct and equitable access, as required in section 231(c)(1), including—

(A) how the State will build the capacity of community-based and faith-based organizations to provide adult basic skills and family literacy education programs; and

(B) how the State will increase the participation of business and industry in adult basic skills and family literacy education programs; and

(13) a description of how the eligible agency will consult with any State agency responsible for postsecondary education to develop adult education that prepares students to enter postsecondary education without the need for remediation upon completion of secondary school equivalency programs.

(c) PLAN REVISIONS.—When changes in conditions or other factors require substantial revisions to an approved State plan, the eligible agency shall submit the revisions of the State plan to the Secretary.

(d) CONSULTATION.—The eligible agency shall—

(1) submit the State plan, and any revisions to the State plan, to the Governor, the chief State school officer, or the State officer responsible for administering community or technical colleges, or outlying area for review and comment; and

(2) ensure that any comments regarding the State plan by the Governor, the chief State school officer, or the State officer responsible for administering community or technical colleges, and any revision to the State plan, are submitted to the Secretary.

(e) PLAN APPROVAL.—A State plan submitted to the Secretary shall be approved by the Secretary only if the plan is consistent with the specific provisions of this title.

SEC. 225. PROGRAMS FOR CORRECTIONS EDUCATION AND OTHER INSTITUTIONALIZED INDIVIDUALS.

(a) PROGRAM AUTHORIZED.—From funds made available under section 222(a)(1) for a fiscal year, each eligible agency shall carry out corrections education and education for other institutionalized individuals.

(b) USES OF FUNDS.—The funds described in subsection (a) shall be used for the cost of educational programs for criminal offenders in correctional institutions and for other institutionalized individuals, including academic programs for—

(1) basic skills education;

(2) special education programs as determined by the eligible agency;

(3) reading, writing, speaking, and math programs; and

(4) secondary school credit or diploma programs or their recognized equivalent.

(c) PRIORITY.—Each eligible agency that is using assistance provided under this section to carry out a program for criminal offenders within a correctional institution shall give priority to serving individuals who are likely to leave the correctional institution within 5 years of participation in the program.

(d) DEFINITION OF CRIMINAL OFFENDER.—For purposes of this section:

(1) CORRECTIONAL INSTITUTION.—The term "correctional institution" means any—

(A) prison;

(B) jail;

(C) reformatory;

(D) work farm;

(E) detention center; or

(F) halfway house, community-based rehabilitation center, or any other similar institution designed for the confinement or rehabilitation of criminal offenders.

(2) CRIMINAL OFFENDER.—The term "criminal offender" means any individual who is charged with, or convicted of, any criminal offense.

CHAPTER 3—LOCAL PROVISIONS

SEC. 231. GRANTS AND CONTRACTS FOR ELIGIBLE PROVIDERS.

(a) GRANTS AND CONTRACTS.—From grant funds made available under section 211(b), each eligible agency shall award multiyear grants or contracts, on a competitive basis, to eligible providers within the State or outlying area that meet the conditions and requirements of this title to enable the eligible providers to develop, implement, and improve adult basic skills and family literacy education programs within the State.

(b) LOCAL ACTIVITIES.—The eligible agency shall require eligible providers receiving a grant or contract under subsection (a) to establish or operate one or more programs of instruction that provide services or instruction in one or more of the following categories:

(1) Adult basic skills and family literacy education programs, including essential workplace skills (including proficiency in reading, writing, speaking, and math).

(2) Workplace literacy programs.

(3) English language acquisition programs.

(4) family literacy education programs.

(c) DIRECT AND EQUITABLE ACCESS; SAME PROCESS.—Each eligible agency receiving funds under this title shall ensure that—

(1) all eligible providers have direct and equitable access to apply for grants or contracts under this section; and

(2) the same grant or contract announcement process and application process is used for all eligible providers in the State or outlying area.

(d) MEASURABLE GOALS.—The eligible agency shall require eligible providers receiving a grant or contract under subsection (a) to demonstrate—

(1) the eligible provider's measurable goals for participant outcomes to be achieved annually on the core indicators of performance and employment performance indicators described in section 212(b)(2);

(2) the past effectiveness of the eligible provider in improving the basic academic skills of adults and, for eligible providers receiving grants in the prior year, the success of the eligible provider receiving funding under this title in meeting or exceeding its performance goals in the prior year;

(3) the commitment of the eligible provider to serve individuals in the community who are the most in need of basic academic skills instruction services, including individuals who are low-income or have minimal reading, writing, speaking, and math skills, or limited English proficiency.

(4) whether or not the program—

(A) is of sufficient intensity and duration for participants to achieve substantial learning gains; and

(B) uses instructional practices that include the essential components of reading instruction;

(5) whether educational practices are based on scientifically based research;

(6) whether the activities of the eligible provider effectively employ advances in technology, as appropriate, including the use of computers;

(7) whether the activities provide instruction in real-life contexts, to ensure that an individual has the skills needed to compete in the workplace and exercise the rights and responsibilities of citizenship;

(8) whether the activities are staffed by well-trained instructors, counselors, and administrators;

(9) whether the activities are coordinated with other available resources in the community, such as through strong links with elementary schools and secondary schools, postsecondary educational institutions, one-stop centers, job training programs, community-based and faith-based organizations, and social service agencies;

(10) whether the activities offer flexible schedules and support services (such as child care and transportation) that are necessary to enable individuals, including individuals with dis-

abilities or other special needs, to attend and complete programs;

(11) whether the activities include a high-quality information management system that has the capacity to report measurable participant outcomes and to monitor program performance against the performance measures established by the eligible agency;

(12) whether the local communities have a demonstrated need for additional English language acquisition programs;

(13) the capacity of the eligible provider to produce valid information on performance results, including enrollments and measurable participant outcomes;

(14) whether adult basic skills and family literacy education programs offer rigorous reading, writing, speaking, and math content that are based on scientific research; and

(15) whether applications of technology, and services to be provided by the eligible providers, is of sufficient intensity and duration to increase the amount and quality of learning and lead to measurable learning gains within specified time periods.

SEC. 232. LOCAL APPLICATION.

Each eligible provider desiring a grant or contract under this title shall submit an application to the eligible agency containing such information and assurances as the eligible agency may require, including—

(1) a description of how funds awarded under this title will be spent consistent with the requirements of this title;

(2) a description of any cooperative arrangements the eligible provider has with other agencies, institutions, or organizations for the delivery of adult basic skills and family literacy education programs; and

(3) each of the demonstrations required by section 231(d).

SEC. 233. LOCAL ADMINISTRATIVE COST LIMITS.

(a) IN GENERAL.—Subject to subsection (b), of the amount that is made available under this title to an eligible provider—

(1) at least 95 percent shall be expended for carrying out adult basic skills and family literacy education programs; and

(2) the remaining amount shall be used for planning, administration, personnel and professional development, development of measurable goals in reading, writing, speaking, and math, and interagency coordination.

(b) SPECIAL RULE.—In cases where the cost limits described in subsection (a) are too restrictive to allow for adequate planning, administration, personnel development, and interagency coordination, the eligible provider may negotiate with the eligible agency in order to determine an adequate level of funds to be used for noninstructional purposes.

CHAPTER 4—GENERAL PROVISIONS

SEC. 241. ADMINISTRATIVE PROVISIONS.

(a) SUPPLEMENT NOT SUPPLANT.—Funds made available for adult basic skills and family literacy education programs under this title shall supplement and not supplant other State or local public funds expended for adult basic skills and family literacy education programs.

(b) MAINTENANCE OF EFFORT.—

(1) IN GENERAL.—

(A) DETERMINATION.—An eligible agency may receive funds under this title for any fiscal year if the Secretary finds that the fiscal effort per student or the aggregate expenditures of such eligible agency for activities under this title, in the second preceding fiscal year, were not less than 90 percent of the fiscal effort per student or the aggregate expenditures of such eligible agency for adult basic skills and family literacy education programs, in the third preceding fiscal year.

(B) PROPORTIONATE REDUCTION.—Subject to paragraphs (2), (3), and (4), for any fiscal year with respect to which the Secretary determines under subparagraph (A) that the fiscal effort or the aggregate expenditures of an eligible agency for the preceding program year were less than such effort or expenditures for the second preceding program year, the Secretary—

(i) shall determine the percentage decreases in such effort or in such expenditures; and

(ii) shall decrease the payment made under this title for such program year to the agency for adult basic skills and family literacy education programs by the lesser of such percentages.

(2) COMPUTATION.—In computing the fiscal effort and aggregate expenditures under paragraph (1), the Secretary shall exclude capital expenditures and special one-time project costs.

(3) DECREASE IN FEDERAL SUPPORT.—If the amount made available for adult basic skills and family literacy education programs under this title for a fiscal year is less than the amount made available for adult basic skills and family literacy education programs under this title for the preceding fiscal year, then the fiscal effort per student and the aggregate expenditures of an eligible agency required in order to avoid a reduction under paragraph (1)(B) shall be decreased by the same percentage as the percentage decrease in the amount so made available.

(4) WAIVER.—The Secretary may waive the requirements of this subsection for not more than 1 fiscal year, if the Secretary determines that a waiver would be equitable due to exceptional or uncontrollable circumstances, such as a natural disaster or an unforeseen and precipitous decline in the financial resources of the State or outlying area of the eligible agency. If the Secretary grants a waiver under the preceding sentence for a fiscal year, the level of effort required under paragraph (1) shall not be reduced in the subsequent fiscal year because of the waiver.

SEC. 242. NATIONAL LEADERSHIP ACTIVITIES.

The Secretary shall establish and carry out a program of national leadership activities that may include the following:

(1) Technical assistance, on request, including assistance—

(A) on requests to volunteer community- and faith-based organizations, including but not limited to, improving their fiscal management, research-based instruction, and reporting requirements, and the development of measurable objectives to carry out the requirements of this title;

(B) in developing valid, measurable, and reliable performance data, and using performance information for the improvement of adult basic skills and family literacy education programs;

(C) on adult education professional development; and

(D) in using distance learning and improving the application of technology in the classroom.

(2) Providing for the conduct of research on national literacy basic skill acquisition levels among adults, including the number of adults functioning at different levels of reading proficiency.

(3) Improving the coordination, efficiency, and effectiveness of adult education and workforce development services at the national, State, and local levels.

(4) Determining how participation in adult basic skills and family literacy education programs prepares individuals for entry into and success in postsecondary education and employment, and in the case of prison-based services, the effect on recidivism.

(5) Evaluating how different types of providers, including community and faith-based organizations or private for-profit agencies measurably improve the skills of participants in adult basic skills and family literacy education programs.

(6) Identifying model integrated basic and workplace skills education programs, coordinated literacy and employment services, and effective strategies for serving adults with disabilities.

(7) Supporting the development of an entity that would produce and distribute technology-based programs and materials for adult basic skills and family literacy education programs using an intercommunication system, as that term is defined in section 397 of the Communications Act of 1934 (47 U.S.C. 397), and expand the effective outreach and use of such programs and materials to adult education eligible providers.

(8) Initiating other activities designed to improve the measurable quality and effectiveness of adult basic skills and family literacy education programs nationwide.

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TITLE V—GENERAL PROVISIONS

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[SEC. 502. DEFINITIONS FOR INDICATORS OF PERFORMANCE.

[(a) IN GENERAL.—In order to ensure nationwide comparability of performance data, the Secretary of Labor and the Secretary of Education, after consultation with the representatives described in subsection (b), shall issue definitions for indicators of performance and levels of performance established under titles I and II.

[(b) REPRESENTATIVES.—The representatives referred to in subsection (a) are representatives of States (as defined in section 101) and political subdivisions, business and industry, employees, eligible providers of employment and training activities (as defined in section 101), educators, participants in activities carried out under this Act, State Directors of adult education, providers of adult education, providers of literacy services, individuals with expertise in

serving the employment and training needs of eligible youth (as defined in section 101), parents, and other interested parties, with expertise regarding activities authorized under this Act.

[SEC. 503. INCENTIVE GRANTS.

[(a) IN GENERAL.—Beginning on July 1, 2000, the Secretary shall award a grant to each State that exceeds the State adjusted levels of performance for title I, the adjusted levels of performance for title II, and the levels of performance for programs under Public Law 105–332 (20 U.S.C. 2301 et seq.), for the purpose of carrying out an innovative program consistent with the requirements of any one or more of the programs within title I, title II, or such Public Law, respectively.

[(b) APPLICATION.—

[(1) IN GENERAL.—The Secretary may provide a grant to a State under subsection (a) only if the State submits an application to the Secretary for the grant that meets the requirements of paragraph (2).

[(2) REQUIREMENTS.—The Secretary may review an application described in paragraph (1) only to ensure that the application contains the following assurances:

[(A) The legislature of the State was consulted with respect to the development of the application.

[(B) The application was approved by the Governor, the eligible agency (as defined in section 203), and the State agency responsible for programs established under Public Law 105–332 (20 U.S.C. 2301 et seq.).

[(C) The State and the eligible agency, as appropriate, exceeded the State adjusted levels of performance for title I, the expected levels of performance for title II, and the levels of performance for programs under Public Law 105–332 (20 U.S.C. 2301 et seq.).

[(c) AMOUNT.—

[(1) MINIMUM AND MAXIMUM GRANT AMOUNTS.—Subject to paragraph (2), a grant provided to a State under subsection (a) shall be awarded in an amount that is not less than $750,000 and not more than $3,000,000.

[(2) PROPORTIONATE REDUCTION.—If the amount available for grants under this section for a fiscal year is insufficient to award a grant to each State or eligible agency that is eligible for a grant, the Secretary shall reduce the minimum and maximum grant amount by a uniform percentage.

[(d) Notwithstanding any other provision of this section, for fiscal year 2000, the Secretary shall not consider the expected levels of performance under Public Law 105–332 (20 U.S.C. 2301 et seq.) and shall not award a grant under subsection (a) based on the levels of performance for that Act.]

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WAGNER-PEYSER ACT

[SECTION 1. In order to promote the establishment and maintenance of a national system of public employment offices, the United States Employment Service shall be established and maintained within the Department of Labor.

[SEC. 2. For purposes of this Act—

[(1) the term "chief elected official" has the same meaning given that term under the Workforce Investment Act of 1998;

[(2) the term "local workforce investment board" means a local workforce investment board established under section 117 of the Workforce Investment Act of 1998;

[(3) the term "one-stop delivery system" means a one-stop delivery system described in section 134(c) of the Workforce Investment Act of 1998;

[(4) the term "Secretary" means the Secretary of Labor; and

[(5) the term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, and the Virgin Islands.

[SEC. 3. (a) The Secretary shall assist in coordinating the State public employment services throughout the country and in increasing their usefulness by developing and prescribing minimum standards of efficiency, assisting them in meeting problems peculiar to their localities, promoting uniformity in their administrative and statistical procedure, furnishing and publishing information as to opportunities for employment and other information of value in the operation of the system, and maintaining a system for clearing labor between the States.

[(b) It shall be the duty of the Secretary to assure that unemployment insurance and employment service offices in each State, as appropriate, upon request of a public agency administering or supervising the administration of a State program funded under part A of title IV of the Social Security Act, of a public agency charged with any duty or responsibility under any program or activity authorized or required under part D of title IV of such Act, or of a State agency charged with the administration of the food stamp program in a State under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), shall (and, notwithstanding any other provision of law, is authorized to) furnish to such agency making the request, from any data contained in the files of any such office, information with respect to any individual specified in the request as to (1) whether such individual is receiving, has received, or has made application for, unemployment compensation, and the amount of any such compensation being received by such individual, (2) the current (or most recent) home address of such individual, and (3) whether such individual has refused an offer of employment and, if so, a description of the employment so offered and the terms, conditions, and rate of pay therefor.

[(c) The Secretary shall—

[(1) assist in the coordination and development of a nationwide system of public labor exchange services, provided as part of the one-stop customer service systems of the States;

[(2) assist in the development of continuous improvement models for such nationwide system that ensure private sector satisfaction with the system and meet the demands of jobseekers relating to the system; and

[(3) ensure, for individuals otherwise eligible to receive unemployment compensation, the provision of reemployment services and other activities in which the individuals are required to participate to receive the compensation.

[SEC. 4. In order to obtain the benefits of appropriations apportioned under section 5, a State shall, pursuant to State statute, accept the provisions of this Act and, in accordance with such State statute, the Governor shall designate or authorize the creation of a State agency vested with all powers necessary to cooperate with the Secretary under this Act.

[SEC. 5. (a) There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts from time to time as the Congress may deem necessary to carry out the purposes of this Act.

[(b) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State which—

[(1) except in the case of Guam, has an unemployment compensation law approved by the Secretary under the Federal Unemployment Tax Act and is found to be in compliance with section 303 of the Social Security Act, as amended,

[(2) is found to have coordinated the public employment services with the provision of unemployment insurance claimant services, and

[(3) is found to be in compliance with this Act,

such amounts as the Secretary determines to be necessary for allotment in accordance with section 6.

[(c)(1) Beginning with fiscal year 1985 and thereafter appropriations for any fiscal year for programs and activities assisted or conducted under this Act shall be available for obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made.

[(2) Funds obligated for any program year may be expended by the State during that program year and the two succeeding program years and no amount shall be deobligated on account of a rate of expenditure which is consistent with the program plan.

[(3)(A) Appropriations for fiscal year 1984 shall be available both to fund activities for the period between October 1, 1983, and July 1, 1984, and for the program year beginning July 1, 1984.

[(B) There are authorized to be appropriated such additional sums as may be necessary to carry out the provisions of this paragraph for the transition to program year funding.

[SEC. 6. (a) From the amounts appropriated pursuant to section 5 for each fiscal year, the Secretary shall first allot to Guam and the Virgin Islands an amount which, in relation to the total amount available for the fiscal year, is equal to the allotment percentage which each received of amounts available under this Act in fiscal year 1983.

[(b)(1) Subject to paragraphs (2), (3), and (4) of this subsection, the Secretary shall allot the remainder of the sums appropriated and certified pursuant to section 5 of this Act for each fiscal year among the States as follows:

[(A) two-thirds of such sums shall be allotted on the basis of the relative number of individuals in the civilian labor force in each State as compared to the total number of such individuals in all States; and

[(B) one-third of such sums shall be allotted on the basis of the relative number of unemployed individuals in each State as compared to the total number of such individuals in all States.

For purposes of this paragraph, the number of individuals in the civilian labor force and the number of unemployed individuals shall be based on data for the most recent calendar year available, as determined by the Secretary.

