AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

Calendar No. 203

109TH CONGRESS
1ST SESSION

S. 1021

[Report No. 109–134]

To reauthorize the Workforce Investment Act of 1998, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 12, 2005

Mr. ENZI (for himself and Mr. KENNEDY) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

SEPTEMBER 7, 2005

Reported by Mr. ENZI, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To reauthorize the Workforce Investment Act of 1998, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

~~**SECTION 1. SHORT TITLE.**~~

~~This Act may be cited as the "Workforce Investment Act Amendments of 2005".~~

SEC. 2. TABLE OF CONTENTS.

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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 reference shall be considered to be made to a section or other provision of the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.).

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

Subtitle A—Definitions

SEC. 101. DEFINITIONS.

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

(1) by redesignating paragraphs (1) through (4), (5) through (16), (17), (18) through (41), and (42) through (53) as paragraphs (2) through (5), (7) through (18), (20), (23) through (46), and (48) through (59), respectively;

(2) by inserting before paragraph (2) (as redesignated by paragraph (1)) the following:

"(1) ACCRUED EXPENDITURES.—The term 'accrued expenditures' means charges incurred by recipients of funds under this title for a given period requiring the provision of funds for—

"(A) goods or other tangible property received;

''(B) services performed by employees, contractors, subgrantees, subcontractors, and other payees; and

''(C) other amounts becoming owed under programs assisted under this title for which no current services or performance is required, such as annuities, insurance claims, and other benefit payments.'';

(3) in paragraph (2) (as redesignated by paragraph (1)), by striking ''Except in sections 127 and 132,'' and inserting ''Except in section 132,'';

(4) by striking paragraph (5) (as redesignated by paragraph (1)) and inserting the following:

''(5) BASIC SKILLS DEFICIENT.—The term 'basic skills deficient' means, with respect to an individual, that the individual—

''(A) 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; or

''(B) is unable to compute or solve problems, read, write, or speak English at a level necessary to function on the job, in the individual's family, or in society.'';

(5) by inserting after paragraph (5) (as redesignated by paragraph (1)) the following:

"(6) BUSINESS INTERMEDIARY.—The term 'business intermediary' means an entity that brings together various stakeholders with an expertise in an industry or business sector.";

(6) in paragraph (9) (as redesignated by paragraph (1)), by inserting ", including a faith-based organization," after "nonprofit organization";

(7) in paragraph (10) (as redesignated by paragraph (1))—

(A) in subparagraph (B), by striking "and" after the semicolon;

(B) in subparagraph (C)—

(i) by striking "for not less than 50 percent of the cost of the training." and inserting "for—

"(i) a significant portion of the cost of training as determined by the local board, taking into account the size of the employer and such other factors as the local board determines to be appropriate; and

"(ii) in the case of customized training (as defined in subparagraphs (A) and (B)) with an employer in multiple local

areas in the State, a significant portion of the cost of the training, as determined by the Governor, taking into account the size of the employer and such other factors as the Governor determines to be appropriate.'';

(8) in paragraph (11) (as redesignated by paragraph (1))—

(A) in subparagraph (A)(ii)(II), by striking ''section 134(c)'' and inserting ''section 121(c)'';

(B) in subparagraph (C), by striking ''or'' after the semicolon;

(C) in subparagraph (D), by striking the period and inserting ''; or''; and

(D) by adding at the end the following:

''(E)(i) is the spouse of a member of the Armed Forces on active duty for a period of more than 30 days (as defined in section 101(d)(2) of title 10, United States Code) who has experienced a loss of employment as a direct result of relocation to accommodate a permanent change in duty station of such member; or

''(ii) is the spouse of a member of the Armed Forces on active duty who meets the criteria described in paragraph (12)(B).'';

(9) in paragraph (12)(A) (as redesignated by paragraph (1))—

(A) by striking ''and'' after the semicolon and inserting ''or'';

(B) by striking ''(A)'' and inserting ''(A)(i)''; and

(C) by adding at the end the following:

''(ii) is the dependent spouse of a member of the Armed Forces on active duty for a period of more than 30 days (as defined in section 101(d)(2) of title 10, United States Code) whose family income is significantly reduced because of a deployment (as defined in section 991(b) of title 10, United States Code, or pursuant to paragraph (4) of such section), a call or order to active duty pursuant to a provision of law referred to in section 101(a)(13)(B) of title 10, United States Code, a permanent change of station, or the service-connected (as defined in section 101(16) of title 38, United States Code) death or disability of the member; and'';

(10) in paragraph (14)(A) (as redesignated by paragraph (1)), by striking ''section 122(c)(3)'' and inserting ''section 122'';

(11) by inserting after paragraph (18) (as redesignated by paragraph (1)) the following:

''(19) HARD-TO-SERVE POPULATIONS.—The term 'hard-to-serve populations' means populations of individuals who are hard to serve, including displaced homemakers, low-income individuals, Native Americans, individuals with disabilities, older individuals, ex-offenders, homeless individuals, individuals with limited English proficiency, individuals who do not meet the definition of literacy in section 203, individuals facing substantial cultural barriers, migrant and seasonal farmworkers, individuals 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.), single parents (including single pregnant women), and such other groups as the Governor determines to be hard to serve.'';

(12) by inserting after paragraph (20) (as redesignated by paragraph (1)) the following:

''(21) INTEGRATED TRAINING PROGRAM.—The term 'integrated training program' means a program

that combines occupational skills training with English language acquisition.

''(22) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given the term in section 101(a), and subparagraphs (A) and (B) of section 102(a)(1), of the Higher Education Act of 1965 (20 U.S.C. 1001(a), 1002(a)(1)).'';

(13) in paragraph (30) (as redesignated by paragraph (1))—

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

(B) by inserting after subparagraph (C) the following:

''(D) receives or is eligible to receive a free or reduced price lunch under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.);'';

(14) in paragraph (31) (as redesignated by paragraph (1)), by inserting after ''fields of work'' the following: '', including occupations in computer science and technology and other emerging high-skill occupations,'';

(15) in paragraph (35) (as redesignated by paragraph (1)), by inserting ", subject to section 121(b)(1)(C)" after "121(b)(1)";

(16) by striking paragraph (38) (as redesignated by paragraph (1)) and inserting the following:

"(38) OUT-OF-SCHOOL YOUTH.—The term 'out-of-school youth' means an out-of-school youth as defined in section 129(a)(1)(B).";

(17) by inserting after paragraph (46) (as redesignated by paragraph (1)) the following:

"(47) SELF-SUFFICIENCY.—The term 'self-sufficiency' means self-sufficiency within the meaning of subsections (a)(3)(A)(x) and (c)(1)(A)(xii) of section 134.";

(18) in paragraph (49) (as redesignated by paragraph (1)), by striking "clause (iii) or (v) of section 136(b)(3)(A)" and inserting "section 136(b)(3)(A)(iii)";

(19) in paragraph (58) (as redesignated by paragraph (1)), by striking "(or as described in section 129(c)(5))" and inserting "(or as described in section 129(a)(2))"; and

(20) in paragraph (59) (as redesignated by paragraph (1)), by striking "established under sec-

tion 117(h)'' and inserting ''that may be established under section 117(h)(2)''.

Subtitle B—Statewide and Local Workforce Investment Systems

SEC. 111. PURPOSE.

Section 106 (29 U.S.C. 2811) is amended to read as follows:

''SEC. 106. PURPOSES.

''The purposes of this subtitle are the following:

''(1)(A) Primarily, to provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, self-sufficiency, and earnings of participants, and increase occupational skill attainment by participants.

''(B) As a result of the provision of the activities, to improve the quality of the workforce, reduce welfare dependency, increase self-sufficiency, and enhance the productivity and competitiveness of the Nation.

''(2) To enhance the workforce investment system of the Nation by strengthening one-stop centers, providing for more effective governance arrangements, promoting access to a more comprehensive array of employment and training and related serv-

ices, establishing a targeted approach to serving youth, improving performance accountability, and promoting State and local flexibility.

''(3) 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.

''(4) To provide workforce investment systems that are demand-driven and responsive to the needs of all employers, including small employers.

''(5) To provide workforce investment systems that work in all areas of the Nation, including urban and rural areas.

''(6) To allow flexibility to meet State, local, regional, and individual workforce investment needs.

''(7) To recognize and reinforce the vital link between economic development and workforce investment activities.

''(8) To provide for accurate data collection, reporting, and performance measures that are not unduly burdensome.

''(9) To address the ongoing shortage of essential skills in the United States workforce related to both manufacturing and knowledge-based economies

to ensure that the United States remains competitive in the global economy.

''(10) To equip workers with higher skills and contribute to lifelong education.

''(11) To eliminate training disincentives for hard-to-serve populations and minority workers, including effectively utilizing community programs, services, and agencies.

''(12) To educate limited English proficient individuals about skills and language so the individuals are employable.

''(13) To increase the employment, retention and earnings of individuals with disabilities.''.

SEC. 112. STATE WORKFORCE INVESTMENT BOARDS.

(a) MEMBERSHIP.—

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

(A) in paragraph (1), by striking subparagraph (C) and inserting the following:

''(C) representatives appointed by the Governor, who—

''(i) are 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, except that—

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

"(II) in the case of the programs authorized under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.), the representative shall be the director of the designated State unit, as defined in section 7 of the Rehabilitation Act of 1973 (29 U.S.C. 705);

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

"(iii) are representatives of business in the State, including small businesses, who—

"(I) are owners of businesses, chief executive or operating officers of businesses, or other business execu-

tives or employers with optimum policymaking or hiring authority;

''(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, business trade associations, and local boards;

''(iv) are chief elected officials (representing cities and counties, where appropriate);

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

''(vi) are such other State agency officials and other representatives 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. 2821(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. 2821(d)) is amended—~~

~~(1) in paragraph (1), by striking "development" and inserting "development, implementation, and revision";~~

~~(2) in paragraph (2)—~~

~~(A) by striking "section 134(c)" and inserting "section 121(c)"; and~~

~~(B) in subparagraph (A), by inserting after "section 121(b)" the following: ", including granting the authority for the State employment service under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) to plan and coordinate employment and training activities with local boards";~~

~~(3) by striking paragraph (3) and inserting the following:~~

~~"(3) reviewing and providing comment on the State plans of all one-stop partner programs, where applicable, in order to provide effective strategic leadership in the development of a high quality, comprehensive statewide workforce investment system, including commenting at least once annually on the~~

measures taken pursuant to section 113(b)(3) of the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2323(b)(3)) and title II of this Act;'';

(4) by redesignating paragraphs (4) through (9) as paragraphs (5) through (10), respectively;

(5) by inserting after paragraph (3) the following:

''(4) development and review of statewide policies affecting the coordinated provision of services through the one-stop delivery system described in section 121(c) within the State, including—

''(A) the development of objective criteria and procedures for use by local boards in assessing the effectiveness and continuous improvement of one-stop centers under section 121(g);

''(B) the development of guidance for the allocation of one-stop center infrastructure funds under section 121(h)(1)(B);

''(C) the development of—

''(i) statewide policies relating to the appropriate roles and contributions of one-stop partner programs within the one-stop delivery system, including approaches to

facilitating equitable and efficient cost allocation in the one-stop delivery system;

''(ii) statewide strategies for providing effective outreach to individuals, including hard-to-serve populations, and employers who could benefit from services provided through the one-stop delivery system;

''(iii) strategies for technology improvements to facilitate access to services provided through the one-stop delivery system, in remote areas, and for individuals with disabilities, which may be utilized throughout the State; and

''(iv) strategies for the effective coordination of activities between the one-stop delivery system of the State and the State employment service under the Wagner-Peyser Act (29 U.S.C. 49 et seq.);

''(D) identification and dissemination of information on best practices for effective operation of one-stop centers, including use of innovative business outreach, partnerships, and service delivery strategies, including for hard-to-serve populations; and

''(E) conduct of such other matters as may promote statewide objectives for, and enhance the performance of, the one-stop delivery system;'';

(6) in paragraph (5) (as redesignated by paragraph (4)), by inserting ''and the development of statewide criteria to be used by chief elected officials for the appointment of local boards consistent with section 117'' after ''section 116'';

(7) in paragraph (6) (as redesignated by paragraph (4)), by striking ''sections 128(b)(3)(B) and 133(b)(3)(B)'' and inserting ''sections 128(b)(3) and 133(b)(3)(B)'';

(8) in paragraph (9) (as redesignated by paragraph (4))—

(A) by striking ''employment statistics system'' and inserting ''workforce and labor market information system''; and

(B) by striking ''and'' after the semicolon;

(9) in paragraph (10) (as redesignated by paragraph (4))—

(A) by inserting ''section 136(i) and'' before ''section 503''; and

(B) by striking the period and inserting ''; and''; and

(10) by adding at the end the following:

''(11) increasing the availability of skills training, employment opportunities, and career advancement, for hard-to-serve populations.''.

(c) ALTERNATIVE ENTITY.—Section 111(c) (29 U.S.C. 2821(c)) is amended—

(1) in paragraph (1), by striking ''For'' and inserting ''Subject to paragraph (3), for''; and

(2) by adding at the end the following:

''(3) FAILURE TO MEET PERFORMANCE MEASURES.—If a State fails to have performed successfully, as defined in section 116(a)(2), the Secretary may require the State to establish a State board in accordance with subsections (a), (b), and (c) in lieu of the alternative entity established under paragraph (1).''.

(d) CONFLICT OF INTEREST.—Section 111(f)(1) (29 U.S.C. 2821(f)(1)) is amended by inserting ''or participate in action taken on'' after ''vote''.

(e) SUNSHINE PROVISION.—Section 111(g) (29 U.S.C. 2821(g)) is amended—

(1) by inserting '', and modifications to the State plan,'' before ''prior''; and

(2) by inserting '', and modifications to the State plan'' after ''the plan''.

(f) AUTHORITY TO HIRE STAFF.—Section 111 (29 U.S.C. 2821) is amended by adding at the end the following:

"(h) AUTHORITY TO HIRE STAFF.—

"(1) IN GENERAL.—The State board may hire staff to assist in carrying out the functions described in subsection (d) using funds allocated under sections 127(b)(1)(C) and 132(b).

"(2) LIMITATION ON RATE.—Funds appropriated under this title shall not be used to pay staff employed by the State board, either as a direct cost or through any proration as an indirect cost, at a rate in excess of the maximum rate payable for a position at GS–15 of the General Schedule as in effect on the date of enactment of the Workforce Investment Act Amendments of 2005.".

SEC. 113. STATE PLAN.

(a) PLANNING CYCLE.—Section 112(a) (29 U.S.C. 2822(a)) is amended—

(1) by inserting ", or a State unified plan as described in section 501," before "that outlines";

(2) by striking "5-year strategy" and inserting "4-year strategy"; and

(3) by adding at the end the following: "At the end of the first 2-year period of the 4-year State

plan, the State board shall review and, as needed, amend the 4-year State plan to reflect labor market and economic conditions. In addition, the State shall submit a modification to the State plan at the end of the first 2-year period of the State plan, which may include redesignation of local areas pursuant to section 116(a) and specification of the levels of performance under sections 136 for the third and fourth years of the plan.''.