[(2) No State's allotment under this section for any fiscal year shall be less than 90 percent of its allotment percentage for the fiscal year preceding the fiscal year for which the determination is made. For the purpose of this section, the Secretary shall determine the allotment percentage for each State (including Guam and the Virgin Islands) for fiscal year 1984 which is the percentage that the State received under this Act for fiscal year 1983 of the total amounts available for payments to all States for such fiscal year. For each succeeding fiscal year, the allotment percentage for each such State shall be the percentage that the State received under this Act for the preceding fiscal year of the total amounts available for allotments for all States for such fiscal year.

[(3) For each fiscal year, no State shall receive a total allotment under paragraphs (1) and (2) which is less than 0.28 percent of the total amount available for allotments for all States.

[(4) The Secretary shall reserve such amount, not to exceed 3 percent of the sums available for allotments under this section for each fiscal year, as shall be necessary to assure that each State will have a total allotment under this section sufficient to provide staff and other resources necessary to carry out employment service activities and related administrative and support functions on a statewide basis.

[(5) The Secretary shall, not later than March 15 of fiscal year 1983 and each succeeding fiscal year, provide preliminary planning estimates and shall, not later than May 15 of each such fiscal year, provide final planning estimates, showing each State's projected allocation for the following year.

[SEC. 7. (a) Ninety percent of the sums allotted to each State pursuant to section 6 may be used—

[(1) for job search and placement services to job seekers including counseling, testing, occupational and labor market information, assessment, and referral to employers;

[(2) for appropriate recruitment services and special technical services for employers; and

[(3) for any of the following activities:

[(A) evaluation of programs;

[(B) developing linkages between services funded under this Act and related Federal or State legislation, including the provision of labor exchange services at education sites;

[(C) providing services for workers who have received notice of permanent layoff or impending layoff, or workers in occupations which are experiencing limited demand due to technological change, impact of imports, or plant closures;

[(D) developing and providing labor market and occupational information;

[(E) developing a management information system and compiling and analyzing reports therefrom; and

[(F) administering the work test for the State unemployment compensation system and providing job finding and placement services for unemployment insurance claimants.

[(b) Ten percent of the sums allotted to each State pursuant to section 6 shall be reserved for use in accordance with this subsection by the Governor of each such State to provide—

[(1) performance incentives for public employment service offices and programs, consistent with performance standards established by the Secretary, taking into account direct or indirect placements (including those resulting from self-directed job search or group job search activities assisted by such offices or programs), wages on entered employment, retention, and other appropriate factors;

[(2) services for groups with special needs, carried out pursuant to joint agreements between the employment service and the appropriate local workforce investment board and chief elected official or officials or other public agencies or private nonprofit organizations; and

[(3) the extra costs of exemplary models for delivering services of the types described in subsection (a).

[(c)(1) Funds made available to States under this section may be used to provide additional funds under an applicable program if—

[(A) such program otherwise meets the requirements of this Act and the requirements of the applicable program;

[(B) such program serves the same individuals that are served under this Act;

[(C) such program provides services in a coordinated manner with services provided under this Act; and

[(D) such funds would be used to supplement, and not supplant, funds provided from non-Federal sources.

[(2) For purposes of this subsection, the term "applicable program" means any workforce investment activity carried out under the Workforce Investment Act of 1998.

[(d) In addition to the services and activities otherwise authorized by this Act, the Secretary or any State agency designated under this Act may perform such other services and activities as shall be specified in contracts for payment or reimbursement of the costs thereof made with the Secretary or with any Federal, State, or local public agency, or administrative entity under the Workforce Investment Act of 1998, or private nonprofit organization.

[(e) All job search, placement, recruitment, labor employment statistics, and other labor exchange services authorized under subsection (a) shall be provided, consistent with the other requirements of this Act, as part of the one-stop delivery system established by the State.

[SEC. 8. (a) Any State desiring to receive assistance under this Act shall submit to the Secretary, as part of the State plan submitted under section 112 of the Workforce Investment Act of 1998, detailed plans for carrying out the provisions of this Act within such State.

[(b) Such plans shall include provision for the promotion and development of employment opportunities for handicapped persons and for job counseling and placement of such persons, and for the designation of at least one person in each State or Federal employment office, whose duties shall include the effectuation of such purposes. In those States where a State board, department, or agency exists which is charged with the administration of State laws for vocational rehabilitation of physically handicapped persons, such

plans shall include provision for cooperation between such board, department, or agency and the agency designated to cooperate with the United States Employment Service under this Act.

[(c) The part of the State plan described in subsection (a) shall include the information described in paragraphs (8) and (14) of section 112(b) of the Workforce Investment Act of 1998.

[(d) If such detailed plans are in conformity with the provisions of this Act and reasonably appropriate and adequate to carry out its purposes, they shall be approved by the Secretary of Labor and due notice of such approval shall be given to the State agency.

[SEC. 9. (a)(1) Each State shall establish such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursal of, and accounting for, Federal funds paid to the recipient under this Act. The Director of the Office of Management and Budget, in consultation with the Comptroller General of the United States, shall establish guidance for the proper performance of audits. Such guidance shall include a review of fiscal controls and fund accounting procedures established by States under this section.

[(2) At least once every two years, the State shall prepare or have prepared an independent financial and compliance audit of funds received under this Act.

[(3) Each audit shall be conducted in accordance with applicable auditing standards set forth in the financial and compliance element of the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions issued by the Comptroller General of the United States.

[(b)(1) The Comptroller General of the United States shall evaluate the expenditures by States of funds received under this Act in order to assure that expenditures are consistent with the provisions of this Act and to determine the effectiveness of the State in accomplishing the purposes of this Act. The Comptroller General shall conduct evaluations whenever determined necessary and shall periodically report to the Congress on the findings of such evaluations.

[(2) Nothing in this Act shall be deemed to relieve the Inspector General of the Department of Labor of his responsibilities under the Inspector General Act.

[(3) For the purpose of evaluating and reviewing programs established or provided for by this Act, the Comptroller General shall have access to and the right to copy any books, accounts, records, correspondence, or other documents pertinent to such programs that are in the possession, custody, or control of the State.

[(c) Each State shall repay to the United States amounts found not to have been expended in accordance with this Act. No such finding shall be made except after notice and opportunity for a fair hearing. The Secretary may offset such amounts against any other amount to which the recipient is or may be entitled under this Act.

[SEC. 10. (a) Each State shall keep records that are sufficient to permit the preparation of reports required by this Act and to permit the tracing of funds to a level of expenditure adequate to insure that the funds have not been spent unlawfully.

[(b)(1) The Secretary may investigate such facts, conditions, practices, or other matters which the Secretary finds necessary to

determine whether any State receiving funds under this Act or any official of such State has violated any provision of this Act.

[(2)(A) In order to evaluate compliance with the provisions of this Act, the Secretary shall conduct investigations of the use of funds received by States under this Act.

[(B) In order to insure compliance with the provisions of this Act, the Comptroller General of the United States may conduct investigations of the use of funds received under this Act by any State.

[(3) In conducting any investigation under this Act, the Secretary or the Comptroller General of the United States may not request new compilation of information not readily available to such State.

[(c) Each State receiving funds under this Act shall—

[(1) make such reports concerning its operations and expenditures in such form and containing such information as shall be prescribed by the Secretary, and

[(2) establish and maintain a management information system in accordance with guidelines established by the Secretary designed to facilitate the compilation and analysis of programmatic and financial data necessary for reporting, monitoring, and evaluating purposes.

[SEC. 11. In carrying out the provisions of this Act the Secretary is authorized and directed to provide for the giving of notice of strikes or lockouts to applicants before they are referred to employment.

[SEC. 12. The Secretary is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this Act.

[SEC. 13. (a) The Secretary is authorized to establish performance standards for activities under this Act which shall take into account the differences in priorities reflected in State plans.

[(b)(1) Nothing in this Act shall be construed to prohibit the referral of any applicant to private agencies as long as the applicant is not charged a fee.

[(2) No funds paid under this Act may be used by any State for advertising in newspapers for high paying jobs unless such State submits an annual report to the Secretary beginning in December 1984 concerning such advertising and the justifications therefor, and the justification may include that such jobs are part of a State industrial development effort.]

SEC. 14. There are authorized to be appropriated such sums as may be necessary to enable the Secretary *of Labor* to provide funds through reimbursable agreements with the States to operate statistical programs which are essential for development of estimates of the gross national product and other national statistical series, including those related to employment and unemployment.

[SEC. 15. EMPLOYMENT STATISTICS.

[(a) SYSTEM CONTENT.—

[(1) IN GENERAL.—The Secretary, in accordance with the provisions of this section, shall oversee the development, maintenance, and continuous improvement of a nationwide employment statistics system of employment statistics that includes—

[(A) statistical data from cooperative statistical survey and projection programs and data from administrative reporting systems that, taken together, enumerate, estimate, and project employment opportunities and conditions at national, State, and local levels in a timely manner, including statistics on—

[(i) employment and unemployment status of national, State, and local populations, including self-employed, part-time, and seasonal workers;

[(ii) industrial distribution of occupations, as well as current and projected employment opportunities, wages, benefits (where data is available), and skill trends by occupation and industry, with particular attention paid to State and local conditions;

[(iii) the incidence of, industrial and geographical location of, and number of workers displaced by, permanent layoffs and plant closings; and

[(iv) employment and earnings information maintained in a longitudinal manner to be used for research and program evaluation;

[(B) information on State and local employment opportunities, and other appropriate statistical data related to labor market dynamics, which—

[(i) shall be current and comprehensive;

[(ii) shall meet the needs identified through the consultations described in subparagraphs (A) and (B) of subsection (e)(2); and

[(iii) shall meet the needs for the information identified in section 134(d);

[(C) technical standards (which the Secretary shall publish annually) for data and information described in subparagraphs (A) and (B) that, at a minimum, meet the criteria of chapter 35 of title 44, United States Code;

[(D) procedures to ensure compatibility and additivity of the data and information described in subparagraphs (A) and (B) from national, State, and local levels;

[(E) procedures to support standardization and aggregation of data from administrative reporting systems described in subparagraph (A) of employment-related programs;

[(F) analysis of data and information described in subparagraphs (A) and (B) for uses such as—

[(i) national, State, and local policymaking;

[(ii) implementation of Federal policies (including allocation formulas);

[(iii) program planning and evaluation; and

[(iv) researching labor market dynamics;

[(G) wide dissemination of such data, information, and analysis in a user-friendly manner and voluntary technical standards for dissemination mechanisms; and

[(H) programs of—

[(i) training for effective data dissemination;

[(ii) research and demonstration; and

[(iii) programs and technical assistance.

[(2) INFORMATION TO BE CONFIDENTIAL.—

[(A) IN GENERAL.—No officer or employee of the Federal Government or agent of the Federal Government may—

[(i) use any submission that is furnished for exclusively statistical purposes under the provisions of this section for any purpose other than the statistical purposes for which the submission is furnished;

[(ii) make any publication or media transmittal of the data contained in the submission described in clause (i) that permits information concerning individual subjects to be reasonably inferred by either direct or indirect means; or

[(iii) permit anyone other than a sworn officer, employee, or agent of any Federal department or agency, or a contractor (including an employee of a contractor) of such department or agency, to examine an individual submission described in clause (i);

without the consent of the individual, agency, or other person who is the subject of the submission or provides that submission.

[(B) IMMUNITY FROM LEGAL PROCESS.—Any submission (including any data derived from the submission) that is collected and retained by a Federal department or agency, or an officer, employee, agent, or contractor of such a department or agency, for exclusively statistical purposes under this section shall be immune from the legal process and shall not, without the consent of the individual, agency, or other person who is the subject of the submission or provides that submission, be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceeding.

[(C) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to provide immunity from the legal process for such submission (including any data derived from the submission) if the submission is in the possession of any person, agency, or entity other than the Federal Government or an officer, employee, agent, or contractor of the Federal Government, or if the submission is independently collected, retained, or produced for purposes other than the purposes of this Act.

[(b) SYSTEM RESPONSIBILITIES.—

[(1) IN GENERAL.—The employment statistics system described in subsection (a) shall be planned, administered, overseen, and evaluated through a cooperative governance structure involving the Federal Government and States.

[(2) DUTIES.—The Secretary, with respect to data collection, analysis, and dissemination of labor employment statistics for the system, shall carry out the following duties:

[(A) Assign responsibilities within the Department of Labor for elements of the employment statistics system described in subsection (a) to ensure that all statistical and administrative data collected is consistent with appropriate Bureau of Labor Statistics standards and definitions.

[(B) Actively seek the cooperation of other Federal agencies to establish and maintain mechanisms for ensuring

complementarity and nonduplication in the development and operation of statistical and administrative data collection activities.

[(C) Eliminate gaps and duplication in statistical undertakings, with the systemization of wage surveys as an early priority.

[(D) In collaboration with the Bureau of Labor Statistics and States, develop and maintain the elements of the employment statistics system described in subsection (a), including the development of consistent procedures and definitions for use by the States in collecting the data and information described in subparagraphs (A) and (B) of subsection (a)(1).

[(E) Establish procedures for the system to ensure that—

[(i) such data and information are timely;

[(ii) paperwork and reporting for the system are reduced to a minimum; and

[(iii) States and localities are fully involved in the development and continuous improvement of the system at all levels, including ensuring the provision, to such States and localities, of budget information necessary for carrying out their responsibilities under subsection (e).

[(c) ANNUAL PLAN.—The Secretary, working through the Bureau of Labor Statistics, and in cooperation with the States, and with the assistance of other appropriate Federal agencies, shall prepare an annual plan which shall be the mechanism for achieving cooperative management of the nationwide employment statistics system described in subsection (a) and the statewide employment statistics systems that comprise the nationwide system. The plan shall—

[(1) describe the steps the Secretary has taken in the preceding year and will take in the following 5 years to carry out the duties described in subsection (b)(2);

[(2) include a report on the results of an annual consumer satisfaction review concerning the performance of the system, including the performance of the system in addressing the needs of Congress, States, localities, employers, jobseekers, and other consumers;

[(3) evaluate the performance of the system and recommend needed improvements, taking into consideration the results of the consumer satisfaction review, with particular attention to the improvements needed at the State and local levels;

[(4) justify the budget request for annual appropriations by describing priorities for the fiscal year succeeding the fiscal year in which the plan is developed and priorities for the 5 subsequent fiscal years for the system;

[(5) describe current (as of the date of the submission of the plan) spending and spending needs to carry out activities under this section, including the costs to States and localities of meeting the requirements of subsection (e)(2); and

[(6) describe the involvement of States in the development of the plan, through formal consultations conducted by the Secretary in cooperation with representatives of the Governors of every State, and with representatives of local workforce invest-

ment boards, pursuant to a process established by the Secretary in cooperation with the States.

[(d) COORDINATION WITH THE STATES.—The Secretary, working through the Bureau of Labor Statistics, and in cooperation with the States, shall—

[(1) develop the annual plan described in subsection (c) and address other employment statistics issues by holding formal consultations, at least once each quarter (beginning with the calendar quarter in which the Workforce Investment Act of 1998 is enacted) on the products and administration of the nationwide employment statistics system; and

[(2) hold the consultations with representatives from each of the 10 Federal regions of the Department of Labor, elected (pursuant to a process established by the Secretary) by and from the State employment statistics directors affiliated with the State agencies that perform the duties described in subsection (e)(2).

[(e) STATE RESPONSIBILITIES.—

[(1) DESIGNATION OF STATE AGENCY.—In order to receive Federal financial assistance under this section, the Governor of a State shall—

[(A) designate a single State agency to be responsible for the management of the portions of the employment statistics system described in subsection (a) that comprise a statewide employment statistics system and for the State's participation in the development of the annual plan; and

[(B) establish a process for the oversight of such system.

[(2) DUTIES.—In order to receive Federal financial assistance under this section, the State agency shall—

[(A) consult with State and local employers, participants, and local workforce investment boards about the labor market relevance of the data to be collected and disseminated through the statewide employment statistics system;

[(B) consult with State educational agencies and local educational agencies concerning the provision of employment statistics in order to meet the needs of secondary school and postsecondary school students who seek such information;

[(C) collect and disseminate for the system, on behalf of the State and localities in the State, the information and data described in subparagraphs (A) and (B) of subsection (a)(1);

[(D) maintain and continuously improve the statewide employment statistics system in accordance with this section;

[(E) perform contract and grant responsibilities for data collection, analysis, and dissemination for such system;

[(F) conduct such other data collection, analysis, and dissemination activities as will ensure an effective statewide employment statistics system;

[(G) actively seek the participation of other State and local agencies in data collection, analysis, and dissemination activities in order to ensure complementarity, compatibility, and usefulness of data;

[(H) participate in the development of the annual plan described in subsection (c); and

[(I) utilize the quarterly records described in section 136(f)(2) of the Workforce Investment Act of 1998 to assist the State and other States in measuring State progress on State performance measures.

[(3) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as limiting the ability of a State agency to conduct additional data collection, analysis, and dissemination activities with State funds or with Federal funds from sources other than this section.

[(f) NONDUPLICATION REQUIREMENT.—None of the functions and activities carried out pursuant to this section shall duplicate the functions and activities carried out under the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

[(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the fiscal years 1999 through 2004.

[(h) DEFINITION.—In this section, the term "local area" means the smallest geographical area for which data can be produced with statistical reliability.]

SEC. 15. WORKFORCE AND LABOR MARKET INFORMATION SYSTEM.

(a) SYSTEM CONTENT.—

(1) IN GENERAL.—The Secretary of Labor, in accordance with the provisions of this section, shall oversee the development, maintenance, and continuous improvement of a nationwide workforce and labor market information system that includes—

(A) statistical data from cooperative statistical survey and projection programs and data from administrative reporting systems that, taken together, enumerate, estimate, and project employment opportunities and conditions at national, State, and local levels in a timely manner, including statistics on—

(i) employment and unemployment status of national, State, and local populations, including self-employed, part-time, and seasonal workers;

(ii) industrial distribution of occupations, as well as current and projected employment opportunities, wages, benefits (where data is available), and skill trends by occupation and industry, with particular attention paid to State and local conditions;

(iii) the incidence of, industrial and geographical location of, and number of workers displaced by, permanent layoffs and plant closings; and

(iv) employment and earnings information maintained in a longitudinal manner to be used for research and program evaluation;

(B) information on State and local employment opportunities, and other appropriate statistical data related to labor market dynamics, which—

(i) shall be current and comprehensive;

(ii) shall meet the needs identified through the consultations described in subparagraphs (A) and (B) of subsection (e)(2); and

(iii) shall meet the needs for the information identified in section 134(d);

(C) technical standards (which the Secretary shall publish annually) for data and information described in subparagraphs (A) and (B) that, at a minimum, meet the criteria of chapter 35 of title 44, United States Code;

(D) procedures to ensure compatibility and additivity of the data and information described in subparagraphs (A) and (B) from national, State, and local levels;

(E) procedures to support standardization and aggregation of data from administrative reporting systems described in subparagraph (A) of employment-related programs;

(F) analysis of data and information described in subparagraphs (A) and (B) for uses such as—

(i) national, State, and local policymaking;

(ii) implementation of Federal policies (including allocation formulas);

(iii) program planning and evaluation; and

(iv) researching labor market dynamics;

(G) wide dissemination of such data, information, and analysis in a user-friendly manner and voluntary technical standards for dissemination mechanisms; and

(H) programs of—

(i) training for effective data dissemination;

(ii) research and demonstration; and

(iii) programs and technical assistance.