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

(1) in paragraph (8)(A)—

(A) in clause (ix), by striking ''and'' after the semicolon; and

(B) by adding at the end the following:

''(xi) programs authorized under title II of the Social Security Act (42 U.S.C. 401 et seq.) (relating to Federal old-age, survivors, and disability insurance benefits), title XVI of such Act (42 U.S.C. 1381 et seq.) (relating to supplemental security income), title XIX of such Act (42 U.S.C. 1396 et seq.) (relating to medicaid), and title XX of such Act (42 U.S.C. 1397 et seq.) (relating to block grants to States for social services), programs authorized under title

VII of the Rehabilitation Act of 1973 (29 U.S.C. 796 et seq.), and programs carried out by State agencies relating to mental retardation and developmental disabilities; and'';

(2) by striking paragraph (10) and inserting the following:

''(10) a description of how the State will use funds the State received under this subtitle to leverage other Federal, State, local, and private resources, in order to maximize the effectiveness of such resources, expand resources for the provision of education and training services, and expand the participation of businesses, employees, and individuals in the statewide workforce investment system, including a description of incentives and technical assistance the State will provide to local areas for such purposes;'';

(3) in paragraph (12)(A), by striking ''sections 128(b)(3)(B) and 133(b)(3)(B)'' and inserting ''sections 128(b)(3) and 133(b)(3)(B)'';

(4) in paragraph (14), by striking ''section 134(c)'' and inserting ''section 121(c)'';

(5) in paragraph (15), by striking ''section 116(a)(5)'' and inserting ''section 116(a)(4)'';

(6) in paragraph (17)—

(A) in subparagraph (A)—

(i) in clause (iii)—

(I) by inserting ''local'' before ''customized training''; and

(II) by striking ''and'' at the end;

(ii) in clause (iv), by striking ''(including displaced homemakers),'' and all that follows through ''disabilities)'' and inserting '', hard-to-serve populations, and individuals training for nontraditional employment''; and

(iii) by adding after clause (iv) the following:

''(v) how the State will serve the employment and training needs of individuals with disabilities, consistent with section 188 and Executive Order 13217 (42 U.S.C. 12131 note; relating to community-based alternatives for individuals with disabilities), including the provision of outreach, intake, the conduct of assessments, service delivery, the development of adjustments to performance measures established under section 136, and the training of staff; and''; and

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

(7) in paragraph (18)(D)—

(A) by striking "youth opportunity grants under section 169" and inserting "youth challenge grants authorized under section 169 and other federally funded youth programs"; and

(B) by striking the period and inserting a semicolon; and

(8) by adding at the end the following:

"(19) a description of how the State will utilize technology to facilitate access to services in remote areas, which may be utilized throughout the State;

"(20) a description of the State strategy for coordinating workforce investment activities and economic development activities, and promoting entrepreneurial skills training and microenterprise services;

"(21) a description of the State strategy and assistance to be provided for ensuring regional cooperation within the State and across State borders as appropriate;

"(22) a description of how the State will use funds the State receives under this subtitle to—

"(A) implement innovative programs and strategies designed to meet the needs of all businesses in the State, including small businesses, which may include incumbent worker training programs, sectoral and industry cluster strategies, regional skills alliances, career ladder programs, utilization of effective business intermediaries, and other business services and strategies that better engage employers in workforce investment activities and make the statewide workforce investment system more relevant to the needs of State and local businesses, consistent with the objectives of this title; and

"(B) provide incentives and technical assistance to assist local areas in more fully engaging all employers, including small employers, in local workforce investment activities, to make the workforce investment system more relevant to the needs of area businesses, and to better coordinate workforce investment and economic development efforts to contribute to the economic well-being of the local area, as determined appropriate by the local board;

"(23) a description of the State strategy—

"(A) for ensuring cooperation between transportation providers, including public transportation providers, and providers of workforce investment activities; and

"(B) for ensuring coordination among appropriate State agencies and programs to make available skills training, employment services and opportunities, and career advancement activities, that will assist ex-offenders in reentering the workforce;

"(24) a description of how the State will assist local areas in assuring physical and programmatic accessibility for individuals with disabilities at one-stop centers;

"(25) a description of the process and methodology that will be used by the State board to—

"(A) review statewide policies and provide guidance on the coordinated provision of services through the one-stop delivery system described in section 121(e);

"(B) establish, in consultation with chief elected officials and local boards, objective criteria and procedures for use by local boards in periodically assessing the effectiveness, physical and programmatic accessibility, and continuous

improvement of one-stop centers and the one-stop delivery system as described in section 121(g); and

"(C) determine—

"(i) one-stop partner program contributions for the costs of the infrastructure of one-stop centers under section 121(h)(2); and

"(ii) the formula for allocating the funds described in section 121(h)(2) to local areas;

"(26) a description of the State strategy for ensuring that activities carried out under this title are placing men and women in jobs, education, or training that lead to comparable pay; and

"(27) a description of the technical assistance available to one-stop operators and providers of training services for strategies to serve hard-to-serve populations and promote placement in nontraditional employment.".

(c) MODIFICATIONS TO PLAN.—Section 112(d) (29 U.S.C. 2822(d)) is amended—

(1) by striking "5-year period" and inserting "4-year period"; and

(2) by adding at the end the following: ''In addition, the State shall submit the modifications to the State plan required under subsection (a), under circumstances prescribed by the Secretary that are due to changes in Federal law that significantly affect elements of the State plan.''.

SEC. 114. LOCAL WORKFORCE INVESTMENT AREAS.

(a) DESIGNATION OF AREAS.—

(1) CONSIDERATIONS.—Section 116(a)(1) (29 U.S.C. 2831(a)(1)) is amended—

(A) in subparagraph (A), by striking ''paragraphs (2), (3), and (4)'' and inserting ''paragraphs (2) and (3)''; and

(B) in subparagraph (B), by adding at the end the following:

''(vi) The extent to which such local areas will promote maximum effectiveness 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.—The Governor shall approve a request for designation as a local

area that is submitted prior to the submission of the State plan, or of a modification to the State plan relating to area designation, from any area that—

"(i) is a unit of general local government with a population of 500,000 or more, except that after the initial 2-year period following such designation pursuant to this clause that occurs after the date of enactment of the Workforce Investment Act Amendments of 2005, the Governor shall only be required to approve a request for designation from such area if such area—

"(I) performed successfully; and

"(II) sustained fiscal integrity;

"(ii) was a local area under this title for the preceding 2-year period, if such local area—

"(I) performed successfully; and

"(II) sustained fiscal integrity;

"(iii) is served by a rural concentrated employment program grant recipient, except that after the initial 2-year period following any such designation under the ini-

tial State plan submitted after the date of enactment of the Workforce Investment Act Amendments of 2005, the Governor shall only be required to approve a request for designation under this clause for such area if such area—

"(I) performed successfully; and

"(II) sustained fiscal integrity; or

"(iv) was a local area under section 116(a)(2)(C) (as in effect on the day before the date of enactment of the Workforce Investment Act Amendments of 2005), except that after the initial 2-year period following such designation pursuant to this clause that occurs after that date of enactment, the Governor shall only be required to approve a request for designation under this clause for such area if such area—

"(I) performed successfully; and

"(II) sustained fiscal integrity.

"(B) DEFINITIONS.—For purposes of this paragraph:

"(i) PERFORMED SUCCESSFULLY.—The term 'performed successfully', when

used with respect to a local area, means the local area performed at 80 percent or more of the adjusted level of performance for core indicators of performance described in section 136(b)(2)(A) for 2 consecutive years.

''(ii) SUSTAINED FISCAL INTEGRITY.—The term 'sustained fiscal integrity', used with respect to an area, means that the Secretary has not made a formal determination during the preceding 2-year period that either the grant recipient or the administrative entity of the area misexpended funds provided under this title due to willful disregard of the requirements of the Act involved, gross negligence, or failure to comply with accepted standards of administration.''.

(3) CONFORMING AMENDMENTS.—Section 116(a) (29 U.S.C. 2831(a)) is amended—

(A) by striking paragraph (3);

(B) by redesignating paragraphs (4) and (5) as paragraph (3) and (4), respectively;

(C) in paragraph (3) (as redesignated by subparagraph (B))—

(i) by striking ''(including temporary designation)''; and

(ii) by striking ''(v)'' and inserting ''(vi)''; and

(D) in paragraph (4) (as redesignated by subparagraph (B))—

(i) by striking ''under paragraph (2) or (3)'' and inserting ''under paragraph (2)''; and

(ii) by striking the second sentence.

(b) SINGLE LOCAL AREA STATES.—Section 116(b) (29 U.S.C. 2831(b)) is amended to read as follows:

''(b) SINGLE LOCAL AREA STATES.—

''(1) CONTINUATION OF PREVIOUS DESIGNATION.—Notwithstanding subsection (a)(2), the Governor of any State that was a single local area for purposes of this title as of July 1, 2004, may continue to designate the State as a single local area for purposes of this title if the Governor identifies the State as a local area in the State plan under section 112(b)(5).

''(2) REDESIGNATION.—The Governor of a State not described in paragraph (1) may designate the State as a single local area if, prior to the submission of the State plan or modification to such

plan so designating the State, no local area meeting the requirements for automatic designation under subsection (a)(2) requests such designation as a separate local area.

''(3) EFFECT ON LOCAL PLAN.—In any case in which a State is designated as a local area pursuant to this subsection, the local plan prepared under section 118 for the area shall be submitted to the Secretary for approval as part of the State plan under section 112.''.

(c) REGIONAL PLANNING.—Section 116(c) (29 U.S.C. 2831(c)) is amended—

(1) by striking paragraph (1) and inserting the following:

''(1) PLANNING.—

''(A) IN GENERAL.—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, after consultation with local boards and

chief elected officials, may require the local boards for the designated region to prepare, submit, and obtain approval of a single regional plan that incorporates local plans for each of the local areas in the region, as required under section 118. The State may award regional incentive grants to the designated regions that meet or exceed the regional performance measures pursuant to section 134(a)(2)(B)(iii).

''(B) TECHNICAL ASSISTANCE.—If the State requires regional planning as provided in subparagraph (A), the State shall provide technical assistance and labor market information to such local areas in the designated regions to assist with such regional planning and subsequent service delivery efforts.'';

(2) in paragraph (2), by inserting ''information about the skill requirements of existing and emerging industries and industry clusters,'' after ''information about employment opportunities and trends,''; and

(3) in paragraph (3), by adding at the end the following: ''Such services may be required to be coordinated with regional economic development services and strategies.''.

SEC. 115. LOCAL WORKFORCE INVESTMENT BOARDS.

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

(1) in paragraph (2)(A)—

(A) in clause (i), by striking subclause (II) and inserting the following:

"(II) collectively, represent businesses with employment opportunities that reflect the employment opportunities of the local area, and include representatives of businesses that are in high-growth and emerging industries, and representatives of businesses, including small businesses, in the local area; and";

(B) by striking clause (ii) and inserting the following:

"(ii)(I) a superintendent representing the local school districts involved or another high-level official from such districts;

"(II) the president or highest ranking official of an institution of higher education participating in the workforce investment activities in the local area; and

''(III) an administrator of local entities providing adult education and literacy activities in the local area;'';

(C) in clause (iv), by inserting '', hard-to-serve populations,'' after ''disabilities'';

(D) in clause (v), by striking ''and'' at the end; and

(E) by striking clause (vi) and inserting the following:

''(vi) a representative from the State employment service under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) who is serving the local area; and

''(vii) if the local board does not establish or continue a youth council, representatives with experience serving out-of-school youth, particularly out-of-school youth facing barriers to employment; and''; and

(2) by adding at the end the following:

''(6) SPECIAL RULE.—In the case that there are multiple school districts or institutions of higher education serving a local area, the representatives described in subclause (I) or (II) of paragraph (2)(A)(ii), respectively, shall be appointed from

among individuals nominated by regional or local educational agencies, institutions, or organizations representing such agencies or institutions.''.

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

(1) in the heading, by inserting ''AND REPRESENTATION'' after ''AUTHORITY''; and

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

(c) CONFORMING AMENDMENT.—Section 117(c)(1)(C) (29 U.S.C. 2832(c)(1)(C)) is amended by striking ''section 116(a)(2)(B)'' and inserting ''section 116(a)(2)(A)(ii)''.

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

(1) in paragraph (2)—

(A) in subparagraph (B)—

(i) by inserting ''(except as provided in section 123(b))'' after ''basis''; and

(ii) by inserting ''(where appropriate)'' after ''youth council''; and

(B) by adding at the end the following:

''(E) CONSUMER CHOICE REQUIREMENTS.—Consistent with sections 122 and

paragraphs (3) and (4) of 134(d), the local board shall work to ensure there are sufficient providers of intensive services and training services serving the local area in a manner that maximizes consumer choice, including providers with expertise in assisting individuals with disabilities.'';

(2) in paragraph (3)(B), by striking clause (ii) and inserting the following:

''(ii) STAFF.—

''(I) IN GENERAL.—The local board may hire staff.

''(II) LIMITATION ON RATE.—Funds appropriated under this title shall not be used to pay staff employed by the local board, either as a direct cost or through any proration as an indirect cost, at a rate in excess of the maximum rate payable for a position at GS–15 of the General Schedule, as in effect on the date of enactment of the Workforce Investment Act Amendments of 2005.'';

(3) in paragraph (4), by inserting '', and shall ensure the appropriate use and management of the

funds provided under this subtitle for such programs, activities, and system'' after ''area'';

(4) in paragraph (6)—

(A) by striking ''EMPLOYMENT STATISTICS SYSTEM'' and inserting ''WORKFORCE AND LABOR MARKET INFORMATION SYSTEM''; and

(B) by striking ''employment statistics system'' and inserting ''workforce and labor market information system'';

(5) in paragraph (8)—

(A) by inserting '', including small employers,'' after ''private sector employers''; and

(B) by striking the period and inserting '', taking into account the unique needs of small businesses.''; and

(6) by adding at the end the following:

''(9) TECHNOLOGY IMPROVEMENTS.—The local board shall develop strategies for technology improvements to facilitate access to services, in remote areas, for services authorized under this subtitle and carried out in the local area.''.

(c) CONFORMING AMENDMENT.—Section 117(f)(2) (29 U.S.C. 2832(f)(2)) is amended by striking ''described in section 134(c)''.

(f) CONFLICT OF INTEREST.—Section 117(g)(1) (29 U.S.C. 2832(g)(1)) is amended by inserting ''or participate in action taken on'' after ''vote.''

(g) 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) COUNCILS.—The local board may establish or continue councils to provide information and advice to assist the local board in carrying out activities under this title. Such councils may include—

''(1) a council composed of one-stop partners to advise the local board on the operation of the one-stop delivery system involved;

''(2) a youth council composed of experts and stakeholders in youth programs to advise the local board on youth activities; and

''(3) such other councils as the local board determines are appropriate.''.

(h) ALTERNATIVE ENTITY PROVISION.—Section 117(i)(1) (29 U.S.C. 2832(i)(1)) is amended—

(1) in the matter preceding subparagraph (A), by striking ''and paragraphs (1) and (2) of subsection (h),'';

(2) by striking subparagraph (B) and inserting the following:

"(B) was in existence on August 7, 1998, pursuant to State law; and";

(3) by striking subparagraph (C); and

(4) by redesignating subparagraph (D) as subparagraph (C).

SEC. 116. LOCAL PLAN.

(a) PLANNING CYCLE.—Section 118(a) (29 U.S.C. 2833(a)) is amended—

(1) by striking "5-year" and inserting "4-year"; and

(2) by adding at the end the following: "At the end of the first 2-year period of the 4-year plan, the local board shall review and, as needed, amend the 4-year plan to reflect labor market and economic conditions.".