(2) INFORMATION TO BE CONFIDENTIAL.—

(A) IN GENERAL.—No officer or employee of the Federal Government or agent of the Federal Government may—

(i) use any submission that is furnished for exclusively statistical purposes under the provisions of this section for any purpose other than the statistical purposes for which the submission is furnished;

(ii) make any publication or media transmittal of the data contained in the submission described in clause (i) that permits information concerning individual subjects to be reasonably inferred by either direct or indirect means; or

(iii) permit anyone other than a sworn officer, employee, or agent of any Federal department or agency, or a contractor (including an employee of a contractor) of such department or agency, to examine an individual submission described in clause (i);

without the consent of the individual, agency, or other person who is the subject of the submission or provides that submission.

(B) IMMUNITY FROM LEGAL PROCESS.—Any submission (including any data derived from the submission) that is collected and retained by a Federal department or agency, or an officer, employee, agent, or contractor of such a department or agency, for exclusively statistical purposes under this section shall be immune from the legal process and shall not, without the consent of the individual, agency, or other person who is the subject of the submission or

provides that submission, be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceeding.

(C) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to provide immunity from the legal process for such submission (including any data derived from the submission) if the submission is in the possession of any person, agency, or entity other than the Federal Government or an officer, employee, agent, or contractor of the Federal Government, or if the submission is independently collected, retained, or produced for purposes other than the purposes of this Act.

(b) SYSTEM RESPONSIBILITIES.—

(1) IN GENERAL.—The workforce and labor market information system described in subsection (a) shall be planned, administered, overseen, and evaluated through a cooperative governance structure involving the Federal Government and States.

(2) DUTIES.—The Secretary, with respect to data collection, analysis, and dissemination of labor employment statistics for the system, shall carry out the following duties:

(A) Assign responsibilities within the Department of Labor for elements of the workforce and labor market information system described in subsection (a) to ensure that all statistical and administrative data collected is consistent with appropriate Bureau of Labor Statistics standards and definitions.

(B) Actively seek the cooperation of other Federal agencies to establish and maintain mechanisms for ensuring complementarity and nonduplication in the development and operation of statistical and administrative data collection activities.

(C) Eliminate gaps and duplication in statistical undertakings, with the systemization of wage surveys as an early priority.

(D) In collaboration with the Bureau of Labor Statistics and States, develop and maintain the elements of the workforce and labor market information system described in subsection (a), including the development of consistent procedures and definitions for use by the States in collecting the data and information described in subparagraphs (A) and (B) of subsection (a)(1).

(E) Establish procedures for the system to ensure that—

(i) such data and information are timely;

(ii) paperwork and reporting for the system are reduced to a minimum; and

(iii) States and localities are fully involved in the development and continuous improvement of the system at all levels, including ensuring the provision, to such States and localities, of budget information necessary for carrying out their responsibilities under subsection (e).

(c) NATIONAL ELECTRONIC TOOLS TO PROVIDE SERVICES.—The Secretary is authorized to assist in the development of national electronic tools that may be used to facilitate the delivery of core services described in section 134 and to provide workforce information

to individuals through the one-stop delivery systems descried in section 121 and through other appropriate delivery systems.

(d) COORDINATION WITH THE STATES.—

(1) IN GENERAL.—The Secretary, working through the Bureau of Labor Statistics and the Employment and Training Administration, shall regularly consult with representatives of State agencies carrying out workforce information activities regarding strategies for improving the workforce and labor market information system.

(2) FORMAL CONSULTATIONS.—At least twice each year, the Secretary, working through the Bureau of Labor Statistics, shall conduct formal consultations regarding programs carried out by the Bureau of Labor Statistics with representatives of each of the 10 Federal regions of the Department of Labor, elected from the State directors affiliated with State agencies that perform the duties described in subsection (e)(2).

(e) STATE RESPONSIBILITIES.—

(1) DESIGNATION OF STATE AGENCY.—In order to receive Federal financial assistance under this section, the Governor of a State shall—

(A) designate a single State agency to be responsible for the management of the portions of the workforce and labor market information system described in subsection (a) that comprise a statewide workforce and labor market information system and for the State's participation in the development of the annual plan; and

(B) establish a process for the oversight of such system.

(2) DUTIES.—In order to receive Federal financial assistance under this section, the State agency shall—

(A) consult with State and local employers, participants, and local workforce investment boards about the labor market relevance of the data to be collected and disseminated through the statewide workforce and labor market information system;

(B) consult with State educational agencies and local educational agencies concerning the provision of employment statistics in order to meet the needs of secondary school and postsecondary school students who seek such information;

(C) collect and disseminate for the system, on behalf of the State and localities in the State, the information and data described in subparagraphs (A) and (B) of subsection (a)(1);

(D) maintain and continuously improve the statewide workforce and labor market information system in accordance with this section;

(E) perform contract and grant responsibilities for data collection, analysis, and dissemination for such system;

(F) conduct such other data collection, analysis, and dissemination activities as will ensure an effective statewide workforce and labor market information system;

(G) actively seek the participation of other State and local agencies in data collection, analysis, and dissemination activities in order to ensure complementarity, compatibility, and usefulness of data;

(H) participate in the development of the annual plan described in subsection (c); and

(I) utilize the quarterly records described in section 136(f)(2) of the Workforce Investment Act of 1998 to assist the State and other States in measuring State progress on State performance measures.

(3) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as limiting the ability of a State agency to conduct additional data collection, analysis, and dissemination activities with State funds or with Federal funds from sources other than this section.

(f) NONDUPLICATION REQUIREMENT.—None of the functions and activities carried out pursuant to this section shall duplicate the functions and activities carried out under the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the fiscal years 2004 through 2009.

(h) DEFINITION.—In this section, the term "local area" means the smallest geographical area for which data can be produced with statistical reliability.

* * * * * * *

REHABILITATION ACT OF 1973

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Rehabilitation Act of 1973".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE VII—INDEPENDENT LIVING SERVICES AND CENTERS FOR INDEPENDENT LIVING

CHAPTER 1—INDIVIDUALS WITH SIGNIFICANT DISABILITIES

PART A—GENERAL PROVISIONS

Sec. 701. Purpose.

* * * * * * *

Sec. 706. Responsibilities of the [Commissioner] *Director*.

* * * * * * *

REHABILITATION SERVICES ADMINISTRATION

SEC. 3. (a) There is established in the [Office of the Secretary] *Department of Education* a Rehabilitation Services Administration which shall be headed by a [Commissioner] *Director* (hereinafter in this Act referred to as the "[Commissioner] *Director*") appointed by the [President by and with the advice and consent of the Senate] *Secretary, except that the current Commissioner appointed under the authority existing on the day prior to the date of enactment of this Act may continue to serve in the former capacity*. Except for titles IV and V and as otherwise specifically provided in this Act, such Administration shall be the principal agency[, and

the Commissioner shall be the principal officer,] of such Department for carrying out this Act. The [Commissioner] *Director* shall be an individual with substantial experience in rehabilitation and in rehabilitation program management. In the performance of the functions of the office, the [Commissioner] *Director* shall be directly responsible to the Secretary or to the Under Secretary or an appropriate Assistant Secretary of such Department, as designated by the Secretary. The functions of the [Commissioner] *Director* shall not be delegated to any officer not directly responsible, both with respect to program operation and administration, to the [Commissioner] *Director*. Any reference in this Act to duties to be carried out by the [Commissioner] *Director* shall be considered to be a reference to duties to be carried out by the Secretary acting through the [Commissioner] *Director*. In carrying out any of the functions of the office under this Act, the [Commissioner] *Director* shall be guided by general policies of the National Council on Disability established under title IV of this Act.

* * * * * * *

SEC. 7. DEFINITIONS.

For the purposes of this Act:

(1) * * *

* * * * * * *

(12) ESTABLISHMENT OF A COMMUNITY REHABILITATION PROGRAM.—The term "establishment of a community rehabilitation program" includes the acquisition, expansion, remodeling, or alteration of existing buildings necessary to adapt them to community rehabilitation program purposes or to increase their effectiveness for such purposes (subject, however, to such limitations as the Secretary may determine, in accordance with regulations the Secretary shall prescribe, in order to prevent impairment of the objectives of, or duplication of, other Federal laws providing Federal assistance in the construction of facilities for community rehabilitation programs), and may include such additional equipment and staffing as the [Commissioner] *Director* considers appropriate.

* * * * * * *

ADMINISTRATION OF THE ACT

SEC. 12. (a) In carrying out the purposes of this Act, the [Commissioner] *Director* may—

(1) * * *

* * * * * * *

(b)(1) In carrying out the duties under this Act, the [Commissioner] *Director* may utilize the services and facilities of any agency of the Federal Government and of any other public or nonprofit agency or organization, in accordance with agreements between the [Commissioner] *Director* and the head thereof, and may pay therefor, in advance or by way of reimbursement, as may be provided in the agreement.

(2) In carrying out the provisions of this Act, the [Commissioner] *Director* shall appoint such task forces as may be necessary to collect and disseminate information in order to improve the abil-

ity of the [Commissioner] *Director* to carry out the provisions of this Act.

(c) The [Commissioner] *Director* may promulgate such regulations as are considered appropriate to carry out the [Commissioner] *Director*'s duties under this Act.

* * * * * * *

REPORTS

SEC. 13. (a) Not later than one hundred and eighty days after the close of each fiscal year, the [Commissioner] *Director* shall prepare and submit to the President and to the Congress a full and complete report on the activities carried out under this Act, including the activities and staffing of the information clearinghouse under section 15.

(b) The [Commissioner] *Director* shall collect information to determine whether the purposes of this Act are being met and to assess the performance of programs carried out under this Act. The [Commissioner] *Director* shall take whatever action is necessary to assure that the identity of each individual for which information is supplied under this section is kept confidential, except as otherwise required by law (including regulation).

(c) In preparing the report, the [Commissioner] *Director* shall annually collect and include in the report information based on the information submitted by States in accordance with section 101(a)(10), including information on administrative costs as required by section 101(a)(10)(D). The [Commissioner] *Director* shall, to the maximum extent appropriate, include in the report all information that is required to be submitted in the reports described in section 136(d) of the Workforce Investment Act of 1998 and that pertains to the employment of individuals with disabilities.

EVALUATION

SEC. 14. (a) For the purpose of improving program management and effectiveness, the Secretary, in consultation with the [Commissioner] *Director*, shall evaluate all the programs authorized by this Act, their general effectiveness in relation to their cost, their impact on related programs, and their structure and mechanisms for delivery of services, using appropriate methodology and evaluative research designs. The Secretary shall establish and use standards for the evaluations required by this subsection. Such an evaluation shall be conducted by a person not immediately involved in the administration of the program evaluated.

* * * * * * *

(f)(1) The [Commissioner] *Director* shall identify and disseminate information on exemplary practices concerning vocational rehabilitation.

(2) To facilitate compliance with paragraph (1), the [Commissioner] *Director* shall conduct studies and analyses that identify exemplary practices concerning vocational rehabilitation, including studies in areas relating to providing informed choice in the rehabilitation process, promoting consumer satisfaction, promoting job placement and retention, providing supported employment, providing services to particular disability populations, financing personal assistance services, providing assistive technology devices

and assistive technology services, entering into cooperative agreements, establishing standards and certification for community rehabilitation programs, converting from nonintegrated to integrated employment, and providing caseload management.

INFORMATION CLEARINGHOUSE

SEC. 15. (a) * * *

(b) The [Commissioner] *Director* may assist the Secretary to develop within the Department of Education a coordinated system of information and data retrieval, which will have the capacity and responsibility to provide information regarding the information and data referred to in subsection (a) of this section to the Congress, public and private agencies and organizations, individuals with disabilities and their families, professionals in fields serving such individuals, and the general public.

* * * * * * *

SEC. 21. TRADITIONALLY UNDERSERVED POPULATIONS.

(a) * * *

(b) OUTREACH TO MINORITIES.—

(1) IN GENERAL.—For each fiscal year, the [Commissioner] *Director of the Rehabilitation Services Administration* and the Director of the National Institute on Disability and Rehabilitation Research [(referred to in this subsection as the "Director")] shall reserve 1 percent of the funds appropriated for the fiscal year for programs authorized under titles II, III, VI, and VII to carry out this subsection. The [Commissioner] *both such Directors* and the Director shall use the reserved funds to carry out one or more of the activities described in paragraph (2) through a grant, contract, or cooperative agreement.

(2) ACTIVITIES.—The activities carried out by the [Commissioner] *both such Directors* and the Director shall include one or more of the following:

(A) * * *

* * * * * * *

(4) REPORT.—In each fiscal year, the [Commissioner] *both such Directors* and the Director shall prepare and submit to Congress a report that describes the activities funded under this subsection for the preceding fiscal year.

(c) DEMONSTRATION.—In awarding grants, or entering into contracts or cooperative agreements under titles I, II, III, VI, and VII, and section 509, the [Commissioner] *both such Directors* and the Director, in appropriate cases, shall require applicants to demonstrate how the applicants will address, in whole or in part, the needs of individuals with disabilities from minority backgrounds.

TITLE I—VOCATIONAL REHABILITATION SERVICES

PART A—GENERAL PROVISIONS

SEC. 100. DECLARATION OF POLICY; AUTHORIZATION OF APPROPRIATIONS.

(a) * * *

(b) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—For the purpose of making grants to States under part B to assist States in meeting the costs of vocational rehabilitation services provided in accordance with State plans under section 101, there are authorized to be appropriated such sums as may be necessary for **[**fiscal years 1999 through 2003**]** *fiscal years 2004 through 2009*, except that the amount to be appropriated for a fiscal year shall not be less than the amount of the appropriation under this paragraph for the immediately preceding fiscal year, increased by the percentage change in the Consumer Price Index determined under subsection (c) for the immediately preceding fiscal year.

* * * * * * *

(d) EXTENSION.—

(1) IN GENERAL.—

(A) * * *

(B) CALCULATION.—The amount authorized to be appropriated for the additional fiscal year described in subparagraph (A) shall be an amount equal to the amount appropriated for such program for fiscal year **[**2003**]** *2009*, increased by the percentage change in the Consumer Price Index determined under subsection (c) for the immediately preceding fiscal year, if the percentage change indicates an increase.

(2) CONSTRUCTION.—

(A) * * *

(B) ACTS OR DETERMINATIONS OF COMMISSIONER.—In any case where the **[**Commissioner**]** *Director* is required under an applicable statute to carry out certain acts or make certain determinations which are necessary for the continuation of the program authorized by this title, if such acts or determinations are required during the terminal year of such program, such acts and determinations shall be required during any fiscal year in which the extension described in that part of paragraph (1) that follows clause (ii) of paragraph (1)(A) is in effect.

SEC. 101. STATE PLANS.

(a) PLAN REQUIREMENTS.—

(1) IN GENERAL.—

(A) SUBMISSION.—To be eligible to participate in programs under this title, a State shall submit to the **[**Commissioner**]** *Director* a State plan for vocational rehabilitation services that meets the requirements of this section, on the same date that the State submits a State plan

under section 112 of the Workforce Investment Act of 1998.

(B) NONDUPLICATION.—The State shall not be required to submit, in the State plan for vocational rehabilitation services, policies, procedures, or descriptions required under this title that have been previously submitted to the [Commissioner] *Director* and that demonstrate that such State meets the requirements of this title, including any policies, procedures, or descriptions submitted under this title as in effect on the day before the effective date of the Rehabilitation Act Amendments of 1998.

(C) DURATION.—The State plan shall remain in effect subject to the submission of such modifications as the State determines to be necessary or as the [Commissioner] *Director* may require based on a change in State policy, a change in Federal law (including regulations), an interpretation of this Act by a Federal court or the highest court of the State, or a finding by the [Commissioner] *Director* of State noncompliance with the requirements of this Act, until the State submits and receives approval of a new State plan.

(2) DESIGNATED STATE AGENCY; DESIGNATED STATE UNIT.—

(A) DESIGNATED STATE AGENCY.—The State plan shall designate a State agency as the sole State agency to administer the plan, or to supervise the administration of the plan by a local agency, except that—

(i) * * *

(ii) the [Commissioner] *Director*, on the request of a State, may authorize the designated State agency to share funding and administrative responsibility with another agency of the State or with a local agency in order to permit the agencies to carry out a joint program to provide services to individuals with disabilities, and may waive compliance, with respect to vocational rehabilitation services furnished under the joint program, with the requirement of paragraph (4) that the plan be in effect in all political subdivisions of the State; and

* * * * * * *

(4) STATEWIDENESS.—The State plan shall provide that the plan shall be in effect in all political subdivisions of the State, except that—

(A) in the case of any activity that, in the judgment of the [Commissioner] *Director*, is likely to assist in promoting the vocational rehabilitation of substantially larger numbers of individuals with disabilities or groups of individuals with disabilities, the [Commissioner] *Director* may waive compliance with the requirement that the plan be in effect in all political subdivisions of the State to the extent and for such period as may be provided in accordance with regulations prescribed by the [Commissioner] *Director*, but only if the non-Federal share of the cost of the vocational rehabilitation services involved is met from funds made available by a local agency (including funds contrib-

uted to such agency by a private agency, organization, or individual); and

(B) in a case in which earmarked funds are used toward the non-Federal share and such funds are earmarked for particular geographic areas within the State, the earmarked funds may be used in such areas if the State notifies the [Commissioner] *Director* that the State cannot provide the full non-Federal share without such funds.

* * * * * * *

(6) METHODS FOR ADMINISTRATION.—

(A) IN GENERAL.—The State plan shall provide for such methods of administration as are found by the [Commissioner] *Director* to be necessary for the proper and efficient administration of the plan.

* * * * * * *

(10) REPORTING REQUIREMENTS.—

(A) IN GENERAL.—The State plan shall include an assurance that the designated State agency will submit reports in the form and level of detail and at the time required by the [Commissioner] *Director* regarding applicants for, and eligible individuals receiving, services under this title.

(B) ANNUAL REPORTING.—In specifying the information to be submitted in the reports, the [Commissioner] *Director* shall require annual reporting on the eligible individuals receiving the services, on those specific data elements described in section 136(d)(2) of the Workforce Investment Act of 1998 that are determined by the Secretary to be relevant in assessing the performance of designated State units in carrying out the vocational rehabilitation program established under this title.