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

(1) in paragraph (2)—

(A) in subparagraph (A), by striking "and" after the semicolon;

(B) by striking subparagraph (B) and inserting the following:

"(B) a description of how the local board will facilitate access to services provided through the one-stop delivery system involved, in remote areas, including facilitating access through the use of technology; and"; and

(C) by adding at the end the following:

"(C) a description of how the local board will ensure physical and programmatic accessibility for individuals with disabilities at one-stop centers;";

(2) in paragraph (9), by striking "; and" and inserting a semicolon;

(3) by redesignating paragraph (10) as paragraph (16); and

(4) by inserting after paragraph (9) the following:

"(10) a description of how the local board will coordinate workforce investment activities carried out in the local area with economic development activities carried out in the local area, and promote entrepreneurial skills training and microenterprise services;

"(11) a description of the strategies and services that will be initiated in the local area to more fully engage all employers, including small employ-

ers, in workforce investment activities, to make the workforce investment system more relevant to the needs of area businesses, and to better coordinate workforce investment and economic development efforts, which may include the implementation of innovative initiatives such as incumbent worker training programs, sectoral and industry cluster strategies, regional skills alliance initiatives, career ladder programs, utilization of effective business intermediaries, and other business services and strategies designed to meet the needs of area employers and contribute to the economic well-being of the local area, as determined appropriate by the local board, consistent with the objectives of this title;

''(12) a description of how the local board will expand access to education and training services for eligible individuals who are in need of such services through—

''(A) the utilization of programs funded under this title; and

''(B) the increased leveraging of resources other than those provided under this title, including tax credits, private sector-provided training, and other Federal, State, local, and

private funds that are brokered through the one-stop centers for training services;

''(13) a description of how the local board will coordinate workforce investment activities carried out in the local area with the provision of transportation, including public transportation, in the local area;

''(14) a description of plans for, assurances concerning, and strategies for maximizing coordination of services provided by the State employment service under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) and services provided in the local area through the one-stop delivery system described in section 121(e), to improve service delivery and avoid duplication of services;

''(15) a description of how the local board will coordinate workforce investment activities carried out in the local area with other Federal, State, and local area education, job training, and economic development programs and activities; and''.

SEC. 117. ESTABLISHMENT OF ONE-STOP DELIVERY SYSTEMS.

(a) ONE-STOP PARTNERS.—

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

(A) by striking subparagraph (A) and inserting the following:

"(A) ROLES AND RESPONSIBILITIES OF ONE-STOP PARTNERS.—Each entity that carries out a program or activities described in subparagraph (B) shall—

"(i) provide access through the one-stop delivery system to the programs and activities carried out by the entity, including making the core services described in section 134(d)(2) that are applicable to the program of the entity available at the one-stop centers (in addition to any other appropriate locations);

"(ii) use a portion of the funds available to the program of the entity to maintain the one-stop delivery system, including payment of the infrastructure costs of one-stop centers in accordance with subsection (h);

"(iii) enter into a local memorandum of understanding with the local board relating to the operation of the one-stop system that meets the requirements of subsection (c);

''(iv) participate in the operation of the one-stop system consistent with the terms of the memorandum of understanding, the requirements of this title, and the requirements of the Federal laws authorizing the programs carried out by the entity; and

''(v) provide representation on the State board to the extent provided under section 111.'';

(B) in subparagraph (B)—

(i) by striking clause (v);

(ii) by redesignating clauses (vi) through (xii) as clauses (v) through (xi), respectively;

(iii) in clause (x) (as redesignated by clause (ii)), by striking ''and'' at the end;

(iv) in clause (xi) (as redesignated by clause (ii)), by striking the period and inserting ''; and''; and

(v) by adding at the end the following:

''(xii) programs authorized under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), subject to subparagraph (C).''; and

(C) by adding at the end the following:

"(C) DETERMINATION BY THE GOVERNOR.—

"(i) IN GENERAL.—An entity that carries out programs referred to in subparagraph (B)(xii) shall be included in the one-stop partners for the local area, as a required partner, for purposes of this title unless the Governor of the State provides the notification described in clause (ii).

"(ii) NOTIFICATION.—The notification referred to in clause (i) is a notification that—

"(I) is made in writing of a determination by the Governor not to include such entity in the one-stop partners described in clause (i); and

"(II) is provided to the Secretary and the Secretary of Health and Human Services.".

(2) ADDITIONAL PARTNERS.—

(A) IN GENERAL.—Section 121(b)(2)(A) (29 U.S.C. 2841(b)(2)(A)) is amended to read as follows:

"(A) IN GENERAL.—With the approval of the local board and chief elected official, in addition to the entities described in paragraph (1), other entities that carry out human resource programs described in subparagraph (B) may be one-stop partners and carry out the responsibilities described in paragraph (1)(A).".

(B) ADDITIONAL PARTNERS.—Section 121(b)(2)(B) (29 U.S.C. 2841(b)(2)(B)) is amended by striking clauses (i) through (iii) and inserting the following:

"(i) employment and training programs administered by the Social Security Administration, including the Ticket to Work and Self-Sufficiency program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19);

"(ii) employment and training programs carried out by the Small Business Administration;

"(iii) programs authorized under section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4));".

(b) LOCAL MEMORANDUM OF UNDERSTANDING.—Section 121(c)(2)(A) (29 U.S.C. 2841(c)(2)(A)) is amended to read as follows:

"(A) provisions describing—

"(i) the services to be provided through the one-stop delivery system consistent with the requirements of this section, including the manner in which the services will be coordinated through such system;

"(ii) how the costs of such services and the operating costs of such system will be funded, through cash and in-kind contributions, to provide a stable and equitable funding stream for ongoing one-stop system operations, including the funding of the infrastructure costs of one-stop centers in accordance with subsection (h);

"(iii) methods of referral of individuals between the one-stop operator and the one-stop partners for appropriate services and activities;

"(iv) methods to ensure the needs of hard-to-serve populations are addressed in

providing access to services through the one-stop system; and

''(v) the duration of the memorandum of understanding and the procedures for amending the memorandum during the term of the memorandum, and assurances that such memorandum shall be reviewed not less than once every 2-year period to ensure appropriate funding and delivery of services; and''.

(c) CONFORMING AMENDMENT.—Section 121(d)(2) (29 U.S.C. 2841(d)(2)) is amended by striking ''section 134(c)'' and inserting ''section 121(e)''.

(d) PROVISION OF SERVICES.—

(1) ELIMINATION OF PROVISIONS CONCERNING ESTABLISHED SYSTEMS.—Section 121 (29 U.S.C. 2841) is amended by striking subsection (e).

(2) REDESIGNATION.—Subtitle B of title I is amended—

(A) in section 134 (29 U.S.C. 2864), by redesignating subsection (c) as subsection (e); and

(B) by transferring that subsection (e) so that the subsection appears after subsection (d) of section 121.

(3) ONE-STOP DELIVERY SYSTEMS.—Paragraph (1) of section 121(c) (29 U.S.C. 2841(c)) (as redesignated by paragraph (2)) is amended—

(A) in subparagraph (A), by striking ''subsection (d)(2)'' and inserting ''section 134(d)(2)'';

(B) in subparagraph (B)—

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

(ii) by striking ''individual training accounts'' and inserting ''career scholarship accounts''; and

(iii) by striking ''subsection (d)(4)(G)'' and inserting ''section 134(d)(4)(G)'';

(C) in subparagraph (C), by striking ''subsection (c)'' and inserting ''section 134(c)'';

(D) in subparagraph (D), by striking ''section 121(b)'' and inserting ''subsection (b)''; and

(E) in subparagraph (E), by striking ''information described in section 15'' and inserting ''data, information, and analysis described in section 15(a)''.

(c) CONTINUOUS IMPROVEMENT OF ONE-STOP CENTERS.—Section 121 (29 U.S.C. 2841) is amended by adding at the end the following:

"(g) CONTINUOUS IMPROVEMENT OF ONE-STOP CENTERS.—

"(1) IN GENERAL.—The State board, in consultation with chief local elected officials and local boards, shall establish objective criteria and procedures for use by local boards in periodically assessing the effectiveness, physical and programmatic accessibility, and continuous improvement of one-stop centers and the one-stop delivery system.