(C) ADDITIONAL DATA.—In specifying the information required to be submitted in the reports, the [Commissioner] *Director* shall require additional data with regard to applicants and eligible individuals related to—

(i) * * *

* * * * * * *

(iii) of those applicants and eligible recipients who are individuals with significant disabilities—

(I) * * *

* * * * * * *

(II) the number who ended their participation in the program and who were employed 6 months and 12 months after securing or regaining employment, or, in the case of individuals whose employment outcome was to retain or advance in employment, who were employed 6 months and 12 months after achieving their employment outcome, including—

(aa) the number who earned the minimum wage rate specified in section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) or another wage level set by the

[Commissioner] *Director*, during such employment; and

* * * * * * *

(D) COSTS AND RESULTS.—The [Commissioner] *Director* shall also require that the designated State agency include in the reports information on—

(i) * * *

* * * * * * *

(E) ADDITIONAL INFORMATION.—The [Commissioner] *Director* shall require that each designated State unit include in the reports additional information related to the applicants and eligible individuals, obtained either through a complete count or sampling, including—

(i) * * *

* * * * * * *

(11) COOPERATION, COLLABORATION, AND COORDINATION.—

(A) * * *

* * * * * * *

(D) COORDINATION WITH EDUCATION OFFICIALS.—The State plan shall contain plans, policies, and procedures for coordination between the designated State agency and education officials responsible for the public education of students with disabilities, that are designed to facilitate the transition of the students with disabilities from the receipt of educational services in school to the receipt of vocational rehabilitation services under this title, including information on a formal interagency agreement with the State educational agency that, at a minimum, provides for—

(i) consultation and technical assistance to assist educational agencies in planning for the transition of students with disabilities from school to post-school activities, including vocational rehabilitation services, *which may be provided using alternative means of meeting participation (such as video conferences and conference calls)*;

* * * * * * *

(15) ANNUAL STATE GOALS AND REPORTS OF PROGRESS.—

(A) ASSESSMENTS AND ESTIMATES.—The State plan shall—

(i) * * *

(ii) include an assessment of the transition services provided under this Act, and coordinated with transition services under the Individuals with Disabilities Education Act, as to those services meeting the needs of individuals with disabilities.

[(ii)] *(iii)* include an assessment of the need to establish, develop, or improve community rehabilitation programs within the State; and

[(iii)] *(iv)* provide that the State shall submit to the [Commissioner] *Director* a report containing informa-

tion regarding updates to the assessments, for any year in which the State updates the assessments.

(B) ANNUAL ESTIMATES.—The State plan shall include, and shall provide that the State shall annually submit a report to the [Commissioner] *Director* that includes, State estimates of—

(i) * * *

* * * * * * *

(C) GOALS AND PRIORITIES.—

(i) IN GENERAL.—The State plan shall identify the goals and priorities of the State in carrying out the program. The goals and priorities shall be jointly developed, agreed to, and reviewed annually by the designated State unit and the State Rehabilitation Council, if the State has such a Council. Any revisions to the goals and priorities shall be jointly agreed to by the designated State unit and the State Rehabilitation Council, if the State has such a Council. The State plan shall provide that the State shall submit to the [Commissioner] *Director* a report containing information regarding revisions in the goals and priorities, for any year in which the State revises the goals and priorities.

* * * * * * *

(D) STRATEGIES.—The State plan shall contain a description of the strategies the State will use to address the needs identified in the assessment conducted under subparagraph (A) and achieve the goals and priorities identified in subparagraph (C), including—

[(i) the methods to be used to expand and improve services to individuals with disabilities, including how a broad range of assistive technology services and assistive technology devices will be provided to such individuals at each stage of the rehabilitation process and how such services and devices will be provided to such individuals on a statewide basis;]

(i) the methods to be used to expand and improve the services to individuals with disabilities including—

(I) how a broad range of assistive technology services and assistive technology devices will be provided to such individuals at each stage of the rehabilitative process and how such services and devices will be provided to such individuals on a statewide basis; and

(II) how transition services will be better coordinated with those services under the Individuals with Disabilities Education Act in order to improve transition services for individuals with disabilities served under this Act;

* * * * * * *

(E) EVALUATION AND REPORTS OF PROGRESS.—The State plan shall—

(i) include the results of an evaluation of the effectiveness of the vocational rehabilitation program, and a joint report by the designated State unit and the State Rehabilitation Council, if the State has such a Council, to the [Commissioner] *Director* on the progress made in improving the effectiveness from the previous year, which evaluation and report shall include—

(I) * * *

* * * * * * *

(ii) provide that the designated State unit and the State Rehabilitation Council, if the State has such a Council, shall jointly submit to the [Commissioner] *Director* an annual report that contains the information described in clause (i).

* * * * * * *

(17) USE OF FUNDS FOR CONSTRUCTION OF FACILITIES.—The State plan shall provide that if, under special circumstances, the State plan includes provisions for the construction of facilities for community rehabilitation programs—

(A) * * *

* * * * * * *

(C) there shall be compliance with regulations the [Commissioner] *Director* shall prescribe designed to assure that no State will reduce its efforts in providing other vocational rehabilitation services (other than for the establishment of facilities for community rehabilitation programs) because the plan includes such provisions for construction.

(18) INNOVATION AND EXPANSION ACTIVITIES.—The State plan shall—

(A) * * *

* * * * * * *

(C) provide that the State shall submit to the [Commissioner] *Director* an annual report containing a description of how the reserved funds were utilized during the preceding year.

* * * * * * *

(23) ANNUAL UPDATES.—The plan shall include an assurance that the State will submit to the [Commissioner] *Director* reports containing annual updates of the information required under paragraph (7) (relating to a comprehensive system of personnel development) and any other updates of the information required under this section that are requested by the [Commissioner] *Director*, and annual reports as provided in paragraphs (15) (relating to assessments, estimates, goals and priorities, and reports of progress) and (18) (relating to innovation and expansion), at such time and in such manner as the Secretary may determine to be appropriate.

(b) APPROVAL; DISAPPROVAL OF THE STATE PLAN.—

(1) APPROVAL.—The [Commissioner] *Director* shall approve any plan that the [Commissioner] *Director* finds fulfills the

conditions specified in this section, and shall disapprove any plan that does not fulfill such conditions.

(2) DISAPPROVAL.—Prior to disapproval of the State plan, the [Commissioner] *Director* shall notify the State of the intention to disapprove the plan and shall afford the State reasonable notice and opportunity for a hearing.

SEC. 102. ELIGIBILITY AND INDIVIDUALIZED PLAN FOR EMPLOYMENT.

(a) * * *

* * * * * * *

(c) PROCEDURES.—

(1) * * *

* * * * * * *

(8) INFORMATION COLLECTION AND REPORT.—

(A) IN GENERAL.—The Director of the designated State unit shall collect information described in subparagraph (B) and prepare and submit to the [Commissioner] *Director* a report containing such information. The [Commissioner] *Director* shall prepare a summary of the information furnished under this paragraph and include the summary in the annual report submitted under section 13. The [Commissioner] *Director* shall also collect copies of the final decisions of impartial hearing officers conducting hearings under this subsection and State officials conducting reviews under this subsection.

* * * * * * *

(C) CONFIDENTIALITY.—The confidentiality of records of applicants and eligible individuals maintained by the designated State unit shall not preclude the access of the [Commissioner] *Director* to those records for the purposes described in subparagraph (A).

* * * * * * *

SEC. 104. NON-FEDERAL SHARE FOR ESTABLISHMENT OF PROGRAM OR CONSTRUCTION.

For the purpose of determining the amount of payments to States for carrying out part B (or to an Indian tribe under part C), the non-Federal share, subject to such limitations and conditions as may be prescribed in regulations by the [Commissioner] *Director*, shall include contributions of funds made by any private agency, organization, or individual to a State or local agency to assist in meeting the costs of establishment of a community rehabilitation program or construction, under special circumstances, of a facility for such a program, which would be regarded as State or local funds except for the condition, imposed by the contributor, limiting use of such funds to establishment of such a program or construction of such a facility.

SEC. 105. STATE REHABILITATION COUNCIL.

(a) * * *

* * * * * * *

(c) FUNCTIONS OF COUNCIL.—The Council shall, after consulting with the State workforce investment board—

(1) * * *

(2) in partnership with the designated State unit—

(A) * * *

(B) evaluate the effectiveness of the vocational rehabilitation program and submit reports of progress to the [Commissioner] *Director* in accordance with section 101(a)(15)(E);

* * * * * * *

(5) prepare and submit an annual report to the Governor and the [Commissioner] *Director* on the status of vocational rehabilitation programs operated within the State, and make the report available to the public;

* * * * * * *

SEC. 106. EVALUATION STANDARDS AND PERFORMANCE INDICATORS.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—

(A) ESTABLISHMENT OF STANDARDS AND INDICATORS.—The [Commissioner] *Director* shall, not later than July 1, 1999, establish and publish evaluation standards and performance indicators for the vocational rehabilitation program carried out under this title.

(B) REVIEW AND REVISION.—Effective July 1, 1999, the [Commissioner] *Director* shall review and, if necessary, revise the evaluation standards and performance indicators every 3 years. Any revisions of the standards and indicators shall be developed with input from State vocational rehabilitation agencies, related professional and consumer organizations, recipients of vocational rehabilitation services, and other interested parties. Any revisions of the standards and indicators shall be subject to the publication, review, and comment provisions of paragraph (3).

* * * * * * *

(3) COMMENT.—The standards and indicators shall be developed with input from State vocational rehabilitation agencies, related professional and consumer organizations, recipients of vocational rehabilitation services, and other interested parties. The [Commissioner] *Director* shall publish in the Federal Register a notice of intent to regulate regarding the development of proposed standards and indicators. Proposed standards and indicators shall be published in the Federal Register for review and comment. Final standards and indicators shall be published in the Federal Register.

(b) COMPLIANCE.—

(1) STATE REPORTS.—In accordance with regulations established by the Secretary, each State shall report to the [Commissioner] *Director* after the end of each fiscal year the extent to which the State is in compliance with the standards and indicators.

(2) PROGRAM IMPROVEMENT.—

(A) PLAN.—If the [Commissioner] *Director* determines that the performance of any State is below established standards, the [Commissioner] *Director* shall provide technical assistance to the State, and the State and the [Commissioner] *Director* shall jointly develop a program

improvement plan outlining the specific actions to be taken by the State to improve program performance.

(B) REVIEW.—The [Commissioner] *Director* shall—

(i) * * *

* * * * * * *

(c) WITHHOLDING.—If the [Commissioner] *Director* determines that a State whose performance falls below the established standards has failed to enter into a program improvement plan, or is not complying substantially with the terms and conditions of such a program improvement plan, the [Commissioner] *Director* shall, consistent with subsections (c) and (d) of section 107, reduce or make no further payments to the State under this program, until the State has entered into an approved program improvement plan, or satisfies the [Commissioner] *Director* that the State is complying substantially with the terms and conditions of such a program improvement plan, as appropriate.

(d) REPORT TO CONGRESS.—Beginning in fiscal year 1999, the [Commissioner] *Director* shall include in each annual report to the Congress under section 13 an analysis of program performance, including relative State performance, based on the standards and indicators.

SEC. 107. MONITORING AND REVIEW.

(a) IN GENERAL.—

(1) DUTIES.—In carrying out the duties of the [Commissioner] *Director* under this title, the [Commissioner] *Director* shall—

(A) * * *

* * * * * * *

(2) PROCEDURES FOR REVIEWS.—In conducting reviews under this section the [Commissioner] *Director* shall consider, at a minimum—

(A) * * *

* * * * * * *

(3) PROCEDURES FOR MONITORING.—In conducting monitoring under this section the [Commissioner] *Director* shall conduct—

(A) * * *

* * * * * * *

(4) AREAS OF INQUIRY.—In conducting the review and monitoring, the [Commissioner] *Director* shall examine—

(A) * * *

* * * * * * *

(D) such other areas of inquiry as the [Commissioner] *Director* may consider appropriate.

(5) REPORTS.—If the [Commissioner] *Director* issues a report detailing the findings of an annual review or onsite monitoring conducted under this section, the report shall be made available to the State Rehabilitation Council, if the State has such a Council, for use in the development and modification of the State plan described in section 101.

(b) TECHNICAL ASSISTANCE.—The [Commissioner] *Director* shall—

(1) * * *

(2) provide technical assistance and establish a corrective action plan for a program under this title if the [Commissioner] *Director* finds that the program fails to comply substantially with the provisions of the State plan, or with evaluation standards or performance indicators established under section 106, in order to ensure that such failure is corrected as soon as practicable.

(c) FAILURE TO COMPLY WITH PLAN.—

(1) WITHHOLDING PAYMENTS.—Whenever the [Commissioner] *Director*, after providing reasonable notice and an opportunity for a hearing to the State agency administering or supervising the administration of the State plan approved under section 101, finds that—

(A) * * *

* * * * * * *

the [Commissioner] *Director* shall notify such State agency that no further payments will be made to the State under this title (or, in the discretion of the [Commissioner] *Director*, that such further payments will be reduced, in accordance with regulations the [Commissioner] *Director* shall prescribe, or that further payments will not be made to the State only for the projects under the parts of the State plan affected by such failure), until the [Commissioner] *Director* is satisfied there is no longer any such failure.

(2) PERIOD.—Until the [Commissioner] *Director* is so satisfied, the [Commissioner] *Director* shall make no further payments to such State under this title (or shall reduce payments or limit payments to projects under those parts of the State plan in which there is no such failure).

(3) DISBURSAL OF WITHHELD FUNDS.—The [Commissioner] *Director* may, in accordance with regulations the Secretary shall prescribe, disburse any funds withheld from a State under paragraph (1) to any public or nonprofit private organization or agency within such State or to any political subdivision of such State submitting a plan meeting the requirements of section 101(a). The [Commissioner] *Director* may not make any payment under this paragraph unless the entity to which such payment is made has provided assurances to the [Commissioner] *Director* that such entity will contribute, for purposes of carrying out such plan, the same amount as the State would have been obligated to contribute if the State received such payment.

(d) REVIEW.—

(1) PETITION.—Any State that is dissatisfied with a final determination of the [Commissioner] *Director* under section 101(b) or subsection (c) may file a petition for judicial review of such determination in the United States Court of Appeals for the circuit in which the State is located. Such a petition may be filed only within the 30-day period beginning on the date that notice of such final determination was received by the State. The clerk of the court shall transmit a copy of the petition to the [Commissioner] *Director* or to any officer designated by the [Commissioner] *Director* for that purpose. In accordance with section 2112 of title 28, United States Code,

the [Commissioner] *Director* shall file with the court a record of the proceeding on which the [Commissioner] *Director* based the determination being appealed by the State. Until a record is so filed, the [Commissioner] *Director* may modify or set aside any determination made under such proceedings.

(2) SUBMISSIONS AND DETERMINATIONS.—If, in an action under this subsection to review a final determination of the [Commissioner] *Director* under section 101(b) or subsection (c), the petitioner or the [Commissioner] *Director* applies to the court for leave to have additional oral submissions or written presentations made respecting such determination, the court may, for good cause shown, order the [Commissioner] *Director* to provide within 30 days an additional opportunity to make such submissions and presentations. Within such period, the [Commissioner] *Director* may revise any findings of fact, modify or set aside the determination being reviewed, or make a new determination by reason of the additional submissions and presentations, and shall file such modified or new determination, and any revised findings of fact, with the return of such submissions and presentations. The court shall thereafter review such new or modified determination.

* * * * * * *

PART B—BASIC VOCATIONAL REHABILITATION SERVICES

STATE ALLOTMENTS

SEC. 110. (a) * * *

(b)(1) Not later than 45 days prior to the end of the fiscal year, the [Commissioner] *Director* shall determine, after reasonable opportunity for the submission to the [Commissioner] *Director* of comments by the State agency administering or supervising the program established under this title, that any payment of an allotment to a State under section 111(a) for any fiscal year will not be utilized by such State in carrying out the purposes of this title.

(2) As soon as practicable but not later than the end of the fiscal year, the [Commissioner] *Director* shall make such amount available for carrying out the purposes of this title to one or more other States to the extent the [Commissioner] *Director* determines such other State will be able to use such additional amount during that fiscal year or the subsequent fiscal year for carrying out such purposes. The [Commissioner] *Director* shall make such amount available only if such other State will be able to make sufficient payments from non-Federal sources to pay for the non-Federal share of the cost of vocational rehabilitation services under the State plan for the fiscal year for which the amount was appropriated.

(c)(1) For fiscal year 1987 and for each subsequent fiscal year, the [Commissioner] *Director* shall reserve from the amount appropriated under section 100(b)(1) for allotment under this section a sum, determined under paragraph (2), to carry out the purposes of part C.

[(2) The sum referred to in paragraph (1) shall be, as determined by the Secretary—

[(A) not less than three-quarters of 1 percent and not more than 1.5 percent of the amount referred to in paragraph (1), for fiscal year 1999; and

[(B) not less than 1 percent and not more than 1.5 percent of the amount referred to in paragraph (1), for each of fiscal years 2000 through 2003.]

(2) The sum referred to in paragraph (1) shall be, as determined by the Secretary, not less than 1 percent and not more than 1.5 percent of the amount referred to in paragraph (1) for each of fiscal years 2003 through 2009.

PAYMENTS TO STATES

SEC. 111. (a)(1) Except as provided in paragraph (2), from each State's allotment under this part for any fiscal year, the [Commissioner] *Director* shall pay to a State an amount equal to the Federal share of the cost of vocational rehabilitation services under the plan for that State approved under section 101, including expenditures for the administration of the State plan.

(2)(A) * * *

* * * * * * *

(C) The [Commissioner] *Director* may waive or modify any requirement or limitation under subparagraph (B) or section 101(a)(17) if the [Commissioner] *Director* determines that a waiver or modification is an equitable response to exceptional or uncontrollable circumstances affecting the State.

(3)(A) * * *

(B) If the Federal share with respect to rehabilitation facilities in such State is determined pursuant to section 645(b)(2) of such Act (42 U.S.C. 291o(b)(2)), the percentage of the cost for purposes of this section shall be determined in accordance with regulations prescribed by the [Commissioner] *Director* designed to achieve as nearly as practicable results comparable to the results obtained under such section.

(b) The method of computing and paying amounts pursuant to subsection (a) shall be as follows:

(1) The [Commissioner] *Director* shall, prior to the beginning of each calendar quarter or other period prescribed by the [Commissioner] *Director*, estimate the amount to be paid to each State under the provisions of such subsection for such period, such estimate to be based on such records of the State and information furnished by it, and such other investigation as the [Commissioner] *Director* may find necessary.