"(2) CRITERIA.—The procedures and criteria developed under this subsection shall include minimum standards relating to the scope and degree of service coordination achieved by the one-stop delivery system with respect to the programs administered by the one-stop partners at the one-stop centers, consistent with the guidelines and guidance provided by the Governor and by the State board, in consultation with the chief elected official and local boards, for such partners' participation under subsections (h)(1)(B) and subsection (i), respectively, and such other factors relating to the quality, accessibility, and effectiveness of the one-stop delivery

system as the State board determines to be appropriate.

''(3) LOCAL BOARDS.—Consistent with the criteria developed by the State, the local board may develop additional criteria of higher standards to respond to local labor market and demographic conditions and trends.

''(h) FUNDING OF ONE-STOP INFRASTRUCTURE.—

''(1) IN GENERAL.—

''(A) OPTIONS FOR INFRASTRUCTURE FUNDING.—

''(i) LOCAL OPTIONS.—The local board, chief elected officials, and one-stop partners in a local area may choose to fund the costs of the infrastructure of one-stop centers through—

''(I) methods described in the local memorandum of understanding, if, the local board, chief elected officials, and one-stop partners agree to such methods; or

''(II) the State infrastructure funding mechanism described in paragraph (2).

"(ii) FAILURE TO REACH AGREEMENT ON FUNDING METHODS.—If, as of July 1, 2006, the local board, chief elected officials, and one-stop partners in a local area fail to reach agreement on methods of sufficient funding of the infrastructure costs of one-stop centers, as determined by the local area, the State infrastructure funding mechanism described in paragraph (2) shall be applicable to such local area.

"(B) GUIDANCE FOR INFRASTRUCTURE FUNDING.—In addition to carrying out the requirements relating to the State mechanism for one-stop center infrastructure funding described in paragraph (2), the Governor, after consultation with chief local elected officials, local boards, and the State board, and consistent with the guidelines provided by the State board under subsection (i), shall provide—

"(i) guidelines for State administered one-stop partner programs in determining such programs' contributions to and participation in the one-stop delivery system, including funding for the costs of infrastructure as defined in paragraph (2)(D),

negotiated pursuant to the local memorandum of understanding under subsection (c); and

''(ii) guidance to assist local areas in identifying equitable and stable alternative methods of funding of the costs of the infrastructure of one-stop centers in local areas.

''(2) STATE ONE-STOP INFRASTRUCTURE FUNDING.—

''(A) PARTNER CONTRIBUTIONS.—

''(i) IN GENERAL.—Subject to clause (iii), a portion determined under clause (ii) of the Federal funds provided to the State and areas within the State under the Federal laws authorizing the programs described in subsection (b)(1) and administered by one-stop partners for a fiscal year shall be provided to the Governor from such programs to assist in paying the costs of infrastructure of one-stop centers in those local areas of the State not funded under the option described in paragraph (1)(A)(i)(I).

"(ii) DETERMINATION OF GOVERNOR.—

"(I) IN GENERAL.—Subject to subclause (II) and clause (iii), the Governor, after consultation with chief local elected officials, local boards, and the State board, shall determine the portion of funds to be provided under clause (i) by each one-stop partner from each program described in clause (i). In making such determination, the Governor shall calculate the proportionate use of the one-stop centers for the purpose of determining funding contributions pursuant to clause (i)(II) or (ii) of paragraph (1)(A) by each partner, and the costs of administration for purposes not related to one-stop centers for each partner. The Governor shall exclude from such determination the portion of funds and use of one-stop centers attributable to the programs of one-stop partners for those local areas of the State where the infrastructure of

one-stop centers is funded under the option described in paragraph (1)(A)(i)(I).

"(II) SPECIAL RULE.—In a State in which the State constitution places policymaking authority that is independent of the authority of the Governor in an entity or official with respect to the funds provided for adult education and literacy activities authorized under title II and for postsecondary vocational and technical education activities authorized under the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2301 et seq.), or vocational rehabilitation services offered under the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.), the determination described in subclause (I) with respect to the programs authorized under that title and those Acts shall be made by the chief officer of the entity with such authority in consultation with the Governor.

"(III) APPEAL BY ONE-STOP PARTNERS.—The Governor shall establish a procedure for the one-stop partner administering a program described in subsection (b) to appeal a determination regarding the portion of funds to be contributed under this paragraph on the basis that such determination is inconsistent with the criteria described in the State plan or with the requirements of this paragraph. Such procedure shall ensure prompt resolution of the appeal.

"(iii) LIMITATIONS.—

"(I) PROVISION FROM ADMINISTRATIVE FUNDS.—The funds provided under this paragraph by each one-stop partner shall be provided only from funds available for the costs of administration under the program administered by such partner, and shall be subject to the program limitations with respect to the portion of funds under such program that may be used for administration.

"(II) CAP ON REQUIRED CONTRIBUTIONS.—

"(aa) WIA FORMULA PROGRAMS AND EMPLOYMENT SERVICE.—The portion of funds required to be contributed under clause (i)(II) or (ii) of paragraph (1)(A) by the programs authorized under chapters 4 and 5 and under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) shall not be in excess of 3 percent of the amount of Federal funds provided to carry out each such program in the State for a fiscal year.

"(bb) OTHER ONE-STOP PARTNERS.—The portion of funds required to be contributed under clause (i)(II) or (ii) of paragraph (1)(A) by a one-stop partner from a program described in subsection (b)(1) other than the programs described under item (aa) shall not be in

excess of 1½ percent of the amount of Federal funds provided to carry out such program in the State for a fiscal year.

''(cc) SPECIAL RULE.—Notwithstanding items (aa) and (bb), an agreement, including a local memorandum of understanding, entered into prior to the date of enactment of the Workforce Investment Act Amendments of 2005 by an entity regarding contributions under this title that permits the percentages described in such items to be exceeded, may continue to be in effect until terminated by the parties.

''(dd) VOCATIONAL REHABILITATION.—Notwithstanding items (aa) and (bb), an entity administering a program under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) shall not be required to provide,

for the purposes of this paragraph, an amount in excess of—

"(AA) 0.75 percent of the amount provided for such program in the State for the second program year that begins after the date of enactment of the Workforce Investment Act Amendments of 2005;

"(BB) 1.0 percent of the amount provided for such program in the State for the third program year that begins after such date;

"(CC) 1.25 percent of the amount provided for such program in the State for the fourth program year that begins after such date; and

"(DD) 1.5 percent of the amount provided for such program in the State for the fifth and each suc-

ceeding program year that begins after such date.

"(III) FEDERAL DIRECT SPENDING PROGRAMS.—An entity administering a program funded with direct spending as defined in section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900(c)(8)) shall not be required to provide, for purposes of this paragraph, an amount in excess of the amount determined to be equivalent to the cost of the proportionate use of the one-stop centers for such program in the State.

"(IV) NATIVE AMERICAN PROGRAMS.—Native American programs established under section 166 shall not be subject to the provisions of this subsection or subsection (i). The method for determining the appropriate portion of funds to be provided by such Native American programs to pay for the costs of infrastructure of a one-stop center shall be determined

as part of the development of the memorandum of understanding under subsection (c) for the one-stop center and shall be stated in the memorandum.

"(B) ALLOCATION BY GOVERNOR.—From the funds provided under subparagraph (A), the Governor shall allocate the funds to local areas in accordance with the formula established under subparagraph (C) for the purposes of assisting in paying the costs of infrastructure of one-stop centers.

"(C) ALLOCATION FORMULA.—The State board shall develop a formula to be used by the Governor to allocate the funds provided under subparagraph (A) to local areas not funding infrastructure costs under the option described in paragraph (1)(A)(i)(I). The formula shall be based on factors including the number of one-stop centers in a local area, the population served by such centers, the services provided by such centers, and other factors relating to the performance of such centers that the State board determines are appropriate.

"(D) COSTS OF INFRASTRUCTURE.—In this subsection, the term 'costs of infrastructure', used with respect to a one-stop center, means the nonpersonnel costs that are necessary for the general operation of the one-stop center, including the rental costs of the facilities, the costs of utilities and maintenance, equipment (including assessment-related products and adaptive technology for individuals with disabilities), and technology to facilitate remote access to the one-stop center's strategic planning activities, and common outreach activities.

"(i) OTHER FUNDS.—

"(1) IN GENERAL.—Subject to the memorandum of understanding described in subsection (c) for the one-stop delivery system involved, in addition to the funds provided to carry out subsection (h), a portion of funds made available under Federal law authorizing the programs described in subsection (b) and administered by one-stop partners, or the noncash resources available under such programs, shall be used to pay the additional costs relating to the operation of the one-stop delivery system that are not paid from the funds provided under sub-

section (h), as determined in accordance with paragraph (2), to the extent not inconsistent with the Federal law involved. Such costs shall include the costs of the provision of core services described in section 134(d)(2) applicable to each program and may include common costs that are not paid from the funds provided under subsection (h).

''(2) DETERMINATION AND GUIDANCE.—The method for determining the appropriate portion of funds and noncash resources to be provided by each program under paragraph (1) for a one-stop center shall be determined as part of the development of the memorandum of understanding under subsection (c) for the one-stop center and shall be stated in the memorandum. The State board shall provide guidance to facilitate the determination of an appropriate allocation of the funds and noncash resources in local areas.''.

SEC. 118. 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) ELIGIBILITY.—

"(1) IN GENERAL.—The Governor, after consultation with the State board, shall establish criteria and procedures regarding the eligibility of providers of training services described in section 134(d)(4) (referred to in this section as 'training services') to receive funds provided under section 133(b) for the provision of training services.

"(2) PROVIDERS.—Subject to the provisions of this section, to be eligible to receive the funds provided under section 133(b) for the provision of training services, 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 industry-recognized certification;

"(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.

"(3) INCLUSION IN LIST OF ELIGIBLE PROVIDERS.—A provider described in subparagraph (A) or (C) of paragraph (2) shall comply with the criteria and procedures established under this section to be included on the list of eligible providers of training services described in subsection (d)(1). A provider described in paragraph (2)(B) shall be included on the list of eligible providers of training services described in subsection (d)(1) for so long as the provider remains certified by the Department of Labor to carry out the programs described in paragraph (2)(B).

"(b) CRITERIA.—

"(1) IN GENERAL.—The criteria established by the Governor pursuant to subsection (a) shall take into account—

"(A) the performance of providers of training services with respect to the performance measures and other matters for which information is required under paragraph (2) and other appropriate measures of performance outcomes for those participants receiving training services under this subtitle (taking into consideration

the characteristics of the population served and relevant economic conditions);

"(B) the need to ensure access to training services throughout the State, including any rural areas;

"(C) the information such providers are required to report to State agencies with respect to Federal and State programs (other than the program carried out under this subtitle), including one-stop partner programs;

"(D) the requirements for State licensing of providers of training services, and the licensing status of each provider of training services if applicable;

"(E) to the extent practicable, encouraging the use of industry-recognized standards and certification;

"(F) the ability of the providers to offer programs that lead to a degree or an industry-recognized certification;

"(G) the ability to provide training services to hard-to-serve populations, including individuals with disabilities; and

"(H) such other factors as the Governor determines are appropriate to ensure—

‘‘(i) the quality of services provided;

‘‘(ii) the accountability of the providers;

‘‘(iii) that the one-stop centers in the State will ensure that such providers meet the needs of local employers and participants;

‘‘(iv) the informed choice of participants under chapter 5; and

‘‘(v) that the collection of information required is not unduly burdensome or costly to providers.

‘‘(2) INFORMATION.—The criteria established by the Governor shall require that a provider of training services submit appropriate, accurate, and timely information to the State for purposes of carrying out subsection (d), with respect to participants receiving training services under this subtitle in the applicable program, including—

‘‘(A) information on degrees and industry-recognized certifications received by such participants;

‘‘(B) information on costs of attendance for such participants;

"(C) information on the program completion rate for such participants; and

"(D) information on the performance of the provider with respect to the performance measures described in section 136 for such participants (taking into consideration the characteristics of the population served and relevant economic conditions), which may include information specifying the percentage of such participants who entered unsubsidized employment in an occupation related to the program.

"(3) RENEWAL.—The criteria established by the Governor shall also provide for biennial review and renewal of eligibility under this section for providers of training services.

"(4) LOCAL CRITERIA.—A local board in the State may establish criteria in addition to the criteria established by the Governor, or may require higher levels of performance than required under the criteria established by the Governor, for purposes of determining the eligibility of providers of training services to receive funds described in subsection (a) to provide the services in the local area involved.

"(5) INFORMATION TO ESTABLISH INITIAL ELIGIBILITY.—

"(A) IN GENERAL.—In an effort to provide the highest-quality training services and responsiveness to new and emerging industries, providers may seek initial eligibility under this section as providers of training services. The criteria established by the Governor shall require that a provider who has not previously been an eligible provider of training services under this section provide the information described in subparagraph (B).

"(B) INFORMATION.—The provider shall provide verifiable program-specific performance information supporting the provider's ability to serve participants under this subtitle. The information provided under this subparagraph may include information on outcome measures such as job placement and wage increases for individuals participating in the program, information on business partnerships and other factors that indicate high-quality training services, and information on alignment with industries targeted for potential employment opportunities.

"(C) PROVISION.—The provider shall provide the information described in subparagraph

(B) to the Governor and the local boards in a manner that will permit the Governor and the local boards to make a decision on inclusion of the provider on the list of eligible providers described in subsection (d).

''(e) PROCEDURES.—The procedures established under subsection (a) shall identify the application process for a provider of training services to become eligible to receive funds provided under section 133(b) for the provision of training services, and identify the respective roles of the State and local areas in receiving and reviewing the applications and in making determinations of such 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 in choosing employment and training activities under chapter 5 and in choosing providers of training services, the Governor shall ensure that an appropriate list of providers determined to be eligible under this section in the State, accompanied by appropriate information, is

provided to the one-stop delivery system in the State. The accompanying information shall consist of information provided by providers described in subparagraphs (A) and (C) of subsection (a)(2) in accordance with subsection (b) (including information on receipt of degrees and industry-recognized certifications, and costs of attendance, for participants receiving training services under this subtitle in applicable programs) and such other information as the Secretary determines is appropriate. The list and the accompanying information shall be made available to such participants and to members of the public through the one-stop delivery system in the State.

''(c) ENFORCEMENT.—

''(1) IN GENERAL.—The criteria and procedures established under this section shall provide the following:

''(A) INTENTIONALLY SUPPLYING INACCURATE INFORMATION.—Upon a determination, by an individual or entity specified in the criteria or procedures, that a provider of training services, or individual providing information on behalf of the provider, intentionally supplied inaccurate information under this section, the eligibility of such provider to receive funds under

chapter 5 shall be terminated for a period of time that is not less than 2 years.

''(B) SUBSTANTIAL VIOLATIONS.—Upon a determination, by an individual or entity specified in the criteria or procedures, that a provider of training services substantially violated any requirement under this title, the eligibility of such provider to receive funds under the program involved may be terminated, or other appropriate action may be taken.

''(C) REPAYMENT.—A provider of training services whose eligibility is terminated under subparagraph (A) or (B) shall be liable for the repayment of funds received under chapter 5 during a period of noncompliance described in such subparagraph.

''(2) CONSTRUCTION.—Paragraph (1) shall be construed to provide remedies and penalties that supplement, but do not supplant, other civil and criminal remedies and penalties.

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

''(g) OPPORTUNITY TO SUBMIT COMMENTS.—In establishing criteria, procedures, requirements for information, and the list of eligible providers described in subsection (d)(1), the Governor shall provide an opportunity for interested members of the public to make recommendations and submit comments regarding such criteria, procedures, requirements for information, and list.