(2) The [Commissioner] *Director* shall pay, from the allotment available therefor, the amount so estimated by the [Commissioner] *Director* for such period, reduced or increased, as the case may be, by any sum (not previously adjusted under this paragraph) by which the [Commissioner] *Director* finds that the estimate of the amount to be paid the State for any prior period under such subsection was greater or less than the amount which should have been paid to the State for such prior period under such subsection. Such payment shall be made prior to audit or settlement by the General Accounting Office, shall be made through the disbursing facilities of the

Treasury Department, and shall be made in such installments as the [Commissioner] *Director* may determine.

CLIENT ASSISTANCE PROGRAM

SEC. 112. (a) * * *

* * * * * * *

(c)(1)(A) * * *

(B)(i) The Governor may not redesignate the agency designated under subparagraph (A) without good cause and unless—

(I) * * *

* * * * * * *

(III) the agency has the opportunity to appeal to the [Commissioner] *Director* on the basis that the redesignation was not for good cause.

* * * * * * *

(h) There are authorized to be appropriated such sums as may be necessary for [fiscal years 1999 through 2003] *fiscal years 2004 through 2009* to carry out the provisions of this section.

* * * * * * *

PART C—AMERICAN INDIAN VOCATIONAL REHABILITATION SERVICES

VOCATIONAL REHABILITATION SERVICES GRANTS

SEC. 121. (a) The [Commissioner] *Director*, in accordance with the provisions of this part, may make grants to the governing bodies of Indian tribes located on Federal and State reservations (and consortia of such governing bodies) to pay 90 percent of the costs of vocational rehabilitation services for American Indians who are individuals with disabilities residing on or near such reservations. The non-Federal share of such costs may be in cash or in kind, fairly valued, and the [Commissioner] *Director* may waive such non-Federal share requirement in order to carry out the purposes of this Act.

(b)(1) No grant may be made under this part for any fiscal year unless an application therefor has been submitted to and approved by the [Commissioner] *Director*. The [Commissioner] *Director* may not approve an application unless the application—

(A) is made at such time, in such manner, and contains such information as the [Commissioner] *Director* may require;

(2) The provisions of sections 5, 6, 7, and 102(a) of the Indian Self-Determination and Education Assistance Act shall be applicable to any application submitted under this part. For purposes of this paragraph, any reference in any such provision to the Secretary of Education or to the Secretary of the Interior shall be considered to be a reference to the [Commissioner] *Director*.

(3) Any application approved under this part shall be effective for not more than 60 months, except as determined otherwise by the [Commissioner] *Director* pursuant to prescribed regulations. The State shall continue to provide vocational rehabilitation services under its State plan to American Indians residing on or near a res-

ervation whenever such State includes any such American Indians in its State population under section 110(a)(1).

* * * * * * *

PART D—VOCATIONAL REHABILITATION SERVICES CLIENT INFORMATION

SEC. 131. DATA SHARING.

(a) IN GENERAL.—

(1) * * *

(2) EMPLOYMENT STATISTICS.—The Secretary of Labor shall provide the [Commissioner] *Director* with employment statistics specified in section 15 of the Wagner-Peyser Act, that facilitate evaluation by the [Commissioner] *Director* of the program carried out under part B, and allow the [Commissioner] *Director* to compare the progress of individuals with disabilities who are assisted under the program in securing, retaining, regaining, and advancing in employment with the progress made by individuals who are assisted under title I of the Workforce Investment Act of 1998.

* * * * * * *

TITLE II—RESEARCH AND TRAINING

* * * * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 201. (a) There are authorized to be appropriated—

(1) for the purpose of providing for the expenses of the National Institute on Disability and Rehabilitation Research under section 202, which shall include the expenses of the Rehabilitation Research Advisory Council under section 205, and shall not include the expenses of such Institute to carry out section 204, such sums as may be necessary for each of [fiscal years 1999 through 2003] *fiscal years 2004 through 2009*; and

(2) to carry out section 204, such sums as may be necessary for each of [fiscal years 1999 through 2003] *fiscal years 2004 through 2009*.

* * * * * * *

NATIONAL INSTITUTE ON DISABILITY AND REHABILITATION RESEARCH

SEC. 202. (a)(1) * * *

(2) In the performance of the functions of the office, the Director shall be directly responsible to the Secretary or to the same Under Secretary or Assistant Secretary of the Department of Education to whom the [Commissioner] *Director* is responsible under section 3(a).

* * * * * * *

(h)(1) The Director shall—

(A) * * *

* * * * * * *

(D) be developed by the Director—

(i) after consultation with the Rehabilitation Research Advisory Council established under section 205;

(ii) in coordination with the [Commissioner] *Director*;

* * * * * * *

INTERAGENCY COMMITTEE

SEC. 203. (a)(1) In order to promote coordination and cooperation among Federal departments and agencies conducting rehabilitation research programs, including programs relating to assistive technology research and research that incorporates the principles of universal design, there is established within the Federal Government an Interagency Committee on Disability Research (hereinafter in this section referred to as the "Committee"), chaired by the Director and comprised of such members as the President may designate, including the following (or their designees): the Director, the [Commissioner] *Director* of the Rehabilitation Services Administration, the Assistant Secretary for Special Education and Rehabilitative Services, the Secretary of Education, the Secretary of Veterans Affairs, the Director of the National Institutes of Health, the Director of the National Institute of Mental Health, the Administrator of the National Aeronautics and Space Administration, the Secretary of Transportation, the Assistant Secretary of the Interior for Indian Affairs, the Director of the Indian Health Service, and the Director of the National Science Foundation.

* * * * * * *

TITLE III—PROFESSIONAL DEVELOPMENT AND SPECIAL PROJECTS AND DEMONSTRATIONS

SEC. 302. TRAINING.

(a) GRANTS AND CONTRACTS FOR PERSONNEL TRAINING.—

(1) AUTHORITY.—The [Commissioner] *Director* shall make grants to, and enter into contracts with, States and public or nonprofit agencies and organizations (including institutions of higher education) to pay part of the cost of projects to provide training, traineeships, and related activities, including the provision of technical assistance, that are designed to assist in increasing the numbers of, and upgrading the skills of, qualified personnel (especially rehabilitation counselors) who are trained in providing vocational, medical, social, and psychological rehabilitation services, who are trained to assist individuals with communication and related disorders, who are trained to provide other services provided under this Act, to individuals with disabilities, and who may include—

(A) * * *

* * * * * * *

(3) RELATED FEDERAL STATUTES.—In carrying out this subsection, the [Commissioner] *Director* may make grants to and enter into contracts with States and public or nonprofit agencies and organizations, including institutions of higher education, to furnish training regarding provisions of Federal stat-

utes, including section 504, title I of the Americans with Disabilities Act of 1990 (42 U.S.C. 12111 et seq.), and the provisions of titles II and XVI of the Social Security Act (42 U.S.C. 401 et seq. and 1381 et seq.), that are related to work incentives for individuals with disabilities.

(4) TRAINING FOR STATEWIDE WORKFORCE SYSTEMS PERSONNEL.—The [Commissioner] *Director* may make grants to and enter into contracts under this subsection with States and public or nonprofit agencies and organizations, including institutions of higher education, to furnish training to personnel providing services to individuals with disabilities under title I of the Workforce Investment Act of 1998. Under this paragraph, personnel may be trained—

(A) * * *

* * * * * * *

(b) GRANTS AND CONTRACTS FOR ACADEMIC DEGREES AND ACADEMIC CERTIFICATE GRANTING TRAINING PROJECTS.—

(1) AUTHORITY.—

(A) IN GENERAL.—The [Commissioner] *Director* may make grants to, and enter into contracts with, States and public or nonprofit agencies and organizations (including institutions of higher education) to pay part of the costs of academic training projects to provide training that leads to an academic degree or academic certificate. In making such grants or entering into such contracts, the [Commissioner] *Director* shall target funds to areas determined under subsection (e) to have shortages of qualified personnel.

(2) APPLICATION.—No grant shall be awarded or contract entered into under this subsection unless the applicant has submitted to the [Commissioner] *Director* an application at such time, in such form, in accordance with such procedures, and including such information as the Secretary may require, including—

(A) * * *

* * * * * * *

(5) AGREEMENTS.—

(A) CONTENTS.—A recipient of a grant or contract under this subsection shall provide assurances to the [Commissioner] *Director* that each individual who receives a scholarship, for any academic year beginning after June 1, 1992, utilizing funds provided under such grant or contract shall enter into an agreement with the recipient under which the individual shall—

(i) * * *

* * * * * * *

except as the [Commissioner] *Director* by regulation may provide for repayment exceptions and deferrals.

(B) ENFORCEMENT.—The [Commissioner] *Director* shall be responsible for the enforcement of each agreement entered into under subparagraph (A) upon completion of the training involved under such subparagraph.

(c) GRANTS TO HISTORICALLY BLACK COLLEGES AND UNIVERSITIES.—The [Commissioner] *Director*, in carrying out this section, shall make grants to historically Black colleges and universities and other institutions of higher education whose minority student enrollment is at least 50 percent of the total enrollment of the institution.

(d) APPLICATION.—A grant may not be awarded to a State or other organization under this section unless the State or organization has submitted an application to the [Commissioner] *Director* at such time, in such form, in accordance with such procedures, and containing such information as the [Commissioner] *Director* may require. Any such application shall include a detailed description of strategies that will be utilized to recruit and train individuals so as to reflect the diverse populations of the United States as part of the effort to increase the number of individuals with disabilities, and individuals who are from linguistically and culturally diverse backgrounds, who are available to provide rehabilitation services.

(e) EVALUATION AND COLLECTION OF DATA.—The [Commissioner] *Director* shall evaluate the impact of the training programs conducted under this section, and collect information on the training needs of, and data on shortages of qualified personnel necessary to provide services to individuals with disabilities. The [Commissioner] *Director* shall prepare and submit to Congress, by September 30 of each fiscal year, a report setting forth and justifying in detail how the funds made available for training under this section for the fiscal year prior to such submission are allocated by professional discipline and other program areas. The report shall also contain findings on such personnel shortages, how funds proposed for the succeeding fiscal year will be allocated under the President's budget proposal, and how the findings on personnel shortages justify the allocations.

(f) GRANTS FOR THE TRAINING OF INTERPRETERS.—

(1) AUTHORITY.—

(A) IN GENERAL.—For the purpose of training a sufficient number of qualified interpreters to meet the communications needs of individuals who are deaf or hard of hearing, and individuals who are deaf-blind, the [Commissioner] *Director*, acting through a Federal office responsible for deafness and communicative disorders, may award grants to public or private nonprofit agencies or organizations to pay part of the costs—

(i) * * *

* * * * * * *

(B) GEOGRAPHIC AREAS.—The [Commissioner] *Director* shall award grants under this subsection for programs in geographic areas throughout the United States that the [Commissioner] *Director* considers appropriate to best carry out the objectives of this section.

(C) PRIORITY.—In awarding grants under this subsection, the [Commissioner] *Director* shall give priority to public or private nonprofit agencies or organizations with existing programs that have a demonstrated capacity for providing interpreter training services.

(D) FUNDING.—The [Commissioner] *Director* may award grants under this subsection through the use of—

(i) * * *

* * * * * * *

(2) APPLICATION.—A grant may not be awarded to an agency or organization under paragraph (1) unless the agency or organization has submitted an application to the [Commissioner] *Director* at such time, in such form, in accordance with such procedures, and containing such information as the [Commissioner] *Director* may require, including—

(A) * * *

* * * * * * *

(C) assurances that any interpreter trained or retrained under a program funded under the grant will meet such minimum standards of competency as the [Commissioner] *Director* may establish for purposes of this subsection; and

(D) such other information as the [Commissioner] *Director* may require.

(g) TECHNICAL ASSISTANCE AND IN-SERVICE TRAINING.—

(1) TECHNICAL ASSISTANCE.—The [Commissioner] *Director* is authorized to provide technical assistance to State designated agencies and community rehabilitation programs, directly or through contracts with State designated agencies or nonprofit organizations.

(2) COMPENSATION.—An expert or consultant appointed or serving under contract pursuant to this section shall be compensated at a rate, subject to approval of the [Commissioner] *Director*, that shall not exceed the daily equivalent of the rate of pay for level 4 of the Senior Executive Service Schedule under section 5382 of title 5, United States Code. Such an expert or consultant may be allowed travel and transportation expenses in accordance with section 5703 of title 5, United States Code.

(3) IN-SERVICE TRAINING OF REHABILITATION PERSONNEL.—

(A) * * *

(B) LIMITATION.—If the allocation to designated State agencies required by subparagraph (A) would result in a lower level of funding for projects being carried out on the date of enactment of the Rehabilitation Act Amendments of 1998 by other recipients of funds under this section, the [Commissioner] *Director* may allocate less than 15 percent of the sums described in subparagraph (A) to designated State agencies for such in-service training.

(h) PROVISION OF INFORMATION.—The [Commissioner] *Director*, subject to the provisions of section 306, may require that recipients of grants or contracts under this section provide information, including data, with regard to the impact of activities funded under this section.

(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the [fiscal years 1999 through 2003] *fiscal years 2004 through 2009*.

SEC. 303. DEMONSTRATION AND TRAINING PROGRAMS.

(a) DEMONSTRATION PROJECTS TO INCREASE CLIENT CHOICE.—

(1) GRANTS.—The [Commissioner] *Director* may make grants to States and public or nonprofit agencies and organizations to pay all or part of the costs of projects to demonstrate ways to increase client choice in the rehabilitation process, including the selection of providers of vocational rehabilitation services.

* * * * * * *

(3) APPLICATION.—Any eligible entity that desires to receive a grant under this subsection shall submit an application at such time, in such manner, and containing such information and assurances as the [Commissioner] *Director* may require, including—

(A) * * *

* * * * * * *

(4) AWARD OF GRANTS.—In selecting entities to receive grants under paragraph (1), the [Commissioner] *Director* shall take into consideration—

(A) * * *

* * * * * * *

(5) RECORDS.—Entities that receive grants under paragraph (1) shall maintain such records as the [Commissioner] *Director* may require and comply with any request from the [Commissioner] *Director* for such records.

* * * * * * *

(7) EVALUATION.—The [Commissioner] *Director* may conduct an evaluation of the demonstration projects with respect to the services provided, clients served, client outcomes obtained, implementation issues addressed, the cost-effectiveness of the project, and the effects of increased choice on clients and service providers. The [Commissioner] *Director* may reserve funds for the evaluation for a fiscal year from the amounts appropriated to carry out projects under this section for the fiscal year.

* * * * * * *

(b) SPECIAL DEMONSTRATION PROGRAMS.—

(1) GRANTS; CONTRACTS.—The [Commissioner] *Director*, subject to the provisions of section 306, may provide grants to, or enter into contracts with, eligible entities to pay all or part of the cost of programs that expand and improve the provision of rehabilitation and other services authorized under this Act or that further the purposes of the Act, including related research and evaluation activities.

(2) ELIGIBLE ENTITIES; TERMS AND CONDITIONS.—

(A) ELIGIBLE ENTITIES.—To be eligible to receive a grant, or enter into a contract, under paragraph (1), an entity shall be a State vocational rehabilitation agency, community rehabilitation program, Indian tribe or tribal organization, or other public or nonprofit agency or organization, or as the [Commissioner] *Director* determines appropriate, a for-profit organization. The [Commissioner] *Director* may limit competitions to one or more types of organizations described in this subparagraph.

(B) TERMS AND CONDITIONS.—A grant or contract under paragraph (1) shall contain such terms and conditions as the [Commissioner] *Director* may require.

(3) APPLICATION.—An eligible entity that desires to receive a grant, or enter into a contract, under paragraph (1) shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the [Commissioner] *Director* may require, including, if the [Commissioner] *Director* determines appropriate, a description of how the proposed project or demonstration program—

(A) * * *

* * * * * * *

(5) PRIORITY FOR COMPETITIONS.—

(A) IN GENERAL.—In announcing competitions for grants and contracts under this subsection, the [Commissioner] *Director* shall give priority consideration to—

(i) * * *

* * * * * * *

(B) ADDITIONAL COMPETITIONS.—In announcing competitions for grants and contracts under this subsection, the [Commissioner] *Director* may require that applicants address one or more of the following:

(i) * * *

* * * * * * *

(6) USE OF FUNDS FOR CONTINUATION AWARDS.—The [Commissioner] *Director* may use funds made available to carry out this section for continuation awards for projects that were funded under sections 12 and 311 (as such sections were in effect on the day before the date of the enactment of the Rehabilitation Act Amendments of 1998).

(c) PARENT INFORMATION AND TRAINING PROGRAM.—

(1) GRANTS.—The [Commissioner] *Director* is authorized to make grants to private nonprofit organizations for the purpose of establishing programs to provide training and information to enable individuals with disabilities, and the parents, family members, guardians, advocates, or other authorized representatives of the individuals to participate more effectively with professionals in meeting the vocational, independent living, and rehabilitation needs of individuals with disabilities. Such grants shall be designed to meet the unique training and information needs of the individuals described in the preceding sentence, who live in the area to be served, particularly those who are members of populations that have been unserved or underserved by programs under this Act.

(3) AWARD OF GRANTS.—The [Commissioner] *Director* shall ensure that grants under this subsection—

(A) * * *

* * * * * * *

(4) ELIGIBLE ORGANIZATIONS.—In order to receive a grant under this subsection, an organization—

(A) shall submit an application to the [Commissioner] *Director* at such time, in such manner, and containing such information as the [Commissioner] *Director* may re-

quire, including information demonstrating the capacity and expertise of the organization—

(i) * * *

* * * * * * *

(6) COORDINATION.—The [Commissioner] *Director* shall provide coordination and technical assistance by grant or cooperative agreement for establishing, developing, and coordinating the training and information programs. To the extent practicable, such assistance shall be provided by the parent training and information centers established pursuant to section 682(a) of the Individuals with Disabilities Education Act (as added by section 101 of the Individuals with Disabilities Education Act Amendments of 1997; Public Law 105–17).

(7) REVIEW.—

(A) * * *

(B) REVIEW FOR GRANT RENEWAL.—If a nonprofit private organization requests the renewal of a grant under this subsection, the board of directors or the special governing committee shall prepare and submit to the [Commissioner] *Director* a written review of the training and information program conducted by the organization during the preceding fiscal year.

(d) BRAILLE TRAINING PROGRAMS.—

(1) ESTABLISHMENT.—The [Commissioner] *Director* shall make grants to, and enter into contracts with, States and public or nonprofit agencies and organizations, including institutions of higher education, to pay all or part of the cost of training in the use of braille for personnel providing vocational rehabilitation services or educational services to youth and adults who are blind.

* * * * * * *

(3) APPLICATION.—To be eligible to receive a grant, or enter into a contract, under paragraph (1), an agency or organization shall submit an application to the [Commissioner] *Director* at such time, in such manner, and containing such information as the [Commissioner] *Director* may require.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the [fiscal years 1999 through 2003] *fiscal years 2004 through 2009*.

SEC. 304. MIGRANT AND SEASONAL FARMWORKERS.

(a) GRANTS.—

(1) AUTHORITY.—The [Commissioner] *Director*, subject to the provisions of section 306, may make grants to eligible entities to pay up to 90 percent of the cost of projects or demonstration programs for the provision of vocational rehabilitation services to individuals with disabilities who are migrant or seasonal farmworkers, as determined in accordance with rules prescribed by the Secretary of Labor, and to the family members who are residing with such individuals (whether or not such family members are individuals with disabilities).

* * * * * * *

(4) ASSURANCE OF COOPERATION.—To be eligible to receive a grant under this section an entity shall provide assurances (satisfactory to the [Commissioner] *Director*) that in the provision of services under the grant there will be appropriate cooperation between the grantee and other public or nonprofit agencies and organizations having special skills and experience in the provision of services to migrant or seasonal farmworkers or their families.

(5) COORDINATION WITH OTHER PROGRAMS.—The [Commissioner] *Director* shall administer this section in coordination with other programs serving migrant and seasonal farmworkers, including programs under title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.), section 330 of the Public Health Service Act (42 U.S.C. 254b), the Migrant and Seasonal Agricultural Worker Protection Act (29 U.S.C. 1801 et seq.), and the Workforce Investment Act of 1998.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section, for each of the [fiscal years 1999 through 2003] *fiscal years 2004 through 2009*.

SEC. 305. RECREATIONAL PROGRAMS.

(a) GRANTS.—

(1) AUTHORITY.—

(A) IN GENERAL.—The [Commissioner] *Director*, subject to the provisions of section 306, shall make grants to States, public agencies, and nonprofit private organizations to pay the Federal share of the cost of the establishment and operation of recreation programs to provide individuals with disabilities with recreational activities and related experiences to aid in the employment, mobility, socialization, independence, and community integration of such individuals.

(4) APPLICATION.—To be eligible to receive a grant under this section, a State, agency, or organization shall submit an application to the [Commissioner] *Director* at such time, in such manner, and containing such information as the [Commissioner] *Director* may require, including a description of—

(A) * * *

* * * * * * *

(6) REPORTS BY GRANTEES.—

(A) REQUIREMENT.—The [Commissioner] *Director* shall require that each recipient of a grant under this section annually prepare and submit to the [Commissioner] *Director* a report concerning the results of the activities funded under the grant.

(B) LIMITATION.—The [Commissioner] *Director* may not make financial assistance available to a grant recipient for a subsequent year until the [Commissioner] *Director* has received and evaluated the annual report of the recipient under subparagraph (A) for the current year.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, such sums as may be nec-

essary for each of the [fiscal years 1999 through 2003] *fiscal years 2004 through 2009*.

SEC. 306. MEASURING OF PROJECT OUTCOMES AND PERFORMANCE.

The [Commissioner] *Director* may require that recipients of grants under this title submit information, including data, as determined by the [Commissioner] *Director* to be necessary to measure project outcomes and performance, including any data needed to comply with the Government Performance and Results Act.

TITLE IV—NATIONAL COUNCIL ON DISABILITY

DUTIES OF NATIONAL COUNCIL

SEC. 401. (a) The National Council shall—

(1) * * *

(2) provide advice to the [Commissioner] *Director* with respect to the policies of and conduct of the Rehabilitation Services Administration;

(3) advise the President, the Congress, the [Commissioner] *Director*, the appropriate Assistant Secretary of the Department of Education, and the Director of the National Institute on Disability and Rehabilitation Research on the development of the programs to be carried out under this Act;

* * * * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 405. There are authorized to be appropriated to carry out this title such sums as may be necessary for each of the [fiscal years 1999 through 2003] *fiscal years 2004 through 2009*.

TITLE V—RIGHTS AND ADVOCACY

ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD

SEC. 502. (a) * * *

* * * * * * *

(j) There are authorized to be appropriated for the purpose of carrying out the duties and functions of the Access Board under this section such sums as may be necessary for each of the [fiscal years 1999 through 2003] *fiscal years 2004 through 2009*.

* * * * * * *

SEC. 509. PROTECTION AND ADVOCACY OF INDIVIDUAL RIGHTS.

(a) * * *

(b) APPROPRIATIONS LESS THAN $5,500,000.—For any fiscal year in which the amount appropriated to carry out this section is less than $5,500,000, the [Commissioner] *Director* may make grants from such amount to eligible systems within States to plan for, develop outreach strategies for, and carry out protection and advocacy programs authorized under this section for individuals with disabilities who meet the requirements of subparagraphs (A) and (B) of subsection (a)(1).

(c) APPROPRIATIONS OF $5,500,000 OR MORE.—

(1) RESERVATIONS.—

(A) TECHNICAL ASSISTANCE.—For any fiscal year in which the amount appropriated to carry out this section equals or exceeds $5,500,000, the [Commissioner] *Director* shall set aside not less than 1.8 percent and not more than 2.2 percent of the amount to provide training and technical assistance to the systems established under this section.

(B) GRANT FOR THE ELIGIBLE SYSTEM SERVING THE AMERICAN INDIAN CONSORTIUM.—For any fiscal year in which the amount appropriated to carry out this section equals or exceeds $10,500,000, the [Commissioner] *Director* shall reserve a portion, and use the portion to make a grant for the eligible system serving the American Indian consortium. The Commission shall make the grant in an amount of not less than $50,000 for the fiscal year.

(2) ALLOTMENTS.—For any such fiscal year, after the reservations required by paragraph (1) have been made, the [Commissioner] *Director* shall make allotments from the remainder of such amount in accordance with paragraph (3) to eligible systems within States to enable such systems to carry out protection and advocacy programs authorized under this section for individuals referred to in subsection (b).

(3) SYSTEMS WITHIN STATES.—

(A) POPULATION BASIS.—Except as provided in subparagraph (B), from such remainder for each such fiscal year, the [Commissioner] *Director* shall make an allotment to the eligible system within a State of an amount bearing the same ratio to such remainder as the population of the State bears to the population of all States.

* * * * * * *

(5) ADJUSTMENT FOR INFLATION.—For any fiscal year, beginning in fiscal year 1999, in which the total amount appropriated to carry out this section exceeds the total amount appropriated to carry out this section for the preceding fiscal year, the [Commissioner] *Director* shall increase each of the minimum grants or allotments under paragraphs (1)(B), (3)(B), and (4)(B) by a percentage that shall not exceed the percentage increase in the total amount appropriated to carry out this section between the preceding fiscal year and the fiscal year involved.

(d) PROPORTIONAL REDUCTION.—To provide minimum allotments to systems within States (as increased under subsection (c)(5)) under subsection (c)(3)(B), or to provide minimum allotments to systems within States (as increased under subsection (c)(5)) under subsection (c)(4)(B), the [Commissioner] *Director* shall proportionately reduce the allotments of the remaining systems within States under subsection (c)(3), with such adjustments as may be necessary to prevent the allotment of any such remaining system within a State from being reduced to less than the minimum allotment for a system within a State (as increased under subsection (c)(5)) under subsection (c)(3)(B), or the minimum allotment for a State (as increased under subsection (c)(5)) under subsection (c)(4)(B), as appropriate.

(e) REALLOTMENT.—Whenever the [Commissioner] *Director* determines that any amount of an allotment to a system within a State for any fiscal year described in subsection (c)(1) will not be

expended by such system in carrying out the provisions of this section, the [Commissioner] *Director* shall make such amount available for carrying out the provisions of this section to one or more of the systems that the [Commissioner] *Director* determines will be able to use additional amounts during such year for carrying out such provisions. Any amount made available to a system for any fiscal year pursuant to the preceding sentence shall, for the purposes of this section, be regarded as an increase in the allotment of the system (as determined under the preceding provisions of this section) for such year.

(f) APPLICATION.—In order to receive assistance under this section, an eligible system shall submit an application to the [Commissioner] *Director*, at such time, in such form and manner, and containing such information and assurances as the [Commissioner] *Director* determines necessary to meet the requirements of this section, including assurances that the eligible system will—

(1) * * *

* * * * * * *

(7) provide assurances to the [Commissioner] *Director* that funds made available under this section will be used to supplement and not supplant the non-Federal funds that would otherwise be made available for the purpose for which Federal funds are provided.

(g) CARRYOVER AND DIRECT PAYMENT.—

(1) DIRECT PAYMENT.—Notwithstanding any other provision of law, the [Commissioner] *Director* shall pay directly to any system that complies with the provisions of this section, the amount of the allotment of the State or the grant for the eligible system that serves the American Indian consortium involved under this section, unless the State or American Indian consortium provides otherwise.

* * * * * * *

(h) LIMITATION ON DISCLOSURE REQUIREMENTS.—For purposes of any audit, report, or evaluation of the performance of the program established under this section, the [Commissioner] *Director* shall not require such a program to disclose the identity of, or any other personally identifiable information related to, any individual requesting assistance under such program.

* * * * * * *

(j) DELEGATION.—The [Commissioner] *Director* may delegate the administration of this program to the [Commissioner] *Director* of the Administration on Developmental Disabilities within the Department of Health and Human Services.

(k) REPORT.—The [Commissioner] *Director* shall annually prepare and submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate a report describing the types of services and activities being undertaken by programs funded under this section, the total number of individuals served under this section, the types of disabilities represented by such individuals, and the types of issues being addressed on behalf of such individuals.

(l) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be nec-

essary for each of the [fiscal years 1999 through 2003] *fiscal years 2004 through 2009*.

* * * * * * *

TITLE VI—EMPLOYMENT OPPORTUNITIES FOR INDIVIDUALS WITH DISABILITIES

* * * * * * *

PROJECTS WITH INDUSTRY

SEC. 611. (a)(1) * * *

(2) The [Commissioner] *Director*, in consultation with the Secretary of Labor and with designated State units, may award grants to individual employers, community rehabilitation program providers, labor unions, trade associations, Indian tribes, tribal organizations, designated State units, and other entities to establish jointly financed Projects With Industry to create and expand job and career opportunities for individuals with disabilities, which projects shall—

(A) * * *

* * * * * * *

(4) The [Commissioner] *Director* shall enter into an agreement with the grant recipient regarding the establishment of the project. Any agreement shall be jointly developed by the [Commissioner] *Director*, the grant recipient, and, to the extent practicable, the appropriate designated State unit and the individuals with disabilities (or the individuals' representatives) involved. Such agreements shall specify the terms of training and employment under the project, provide for the payment by the [Commissioner] *Director* of part of the costs of the project (in accordance with subsection (c)), and contain the items required under subsection (b) and such other provisions as the parties to the agreement consider to be appropriate.

(5) Any agreement shall include a description of a plan to annually conduct a review and evaluation of the operation of the project in accordance with standards developed by the [Commissioner] *Director* under subsection (d), and, in conducting the review and evaluation, to collect data and information of the type described in subparagraphs (A) through (C) of section 101(a)(10), as determined to be appropriate by the [Commissioner] *Director*.

(6) The [Commissioner] *Director* may include, as part of agreements with grant recipients, authority for such grant recipients to provide technical assistance to—

(A) * * *

* * * * * * *

(b) No payment shall be made by the [Commissioner] *Director* under any agreement with a grant recipient entered into under subsection (a) unless such agreement—

(1) * * *

* * * * * * *

(3) provides an assurance that an annual evaluation report containing information specified under subsection (a)(5) shall

be submitted as determined to be appropriate by the [Commissioner] *Director*.

(d)(1) The [Commissioner] *Director* shall develop standards for the evaluation described in subsection (a)(5) and shall review and revise the evaluation standards as necessary, subject to paragraph (2).

(2) In revising the standards for evaluation to be used by the grant recipients, the [Commissioner] *Director* shall obtain and consider recommendations for such standards from State vocational rehabilitation agencies, current and former grant recipients, professional organizations representing business and industry, organizations representing individuals with disabilities, individuals served by grant recipients, organizations representing community rehabilitation program providers, and labor organizations.

(e)(1)(A) A grant may be awarded under this section for a period of up to 5 years and such grant may be renewed.

(B) Grants under this section shall be awarded on a competitive basis. To be eligible to receive such a grant, a prospective grant recipient shall submit an application to the [Commissioner] *Director* at such time, in such manner, and containing such information as the [Commissioner] *Director* may require.

(2) The [Commissioner] *Director* shall, to the extent practicable, ensure an equitable distribution of payments made under this section among the States. To the extent funds are available, the [Commissioner] *Director* shall award grants under this section to new projects that will serve individuals with disabilities in States, portions of States, Indian tribes, or tribal organizations, that are currently unserved or underserved by projects.

(f)(1) The [Commissioner] *Director* shall, as necessary, develop and publish in the Federal Register, in final form, indicators of what constitutes minimum compliance consistent with the evaluation standards under subsection (d)(1).

(2) Each grant recipient shall report to the [Commissioner] *Director* at the end of each project year the extent to which the grant recipient is in compliance with the evaluation standards.

(3)(A) The [Commissioner] *Director* shall annually conduct onsite compliance reviews of at least 15 percent of grant recipients. The [Commissioner] *Director* shall select grant recipients for review on a random basis.

(B) The [Commissioner] *Director* shall use the indicators in determining compliance with the evaluation standards.

(C) The [Commissioner] *Director* shall ensure that at least one member of a team conducting such a review shall be an individual who—

(i) * * *

* * * * * * *

(D) The [Commissioner] *Director* shall ensure that—

(i) * * *

* * * * * * *

(4) In making a determination concerning any subsequent grant under this section, the [Commissioner] *Director* shall consider the past performance of the applicant, if applicable. The [Commissioner] *Director* shall use compliance indicators developed under this subsection that are consistent with program evaluation stand-

ards developed under subsection (d) to assess minimum project performance for purposes of making continuation awards in the third, fourth, and fifth years.

(5) Each fiscal year the [Commissioner] *Director* shall include in the annual report to Congress required by section 13 an analysis of the extent to which grant recipients have complied with the evaluation standards. The [Commissioner] *Director* may identify individual grant recipients in the analysis. In addition, the [Commissioner] *Director* shall report the results of onsite compliance reviews, identifying individual grant recipients.

(g) The [Commissioner] *Director* may provide, directly or by way of grant, contract, or cooperative agreement, technical assistance to—

(1) * * *

* * * * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 612. There are authorized to be appropriated to carry out the provisions of this part, such sums as may be necessary for each of [fiscal years 1999 through 2003] *fiscal years 2004 through 2009*.

* * * * * * *

SEC. 622. ALLOTMENTS.

(a) * * *

(b) REALLOTMENT.—Whenever the [Commissioner] *Director* determines that any amount of an allotment to a State for any fiscal year will not be expended by such State for carrying out the provisions of this part, the [Commissioner] *Director* shall make such amount available for carrying out the provisions of this part to one or more of the States that the [Commissioner] *Director* determines will be able to use additional amounts during such year for carrying out such provisions. Any amount made available to a State for any fiscal year pursuant to the preceding sentence shall, for the purposes of this section, be regarded as an increase in the allotment of the State (as determined under the preceding provisions of this section) for such year.

* * * * * * *

SEC. 625. STATE PLAN.

(a) STATE PLAN SUPPLEMENTS.—To be eligible for an allotment under this part, a State shall submit to the [Commissioner] *Director*, as part of the State plan under section 101, a State plan supplement for providing supported employment services authorized under this Act to individuals who are eligible under this Act to receive the services. Each State shall make such annual revisions in the plan supplement as may be necessary.

(b) CONTENTS.—Each such plan supplement shall—

(1) * * *

* * * * * * *

(8) contain such other information and be submitted in such manner as the [Commissioner] *Director* may require.

* * * * * * *

SEC. 628. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part such sums as may be necessary for each of [fiscal years 1999 through 2003] *fiscal years 2004 through 2009*.

TITLE VII—INDEPENDENT LIVING SERVICES AND CENTERS FOR INDEPENDENT LIVING

CHAPTER 1—INDIVIDUALS WITH SIGNIFICANT DISABILITIES

PART A—GENERAL PROVISIONS

* * * * * * *

SEC. 704. STATE PLAN.

(a) IN GENERAL.—

(1) REQUIREMENT.—To be eligible to receive financial assistance under this chapter, a State shall submit to the [Commissioner] *Director*, and obtain approval of, a State plan containing such provisions as the [Commissioner] *Director* may require, including, at a minimum, the provisions required in this section.

* * * * * * *

(4) DATE OF SUBMISSION.—The State shall submit the plan to the [Commissioner] *Director* 90 days before the completion date of the preceding plan. If a State fails to submit such a plan that complies with the requirements of this section, the [Commissioner] *Director* may withhold financial assistance under this chapter until such time as the State submits such a plan.

* * * * * * *

(c) DESIGNATION OF STATE UNIT.—The plan shall designate the designated State unit of such State as the agency that, on behalf of the State, shall—

(1) * * *

* * * * * * *

(3) keep such records and afford such access to such records as the [Commissioner] *Director* finds to be necessary with respect to the programs; and

(4) submit such additional information or provide such assurances as the [Commissioner] *Director* may require with respect to the programs.

* * * * * * *

(m) REQUIREMENTS.—The plan shall provide satisfactory assurances that all recipients of financial assistance under this chapter will—

(1) * * *

* * * * * * *

(4)(A) * * *

(B) maintain such other records as the [Commissioner] *Director* determines to be appropriate to facilitate an effective audit;

(C) afford such access to records maintained under subparagraphs (A) and (B) as the [Commissioner] *Director* determines to be appropriate; and

* * * * * * *

(5) provide access to the [Commissioner] *Director* and the Comptroller General or any of their duly authorized representatives, for the purpose of conducting audits and examinations, of any books, documents, papers, and records of the recipients that are pertinent to the financial assistance received under this chapter; and

* * * * * * *

SEC. 705. STATEWIDE INDEPENDENT LIVING COUNCIL.

(a) * * *

(b) COMPOSITION AND APPOINTMENT.—

(1) * * *

* * * * * * *

[(5) CHAIRPERSON.—

[(A) IN GENERAL.—Except as provided in subparagraph (B), the Council shall select a chairperson from among the voting membership of the Council.

[(B) DESIGNATION BY CHIEF EXECUTIVE OFFICER.—In States in which the Governor does not have veto power pursuant to State law, the appointing authority described in paragraph (3) shall designate a voting member of the Council to serve as the chairperson of the Council or shall require the Council to so designate such a voting member.]

(5) CHAIRPERSON.—The Council shall select a chairperson from among the voting membership of the Council.

(c) DUTIES.—The Council shall—

(1) * * *

* * * * * * *

(5) submit to the [Commissioner] *Director* such periodic reports as the [Commissioner] *Director* may reasonably request, and keep such records, and afford such access to such records, as the [Commissioner] *Director* finds necessary to verify such reports.

SEC. 706. RESPONSIBILITIES OF THE COMMISSIONER.

(a) APPROVAL OF STATE PLANS.—

(1) IN GENERAL.—The [Commissioner] *Director* shall approve any State plan submitted under section 704 that the [Commissioner] *Director* determines meets the requirements of section 704, and shall disapprove any such plan that does not meet such requirements, as soon as practicable after receiving the plan. Prior to such disapproval, the [Commissioner] *Director* shall notify the State of the intention to disapprove the plan, and shall afford such State reasonable notice and opportunity for a hearing.

(2) PROCEDURES.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the provisions of subsections (c) and (d) of section 107 shall apply to any State plan submitted to the [Commissioner] *Director* under section 704.

(B) APPLICATION.—For purposes of the application described in subparagraph (A), all references in such provisions—

(i) to the Secretary shall be deemed to be references to the [Commissioner] *Director*; and

(b) INDICATORS.—Not later than October 1, 1993, the [Commissioner] *Director* shall develop and publish in the Federal Register indicators of minimum compliance consistent with the standards set forth in section 725.

(c) ONSITE COMPLIANCE REVIEWS.—

(1) REVIEWS.—The [Commissioner] *Director* shall annually conduct onsite compliance reviews of at least 15 percent of the centers for independent living that receive funds under section 722 and shall periodically conduct such a review of each such center. The [Commissioner] *Director* shall annually conduct onsite compliance reviews of at least one-third of the designated State units that receive funding under section 723, and, to the extent necessary to determine the compliance of such a State unit with subsections (f) and (g) of section 723, centers that receive funding under section 723 in such State. The [Commissioner] *Director* shall select the centers and State units described in this paragraph for review on a random basis.

(2) QUALIFICATIONS OF EMPLOYEES CONDUCTING REVIEWS.—The [Commissioner] *Director* shall—

(A) * * *

* * * * * * *

(d) REPORTS.—The [Commissioner] *Director* shall include, in the annual report required under section 13, information on the extent to which centers for independent living receiving funds under part C have complied with the standards and assurances set forth in section 725. The [Commissioner] *Director* may identify individual centers for independent living in the analysis. The [Commissioner] *Director* shall report the results of onsite compliance reviews, identifying individual centers for independent living and other recipients of assistance under this chapter.

PART B—INDEPENDENT LIVING SERVICES

SEC. 711. ALLOTMENTS.

(a) IN GENERAL.—

(1) STATES.—

(A) POPULATION BASIS.—Except as provided in subparagraphs (B) and (C), from sums appropriated for each fiscal year to carry out this part, the [Commissioner] *Director* shall make an allotment to each State whose State plan has been approved under section 706 of an amount bearing the same ratio to such sums as the population of the State bears to the population of all States.

* * * * * * *

(3) ADJUSTMENT FOR INFLATION.—For any fiscal year, beginning in fiscal year 1999, in which the total amount appropriated to carry out this part exceeds the total amount appropriated to carry out this part for the preceding fiscal year, the [Commissioner] *Director* shall increase the minimum allotment under paragraph (1)(C) by a percentage that shall not exceed the percentage increase in the total amount appropriated to carry out this part between the preceding fiscal year and the fiscal year involved.

(b) PROPORTIONAL REDUCTION.—To provide allotments to States in accordance with subsection (a)(1)(B), to provide minimum allotments to States (as increased under subsection (a)(3)) under subsection (a)(1)(C), or to provide minimum allotments to States under subsection (a)(2)(B), the [Commissioner] *Director* shall proportionately reduce the allotments of the remaining States under subsection (a)(1)(A), with such adjustments as may be necessary to prevent the allotment of any such remaining State from being reduced to less than the amount required by subsection (a)(1)(B).

(c) REALLOTMENT.—Whenever the [Commissioner] *Director* determines that any amount of an allotment to a State for any fiscal year will not be expended by such State in carrying out the provisions of this part, the [Commissioner] *Director* shall make such amount available for carrying out the provisions of this part to one or more of the States that the [Commissioner] *Director* determines will be able to use additional amounts during such year for carrying out such provisions. Any amount made available to a State for any fiscal year pursuant to the preceding sentence shall, for the purposes of this section, be regarded as an increase in the allotment of the State (as determined under the preceding provisions of this section) for such year.

SEC. 712. PAYMENTS TO STATES FROM ALLOTMENTS.

(a) PAYMENTS.—From the allotment of each State for a fiscal year under section 711, the State shall be paid the Federal share of the expenditures incurred during such year under its State plan approved under section 706. Such payments may be made (after necessary adjustments on account of previously made overpayments or underpayments) in advance or by way of reimbursement, and in such installments and on such conditions as the [Commissioner] *Director* may determine.

* * * * * * *

SEC. 714. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part such sums as may be necessary for each of the [fiscal years 1999 through 2003] *fiscal years 2004 through 2009*.

PART C—CENTERS FOR INDEPENDENT LIVING

SEC. 721. PROGRAM AUTHORIZATION.

(a) IN GENERAL.—From the funds appropriated for fiscal year 1999 and for each subsequent fiscal year to carry out this part, the [Commissioner] *Director* shall allot such sums as may be necessary to States and other entities in accordance with subsections (b) through (d).

(b) TRAINING.—

(1) GRANTS; CONTRACTS; OTHER ARRANGEMENTS.—For any fiscal year in which the funds appropriated to carry out this part exceed the funds appropriated to carry out this part for fiscal year 1993, the [Commissioner] *Director* shall first reserve from such excess, to provide training and technical assistance to eligible agencies, centers for independent living, and Statewide Independent Living Councils for such fiscal year, not less than 1.8 percent, and not more than 2 percent, of the funds appropriated to carry out this part for the fiscal year involved.

(2) ALLOCATION.—From the funds reserved under paragraph (1), the [Commissioner] *Director* shall make grants to, and enter into contracts and other arrangements with, entities that have experience in the operation of centers for independent living to provide such training and technical assistance with respect to planning, developing, conducting, administering, and evaluating centers for independent living.

(3) FUNDING PRIORITIES.—The [Commissioner] *Director* shall conduct a survey of Statewide Independent Living Councils and centers for independent living regarding training and technical assistance needs in order to determine funding priorities for such grants, contracts, and other arrangements.

(4) REVIEW.—To be eligible to receive a grant or enter into a contract or other arrangement under this subsection, such an entity shall submit an application to the [Commissioner] *Director* at such time, in such manner, and containing a proposal to provide such training and technical assistance, and containing such additional information as the [Commissioner] *Director* may require. The [Commissioner] *Director* shall provide for peer review of grant applications by panels that include persons who are not government employees and who have experience in the operation of centers for independent living.

(5) PROHIBITION ON COMBINED FUNDS.—No funds reserved by the [Commissioner] *Director* under this subsection may be combined with funds appropriated under any other Act or part of this Act if the purpose of combining funds is to make a single discretionary grant or a single discretionary payment, unless such funds appropriated under this chapter are separately identified in such grant or payment and are used for the purposes of this chapter.

(c) IN GENERAL.—

(1) STATES.—

(A) POPULATION BASIS.—After the reservation required by subsection (b) has been made, and except as provided in subparagraphs (B) and (C), from the remainder of the amounts appropriated for each such fiscal year to carry out this part, the [Commissioner] *Director* shall make an allotment to each State whose State plan has been approved under section 706 of an amount bearing the same ratio to such remainder as the population of the State bears to the population of all States.

(3) ADJUSTMENT FOR INFLATION.—For any fiscal year, beginning in fiscal year 1999, in which the total amount appropriated to carry out this part exceeds the total amount appropriated to carry out this part for the preceding fiscal year, the

[Commissioner] *Director* shall increase the minimum allotment under paragraph (1)(C) by a percentage that shall not exceed the percentage increase in the total amount appropriated to carry out this part between the preceding fiscal year and the fiscal year involved.

(4) PROPORTIONAL REDUCTION.—To provide allotments to States in accordance with paragraph (1)(B), to provide minimum allotments to States (as increased under paragraph (3)) under paragraph (1)(C), or to provide minimum allotments to States under paragraph (2)(B), the [Commissioner] *Director* shall proportionately reduce the allotments of the remaining States under paragraph (1)(A), with such adjustments as may be necessary to prevent the allotment of any such remaining State from being reduced to less than the amount required by paragraph (1)(B).

(d) REALLOTMENT.—Whenever the [Commissioner] *Director* determines that any amount of an allotment to a State for any fiscal year will not be expended by such State for carrying out the provisions of this part, the [Commissioner] *Director* shall make such amount available for carrying out the provisions of this part to one or more of the States that the [Commissioner] *Director* determines will be able to use additional amounts during such year for carrying out such provisions. Any amount made available to a State for any fiscal year pursuant to the preceding sentence shall, for the purposes of this section, be regarded as an increase in the allotment of the State (as determined under the preceding provisions of this section) for such year.

SEC. 722. GRANTS TO CENTERS FOR INDEPENDENT LIVING IN STATES IN WHICH FEDERAL FUNDING EXCEEDS STATE FUNDING.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—Unless the director of a designated State unit awards grants under section 723 to eligible agencies in a State for a fiscal year, the [Commissioner] *Director* shall award grants under this section to such eligible agencies for such fiscal year from the amount of funds allotted to the State under subsection (c) or (d) of section 721 for such year.

(2) GRANTS.—The [Commissioner] *Director* shall award such grants, from the amount of funds so allotted, to such eligible agencies for the planning, conduct, administration, and evaluation of centers for independent living that comply with the standards and assurances set forth in section 725.

(b) ELIGIBLE AGENCIES.—In any State in which the [Commissioner] *Director* has approved the State plan required by section 704, the [Commissioner] *Director* may make a grant under this section to any eligible agency that—

(1) * * *

(2) is determined by the [Commissioner] *Director* to be able to plan, conduct, administer, and evaluate a center for independent living consistent with the standards and assurances set forth in section 725; and

(3) submits an application to the [Commissioner] *Director* at such time, in such manner, and containing such information as the [Commissioner] *Director* may require.

(c) EXISTING ELIGIBLE AGENCIES.—In the administration of the provisions of this section, the [Commissioner] *Director* shall award

grants to any eligible agency that has been awarded a grant under this part by September 30, 1997, unless the [Commissioner] *Director* makes a finding that the agency involved fails to meet program and fiscal standards and assurances set forth in section 725.

(d) NEW CENTERS FOR INDEPENDENT LIVING.—

(1) IN GENERAL.—If there is no center for independent living serving a region of the State or a region is underserved, and the increase in the allotment of the State is sufficient to support an additional center for independent living in the State, the [Commissioner] *Director* may award a grant under this section to the most qualified applicant proposing to serve such region, consistent with the provisions in the State plan setting forth the design of the State for establishing a statewide network of centers for independent living.

(2) SELECTION.—In selecting from among applicants for a grant under this section for a new center for independent living, the [Commissioner] *Director*—

(A) * * *

* * * * * * *

(e) ORDER OF PRIORITIES.—The [Commissioner] *Director* shall be guided by the following order of priorities in allocating funds among centers for independent living within a State, to the extent funds are available:

(1) The [Commissioner] *Director* shall support existing centers for independent living, as described in subsection (c), that comply with the standards and assurances set forth in section 725, at the level of funding for the previous year.

(2) The [Commissioner] *Director* shall provide for a cost-of-living increase for such existing centers for independent living.

(3) The [Commissioner] *Director* shall fund new centers for independent living, as described in subsection (d), that comply with the standards and assurances set forth in section 725.

* * * * * * *

(g) REVIEW.—

(1) IN GENERAL.—The [Commissioner] *Director* shall periodically review each center receiving funds under this section to determine whether such center is in compliance with the standards and assurances set forth in section 725. If the [Commissioner] *Director* determines that any center receiving funds under this section is not in compliance with the standards and assurances set forth in section 725, the [Commissioner] *Director* shall immediately notify such center that it is out of compliance.

(2) ENFORCEMENT.—The [Commissioner] *Director* shall terminate all funds under this section to such center 90 days after the date of such notification unless the center submits a plan to achieve compliance within 90 days of such notification and such plan is approved by the [Commissioner] *Director*.

SEC. 723. GRANTS TO CENTERS FOR INDEPENDENT LIVING IN STATES IN WHICH STATE FUNDING EQUALS OR EXCEEDS FEDERAL FUNDING.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—

(A) INITIAL YEAR.—

(i) DETERMINATION.—The director of a designated State unit, as provided in paragraph (2), or the [Commissioner] *Director*, as provided in paragraph (3), shall award grants under this section for an initial fiscal year if the [Commissioner] *Director* determines that the amount of State funds that were earmarked by a State for a preceding fiscal year to support the general operation of centers for independent living meeting the requirements of this part equaled or exceeded the amount of funds allotted to the State under subsection (c) or (d) of section 721 for such year.

(ii) GRANTS.—The director or the [Commissioner] *Director*, as appropriate, shall award such grants, from the amount of funds so allotted for the initial fiscal year, to eligible agencies in the State for the planning, conduct, administration, and evaluation of centers for independent living that comply with the standards and assurances set forth in section 725.

(iii) REGULATION.—The [Commissioner] *Director* shall by regulation specify the preceding fiscal year with respect to which the [Commissioner] *Director* will make the determinations described in clause (i) and subparagraph (B), making such adjustments as may be necessary to accommodate State funding cycles such as 2-year funding cycles or State fiscal years that do not coincide with the Federal fiscal year.

(B) SUBSEQUENT YEARS.—For each year subsequent to the initial fiscal year described in subparagraph (A), the director of the designated State unit shall continue to have the authority to award such grants under this section if the [Commissioner] *Director* determines that the State continues to earmark the amount of State funds described in subparagraph (A)(i). If the State does not continue to earmark such an amount for a fiscal year, the State shall be ineligible to make grants under this section after a final year following such fiscal year, as defined in accordance with regulations established by the [Commissioner] *Director*, and for each subsequent fiscal year.

(2) GRANTS BY DESIGNATED STATE UNITS.—In order for the designated State unit to be eligible to award the grants described in paragraph (1) and carry out this section for a fiscal year with respect to a State, the designated State agency shall submit an application to the [Commissioner] *Director* at such time, and in such manner as the [Commissioner] *Director* may require, including information about the amount of State funds described in paragraph (1) for the preceding fiscal year. If the [Commissioner] *Director* makes a determination described in subparagraph (A)(i) or (B), as appropriate, of paragraph (1), the [Commissioner] *Director* shall approve the application and designate the director of the designated State unit to award the grant and carry out this section.

(3) GRANTS BY COMMISSIONER.—If the designated State agency of a State described in paragraph (1) does not submit and obtain approval of an application under paragraph (2), the [Commissioner] *Director* shall award the grant described in

paragraph (1) to eligible agencies in the State in accordance with section 722.

(b) ELIGIBLE AGENCIES.—In any State in which the [Commissioner] *Director* has approved the State plan required by section 704, the director of the designated State unit may award a grant under this section to any eligible agency that—

(1) * * *

* * * * * * *

(g) REVIEW.—

(1) * * *

(2) ENFORCEMENT.—The director of the designated State unit shall terminate all funds under this section to such center 90 days after—

(A) * * *

* * * * * * *

unless the center submits a plan to achieve compliance within 90 days and such plan is approved by the director, or if appealed, by the [Commissioner] *Director*.

(h) ONSITE COMPLIANCE REVIEW.—The director of the designated State unit shall annually conduct onsite compliance reviews of at least 15 percent of the centers for independent living that receive funding under this section in the State. Each team that conducts onsite compliance review of centers for independent living shall include at least one person who is not an employee of the designated State agency, who has experience in the operation of centers for independent living, and who is jointly selected by the director of the designated State unit and the chairperson of or other individual designated by the Council acting on behalf of and at the direction of the Council. A copy of this review shall be provided to the [Commissioner] *Director*.

(i) ADVERSE ACTIONS.—If the director of the designated State unit proposes to take a significant adverse action against a center for independent living, the center may seek mediation and conciliation to be provided by an individual or individuals who are free of conflicts of interest identified by the chairperson of or other individual designated by the Council. If the issue is not resolved through the mediation and conciliation, the center may appeal the proposed adverse action to the [Commissioner] *Director* for a final decision.

SEC. 724. CENTERS OPERATED BY STATE AGENCIES.

A State that receives assistance for fiscal year 1993 with respect to a center in accordance with subsection (a) of this section (as in effect on the day before the date of enactment of the Rehabilitation Act Amendments of 1998) may continue to receive assistance under this part for fiscal year 1994 or a succeeding fiscal year if, for such fiscal year—

(1) no nonprofit private agency—

(A) submits an acceptable application to operate a center for independent living for the fiscal year before a date specified by the [Commissioner] *Director*; and

(B) obtains approval of the application under section 722 or 723; or

(2) after funding all applications so submitted and approved, the [Commissioner] *Director* determines that funds remain available to provide such assistance.

SEC. 725. STANDARDS AND ASSURANCES FOR CENTERS FOR INDEPENDENT LIVING.

(a) * * *

* * * * * * *

(c) ASSURANCES.—The eligible agency shall provide at such time and in such manner as the [Commissioner] *Director* may require, such satisfactory assurances as the [Commissioner] *Director* may require, including satisfactory assurances that—

(1) * * *

* * * * * * *

(13) the center will prepare and submit a report to the designated State unit or the [Commissioner] *Director*, as the case may be, at the end of each fiscal year that contains the information described in paragraph (8) and information regarding the extent to which the center is in compliance with the standards set forth in subsection (b); and

* * * * * * *

SEC. 727. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part such sums as may be necessary for each of the [fiscal years 1999 through 2003] *fiscal years 2004 through 2009*.

CHAPTER 2—INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND

* * * * * * *

SEC. 752. PROGRAM OF GRANTS.

(a) IN GENERAL.—

(1) AUTHORITY FOR GRANTS.—Subject to subsections (b) and (c), the [Commissioner] *Director* may make grants to States for the purpose of providing the services described in subsection (d) to older individuals who are blind.

(2) DESIGNATED STATE AGENCY.—The [Commissioner] *Director* may not make a grant under subsection (a) unless the State involved agrees that the grant will be administered solely by the agency described in section 101(a)(2)(A)(i).

(c) CONTINGENT FORMULA GRANTS.—

(1) * * *

(2) ALLOTMENTS.—For grants under subsection (a) for a fiscal year described in paragraph (1), the [Commissioner] *Director* shall make an allotment to each State in an amount determined in accordance with subsection (j), and shall make a grant to the State of the allotment made for the State if the State submits to the [Commissioner] *Director* an application in accordance with subsection (i).

(d) SERVICES GENERALLY.—The [Commissioner] *Director* may not make a grant under subsection (a) unless the State involved agrees that the grant will be expended only for purposes of—

(1) * * *

* * * * * * *

(f) MATCHING FUNDS.—

(1) IN GENERAL.—The [Commissioner] *Director* may not make a grant under subsection (a) unless the State involved agrees, with respect to the costs of the program to be carried out by the State pursuant to such subsection, to make available (directly or through donations from public or private entities) non-Federal contributions toward such costs in an amount that is not less than $1 for each $9 of Federal funds provided in the grant.

* * * * * * *

(h) REQUIREMENT REGARDING STATE PLAN.—The [Commissioner] *Director* may not make a grant under subsection (a) unless the State involved agrees that, in carrying out subsection (d)(1), the State will seek to incorporate into the State plan under section 704 any new methods and approaches relating to independent living services for older individuals who are blind.

(i) APPLICATION FOR GRANT.—

(1) IN GENERAL.—The [Commissioner] *Director* may not make a grant under subsection (a) unless an application for the grant is submitted to the [Commissioner] *Director* and the application is in such form, is made in such manner, and contains such agreements, assurances, and information as the [Commissioner] *Director* determines to be necessary to carry out this section (including agreements, assurances, and information with respect to any grants under subsection (j)(4)).

(2) CONTENTS.—An application for a grant under this section shall contain—

(A) an assurance that the agency described in subsection (a)(2) will prepare and submit to the [Commissioner] *Director* a report, at the end of each fiscal year, with respect to each project or program the agency operates or administers under this section, whether directly or through a grant or contract, which report shall contain, at a minimum, information on—

(i) * * *

* * * * * * *

(j) AMOUNT OF FORMULA GRANT.—

(1) * * *

* * * * * * *

(4) DISPOSITION OF CERTAIN AMOUNTS.—

(A) GRANTS.—From the amounts specified in subparagraph (B), the [Commissioner] *Director* may make grants to States whose population of older individuals who are blind has a substantial need for the services specified in subsection (d) relative to the populations in other States of older individuals who are blind.

(B) AMOUNTS.—The amounts referred to in subparagraph (A) are any amounts that are not paid to States under subsection (a) as a result of—

(i) * * *

* * * * * * *

(iii) any State informing the [Commissioner] *Director* that the State does not intend to expend the full

amount of the allotment made for the State under subsection (a).

(C) CONDITIONS.—The [Commissioner] *Director* may not make a grant under subparagraph (A) unless the State involved agrees that the grant is subject to the same conditions as grants made under subsection (a).

SEC. 753. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this chapter such sums as may be necessary for each of the [fiscal years 1999 through 2003] *fiscal years 2004 through 2009*.

HELEN KELLER NATIONAL CENTER ACT

TITLE II—REAUTHORIZATION OF THE HELEN KELLER NATIONAL CENTER FOR DEAF-BLIND YOUTHS AND ADULTS

* * * * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 205. (a) There are authorized to be appropriated to carry out the provisions of this title such sums as may be necessary for each of the fiscal years [1999 through 2003] *2004 through 2009*. Such sums shall remain available until expended.

* * * * * * *

SEC. 208. HELEN KELLER NATIONAL CENTER FEDERAL ENDOWMENT PROGRAM.

(a) * * *

* * * * * * *

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, such sums as may be necessary for each of the fiscal years [1999 through 2003] *2004 through 2009*. Such sums shall remain available until expended.

* * * * * * *

MINORITY VIEWS

INTRODUCTION

We have seen first hand the hardships that our nation's poor economy is placing on American workers and those who are unemployed. Congress has traditionally responded to the employment, training and education needs of workers by constructing bipartisan legislation to provide unemployment compensation and strengthen the job training system when needed. Unfortunately, this bill has been rushed to the floor in partisan fashion, and worse, fails to adequately respond to the needs of our workers.

The key failure of this legislation is that it does not respond to the economic realities that American families are facing today. We have 8.3 million individuals who are out of work. Growing budget deficits are projected to top $300 billion for this fiscal year. We have a President who is seeking additional tax cuts that will drive our deficit even higher, leading to higher interest rates on credit cards and home mortgages. Possibly, most alarming, is the fact that three unemployed individuals are competing for every job.

In light of these economic conditions, we have grave concerns about H.R. 1261. First, this bill fails to respond to the number one need of unemployed workers—continued unemployment benefits. The last unemployment extension signed into law failed to provide for the 1.2 million individuals who had exhausted their jobless benefits. Several million more are likely to exhaust unemployment benefits at the end of May. The Congressional Republican Leadership and President Bush purposefully decided not to cover these individuals. These individuals are typically the hardest to employ and are most in need of continued benefits.

The bill which the Majority brought to full Committee markup contained President Bush's Personal Reemployment Accounts (PRA) proposal as a response to the needs of jobless Americans. The PRA proposal would provide those at risk of exhausting their unemployment benefits with a meager job training voucher, while cutting them off from other job training support services for one year. This proposal is misguided and fails to address the urgent needs of unemployed Americans. Fortunately, the Majority struck this provision from their bill during Committee consideration.

H.R. 1261 would also block grant adult, dislocated worker and Employment service funding streams. President Bush has called for over $700 million in cuts to our job training programs for FY 2003 and 2004 in addition to a $300 million FY 2002 WIA funding rescission.[1] Block grant proposals such as this are shortsighted and likely to lead to reduced funding for job training. Millions of Americans are in need of additional training and education to secure bet-

[1] Appendix 1—Congressional Research Service—Job Training Cuts in FY 2002 and FY 2003.

ter jobs. This proposal would severely hamper efforts to ensure that WIA has sufficient funding and jeopardizes the quality of training provided to workers.

Unfortunately, the stability of WIA funding to states and localities is another casualty of block granting these streams. The Majority bill institutes new formulas for the distribution of WIA funding to states and localities. These funding formula changes produced wide swings in the amount states would lose or gain compared to allocations in previous years, some as high as 10 percent with losses totaling up to $45 million. The Majority did adopt an amendment by Mrs. McCarthy to guarantee each state at least the same amount of WIA funding they received in fiscal year 2003. However, states that would have lost funding under the base bill will continue to receive less funding than they would have received under current law in future years.

Additionally, WIA should not require mandatory partners to contribute a set percentage of their funds for one stop center operations while also eliminating their seat on local workforce boards. This bill allows governors to take unspecified amounts of funding presently used to provide critical adult education, vocational rehabilitation, veterans employment and other services and instead use it for administrative expenses and infrastructure costs.

We are particularly disappointed that this bill would seek to carve out funding of mandatory partners such as those that provide funding for veterans employment and vocational rehabilitation. At a time when our men and women in the military are fighting overseas, it is unacceptable that we are attacking the programs that will help them find jobs when they return. In addition, 37 State vocational rehabilitation agencies presently do not have the resources necessary to serve all individuals with disabilities. Removing resources from this cash strapped system would only deny more services to individuals with disabilities—the very services they need to achieve employment. We should instead seek to provide operational funding for one-stop centers through a separate line item.

This legislation also denies services to in-school youth. While the base bill does permit a measly 30 percent of local funding for in-school youth, this remains insufficient. Our existing youth job training programs are designed to respond to the needs of youth before they drop out of school. This legislation restricts the ability of local communities to respond to their youth's needs. We should instead concentrate our efforts on preventing those currently in school from dropping out.

The legislation's changes to youth programs also affected youth funding formulas. These changes had similar impacts to those sought by the majority to the adult, dislocated workers and employment service funding streams. Fortunately, Ms. McCarthy's hold-harmless amendment, as described above, also applied to youth programs under WIA.

Lastly, this legislation eliminates existing protections and safeguards against the participation of low quality and fly-by-night providers. Rather than embrace upgraded quality and accountability, as we did in the President's No child Left Behind Act, this bill empowers governors to allow low quality training providers to participate in WIA programs. Shouldn't we ask more of those who provide

training with limited Federal resources? This will result in our underemployed and unemployed receiving substandard education and training services when they truly are in need of the most effective services possible.

AMENDMENTS

Democratic Members offered a series of Amendments to address the key deficiencies in this legislation.

Mr. Kildee offered an amendment which would have provided immediate and future extended federal unemployment benefits. The last extension of unemployment benefits signed into law in January provided extended benefits to some, but not all of the nation's unemployed. This amendment directly responded to the real needs of the American workforce by providing funds to extend unemployment benefits to the estimated 1.2 million workers who have exhausted their Federal unemployment benefits and are still unable to find work. In addition, this amendment would have provided funds to extend unemployment benefits to September, when the current extension expires at the end of May. Unfortunately, this amendment was defeated on a party line vote.

Mr. Ryan offered an amendment to allow communities across America to hire 100,000 police, fire, medical or rescue personnel who are vital first responders in a terrorist attack. Communities are in desperate need of first responders in our time of heightened concern over possible terrorist acts and the war in Iraq. Since September 11, our communities and towns have been forced to require police and other individuals involved in public safety to log many hours of overtime. In addition, this amendment would increase our supply of jobs at a time when job openings are scarce. Unfortunately, this amendment was defeated on a party line vote. Appendix 2 of these views shows the number of first responders each state would have been able to hire under the Ryan amendment.

Mr. Kildee offered an amendment that provided a Democratic view on reauthorization of our WIA programs. This amendment, which is comprised of a complete substitute, would have made positive changes to the WIA system. Included among those changes was expanded access to WIA training services, additional summer and afterschool job opportunities for youth, improved reporting to expand participation among qualified WIA education and training providers, and strengthened WIA governance structures.

Specifically, the substitute would:

- Make clear that individuals may receive core, intensive, or training services as appropriate and in any sequence as the individual situation warrants (recent DOL data has indicated that access to training has declined from over 75% to approximately 35% from PY 1998–2000, a ⅔ drop from 312,579 to 84,358 adults receiving training services);
- Permit states and local areas to serve the long-term unemployed under dislocated workers services if adequate funds exist;
- Permit one-stop centers to provide incumbent worker training services to upgrade worker skills or prevent layoffs;
- Authorize the YES to WORK program, which provides funds for summer and after-school employment opportunities,

workforce preparation and career awareness activities for youth aged 14–21 who are in-school;

- Modify training provider certification requirements to limit required information to WIA-funded participants within an individual program, not all enrolled students;
- Make clear that individuals may use both Pell grants and ITAs to fund training services;
- Expand availability of English literacy training and integrated training for individuals with limited English skills;
- Clarify the mission of local boards to include local workforce development, strategic planning, and one-stop system development;
- Provide a separate line item authorization for state and local boards and one-stop center operations to prevent WIA training funds from being diverted for program infrastructure and administration;
- Require states and localities to encourage the co-location of all partner services in order to maximize efficiency and minimize duplication;
- Improve data reporting on program performance and use of funds to monitor federal, state and local use of funds, delivery of services and program outcomes, in a timely manner;
- Adjust performance measures to eliminate disincentives to serving populations with employment barriers such as limited English, lack of a high school diploma or GED, limited employment history or disabilities, and reflect local labor market conditions;
- Reauthorize WIA, adult education, and vocational rehabilitation Acts through 2008.

This substitute included none of the harmful provisions contained in the original bill. Unfortunately, the substitute was defeated on a partyline vote.

Mr. Holt offered an amendment to reverse the $650 million in cuts to WIA programs called for by the Bush Administration over the past 2 years. These cuts have been enormously harmful to establishing well-run job training and education programs for unemployed and underemployed workers. Unfortunately, this amendment was defeated on a party line vote.

Mr. Tierney offered an amendment to correct a major deficiency in the bill. Mr. Tierney's amendment would have reversed the block granting of the adult, dislocated worker and employment service funding streams. Unfortunately, this amendment was defeated on a party line vote.

Mr. Davis offered an amendment to revert to current law on the appointment structure of the Rehabilitation Commissioner. Under current law, the Rehabilitation Commissioner is Presidentially appointed and Senate confirmed. The bill would make this posisiton appointed by the Secretary of Education. Maintaining this position as a Presidentially appointed and Senate confirmed position is critical to ensuring that vocational rehabilitation has a central role in improving the lives of disabled adults. Demoting this position would only reduce the influence that the Rehabilitation Commissioner would have on policy within the Administration. An amendment by Mr. Osborne was accepted that grandfathered in the exist-

ing Rehabilitation Commissioner, Ms. Joanne Wilson. Unfortunately, this amendment allowed the policy in the base bill to continue after the expiration of Ms. Wilson's term. The amendment by Mr. Davis was defeated on a near partyline vote.

Ms. McCarthy offered an amendment to place a hold-harmless on WIA funding for adult dislocated worker, employment service and youth programs. As described above, this amendment was essential to prevent states from losing millions of dollars in job training funds. This amendment was accepted by voice vote.

Mr. Van Hollen offered an amendment to reinstate the civil rights protections in WIA. The bill repeals a critical civil rights protection for employees of organizations that provide job-training services by allowing organizations to discriminate in hiring based on religion. This prohibition has been in place since President Reagan signed the predecessor Act in 1982. This action is but one of many attempts by the Majority to allow organizations providing vital social services and job training activities to discriminate in hiring staff with federal funds. During the debate on the measure, the Majority was unable to provide one example of a faith-based organization that would be unable to participate in WIA because of the current anti-discrimination provision. Mr. Van Hollen's amendment failed on a party-line vote.

CONCLUSION

Our country needs more jobs and better opportunities for American workers to receive training for these jobs. This bill fails on both accounts. In the short term extending unemployment benefits, coupled with the assistance that unemployed workers can receive through one-stop service centers, will provide workers with the means to achieve high paying jobs. We need to address the needs of our unemployed now, while they are struggling to pay their mortgage and put food on the table for their families. The base bill fails to address these concerns and squanders resources better used to provide immediate help to our unemployed workers.

GEORGE MILLER.
MAJOR R. OWENS.
ROBERT E. ANDREWS.
RUBEN HINOJOSA.
JOHN F. TIERNEY.
DENNIS J. KUCINICH.
RUSH HOLT.
BETTY MCCOLLUM.
ED CASE.
DENISE L. MAJETTE.
TIM RYAN.
DALE E. KILDEE.
DONALD M. PAYNE.
LYNN C. WOOLSEY.
CAROLYN MCCARTHY.
RON KIND.
DAVID WU.
SUSAN A. DAVIS.
DANNY K. DAVIS.

RAUL M. GRIJALVA.
CHRIS VAN HOLLEN.
TIMOTHY H. BISHOP.

APPENDIX 1.—CONGRESSIONAL RESEARCH SERVICE—JOB TRAINING CUTS IN FY 2002 AND FY 2003

[Workforce Investment Act funding, dollars in thousands]

	FY2002 appropriation	FY2003 appropriation [a]	Difference between FY2003 and FY 2002 appropriation [a]	Percentage difference between FY2003 and FY2002 appropriation [a]	FY2004 request	Percentage difference between FY2004 request and FY2002 appropriation
WIA Total	$5,665,364	$5,224,495	−$440,869	−7.78	$4,959,536	−12.46
Adult Activities	950,000	900,000	−50,000	−5.26	900,000	−5.26
Dislocated Worker Activities	1,549,000	1,463,770	−85,230	−5.50	1,383,040	−10.71
Formula Grants to State	(1,239,200)	(1,157,162)	(82,038)	−6.62	(1,106,432)	−10.71
National Emergency Grants	(309,800)	[b] (306,608)	(3,192)	−1.03	(276,608)	−10.71
Youth Activities	1,127,965	1,000,965	−127,000	−11.26	1,000,965	−11.26
Youth Opportunity Grants	225,100	44,500	−180,600	−80.23	0	−100.00
Job Corps	1,458,732	1,518,550	59,818	4.10	1,565,883	7.35
Native Americans	57,000	56,000	−1,000	−1.75	55,000	−3.51
Migrants & Seasonal Farmworkers	[c] 79,751	[c] 77,326	−2,425	−3.04	0	−100.00
Veterans Employment [d]	7,550	7,425	−125	−1.66	7,550	0.00
Pilots, Demos & Research	130,149	76,351	−53,798	−41.34	35,000	−73.11
Evaluation	9,098	9,098	0	0.00	9,098	0.00
Other	16,019	15,510	−509	−3.18	3,000	−81.27
Responsible Reintegration for Young Offenders	55,000	55,000	0	0.00	0	−100.00

Source: Department of Labor: http://www.doleta.gov/budget/02app$.txt, http://www.doleta.gov/budget/04req$.pdf, and H.J. Res. 2 (Conference Rept. 108–10).

[a] Does NOT include the across the board offset.

[b] Includes $30 million to fund National Emergency Grants authorized in the Trade Act of 2002 to support State administration of health insurance tax credits for eligible participants.

[c] For FY2002, $1,119,000 for training and technical assistance is shown in the "Other" category; for FY2003, $510,000 for these activities is shown in the "Other" category.

[d] The Veterans Program is administered by DOL Veterans Employment and Training Services; all other WIA programs are administered by DOL's Training and Employment Services.

APPENDIX 2.—NUMBER OF FIRST RESPONDERS HIRED UNDER THE RYAN AMENDMENT

State	First responders per state	First responders per cong. dist.
United States	100,000	230
Alabama	1,471	210
Alaska	500	500
Arizona	1,803	225
Arkansas	863	216
California	11,952	226
Colorado	1,478	211
Connecticut	1,120	224
Delaware	500	500
District of Columbia	500	500
Florida	5,655	226
Georgia	2,865	220
Hawaii	500	500
Idaho	500	250
Illinois	4,248	224
Indiana	2,043	227
Iowa	941	188
Kansas	865	216
Kentucky	1,336	223
Louisiana	1,470	210
Maine	500	250
Maryland	1,803	225

APPENDIX 2.—NUMBER OF FIRST RESPONDERS HIRED UNDER THE RYAN AMENDMENT—Continued

State	First responders per state	First responders per cong. dist.
Massachusetts	2,135	214
Michigan	3,375	225
Minnesota	1,653	207
Mississippi	918	230
Missouri	1,877	209
Montana	500	500
Nebraska	527	176
Nevada	679	226
New Hampshire	500	250
New Jersey	2,875	221
New Mexico	571	190
New York	6,491	224
North Carolina	2,783	214
North Dakota	500	500
Ohio	3,844	214
Oklahoma	1,131	226
Oregon	1,141	228
Pennsylvania	4,157	219
Puerto Rico	1,256	1,256
Rhode Island	500	250
South Carolina	1,341	224
South Dakota	500	500
Tennessee	1,920	213
Texas	7,389	231
Utah	728	243
Vermont	500	500
Virginia	2,432	221
Washington	2,013	224
West Virginia	552	184
Wisconsin	1,798	225
Wyoming	500	500