''(h) TRANSITION PERIOD FOR IMPLEMENTATION.—The requirements of this section shall be implemented not later than December 31, 2006. In order to facilitate early implementation of this section, the Governor may establish transition procedures under which providers eligible to provide training services under chapter 5 as such chapter was in effect on the day before the date of enactment of the Workforce Investment Act Amendments of 2005 may continue to be eligible to provide such services until December 31, 2006, or until such earlier date as the Governor determines to be appropriate.

''(i) ON-THE-JOB TRAINING, CUSTOMIZED TRAINING, OR INCUMBENT WORKER TRAINING EXCEPTION.—

''(1) IN GENERAL.—Providers of on-the-job training, customized training, or incumbent worker training shall not be subject to the requirements of subsections (a) through (h).

''(2) COLLECTION AND DISSEMINATION OF INFORMATION.—A one-stop operator in a local area shall collect such performance information from providers of on-the-job training, customized training, and incumbent worker training 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.''.

SEC. 119. ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.

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

''SEC. 123. ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.

''(a) IN GENERAL.—From the funds allocated under section 128(b) to a local area, the local board for such area shall award grants or contracts on a competitive basis to providers of youth activities identified based on the criteria in the State plan described in section 112 and shall conduct oversight with respect to such providers.

''(b) EXCEPTIONS.—A local board may award grants or contracts on a sole-source basis if such board deter-

mines there is an insufficient number of eligible providers of youth activities in the local area involved (such as a rural area) for grants and contracts to be awarded on a competitive basis under subsection (a).''.

SEC. 120. YOUTH ACTIVITIES.

(a) STATE ALLOTMENTS.—Section 127 (29 U.S.C. 2852) is amended—

(1) in subsection (a)(1), by striking ''opportunity'' and inserting ''challenge''; and

(2) by striking subsection (b) and inserting the following:

''(b) ALLOTMENT AMONG STATES.—

''(1) YOUTH ACTIVITIES.—

''(A) YOUTH CHALLENGE GRANTS AND YOUTH ACTIVITIES FOR FARMWORKERS AND NATIVE AMERICANS.—

''(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 activities under section 167 (relating to migrant and seasonal farmworker programs) and provide youth challenge grants

and other activities under section 169 (relating to youth challenge grants).

"(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.—For a fiscal year described in clause (i), the Secretary shall reserve the greater of $10,000,000 or 4 percent of the portion described in clause (i) for a fiscal year to provide youth activities under section 167. For a fiscal year not described in clause (i), the Secretary shall reserve $10,000,000 of the amount appropriated under section 137(a) to provide youth activities under section 167.

"(iv) YOUTH ACTIVITIES FOR NATIVE AMERICANS.—From the amount appropriated under section 137(a) for each fiscal year that is not reserved under clause (i) or (iii), the Secretary shall reserve not more than 1½ percent of such appropriated amount to provide youth activities under section 166 (relating to Native Americans).

"(B) OUTLYING AREAS.—

"(i) IN GENERAL.—From the amount appropriated under section 137(a) for each fiscal year that is not reserved under subparagraph (A), the Secretary shall reserve not more than ¼ of 1 percent of the appropriated amount to provide assistance to the outlying areas to carry out youth activities and statewide workforce investment activities.

"(ii) LIMITATION FOR FREELY ASSOCIATED STATES.—

"(I) COMPETITIVE GRANTS.—The Secretary shall use funds described in clause (i) to award grants to Guam, American Samoa, the Com-

monwealth 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) 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.—From the remainder of the amount appropriated under section 137(a) for a fiscal year that exists after the Secretary determines the amounts to be reserved under subparagraphs (A) and (B), the Secretary shall allot to the States—

"(I) an amount of the remainder that is less than or equal to the total amount that was allotted to States for fiscal year 2005 under section 127(b)(1)(C) of this Act (as in effect on the day before the date of enactment of the Workforce Investment Act Amendments of 2005), in accordance with the requirements of such section 127(b)(1)(C); and

"(II) the amount of the remainder, if any, in excess of the amount referred to in subclause (I), in accordance with clause (ii).

"(ii) FORMULA.—Subject to clauses (iii) and (iv), of the amount described in clause (i)(II)—

"(I) 33⅓ percent shall be allotted on the basis of the relative number of individuals in the civilian labor force who are ages 16 through 21 in each State, compared to the total number of individuals in the civilian labor force who are ages 16 through 21 in all States;

"(II) 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; and

"(III) 33⅓ percent shall be allotted on the basis of the relative number of disadvantaged youth who are ages 16 through 21 in each State, compared to the total number of disadvantaged youth who are ages 16 through 21 in all States.

"(iii) MINIMUM AND MAXIMUM PERCENTAGES.—

"(I) MINIMUM PERCENTAGE.—The Secretary shall ensure that no

State shall receive an allotment percentage under this subparagraph for a fiscal year that is less than 90 percent of the allotment percentage of the State for the preceding fiscal year.

"(II) MAXIMUM PERCENTAGE.—Subject to subclause (I), the Secretary shall ensure that no State shall receive an allotment percentage under this subparagraph for a fiscal year that is more than 130 percent of the allotment percentage of the 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 subparagraph that is less than the total of—

"(I) 3/10 of 1 percent of $1,000,000,000 of the remainder described in clause (i) for the fiscal year; and

"(II) if the remainder described in clause (i) for the fiscal year exceeds

$1,000,000,000, 2/5 of 1 percent of the excess.

"(2) DEFINITIONS.—For the purposes of paragraph (1):

"(A) ALLOTMENT PERCENTAGE.—The term 'allotment percentage', used with respect to fiscal year 2006 or a subsequent fiscal year, means a percentage of the remainder described in paragraph (1)(C)(i) that is received by the State involved through an allotment made under this subsection for the fiscal year. The term, used with respect to fiscal year 2005, 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 Investment Act Amendments of 2005) that is received by the State involved for fiscal year 2005.

"(B) 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.

''(C) FREELY ASSOCIATED STATE.—The term 'Freely Associated State' means the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

''(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.''.

(b) REALLOTMENT.—

(1) AMENDMENT.—Section 127(c) (29 U.S.C. 2852(c)) is amended—

(A) by striking paragraph (2) and inserting the following:

''(2) AMOUNT.—The amount available for reallotment for a program year is equal to the amount by which the unexpended balance at the end of the program year prior to the program year for which the determination is made exceeds 30 percent of the total amount of funds available to the State under

this section during such prior program year (including amounts allotted to the State in all prior program years that remained available). For purposes of this paragraph, the unexpended balance is the amount that is the difference between—

"(A) the total amount of funds available to the State under this section during the program year prior to the program year for which the determination is made (including amounts allotted to the State in all prior program years that remained available); and

"(B) the accrued expenditures during such prior program year.";

(B) in paragraph (3)—

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

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

(C) by striking paragraph (4) and inserting the following:

"(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.''; and

(D) in paragraph (5), by striking ''obligation'' and inserting ''accrued expenditure''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect for the program year that begins after the date of enactment of this Act.

(c) WITHIN STATE ALLOCATIONS.—

(1) RESERVATION FOR STATEWIDE ACTIVITIES.—Section 128(a) (29 U.S.C. 2853(a)) is amended to read as follows:

''(a) RESERVATIONS FOR STATEWIDE 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 activities under section 129(b) or statewide employment and

training activities, for adults or dislocated workers, under section 134(a).''.

(2) WITHIN STATE ALLOCATION.—Section 128(b) (29 U.S.C. 2853(b)) is amended to read as follows:

''(b) WITHIN STATE ALLOCATIONS.—

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

''(A) a portion equal to not less than 80 percent of such amount shall be allocated by the Governor to local areas in accordance with paragraph (2); and

''(B) a portion equal to not more than 20 percent of such amount may be allocated by the Governor to local areas in accordance with paragraph (3).

''(2) ESTABLISHED FORMULA.—

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

''(i) 33⅓ percent on the basis of the relative number of individuals in the civilian labor force who are ages 16 through 21 in each local area, compared to the total

number of individuals in the civilian labor force who are ages 16 through 21 in all local areas in the State;

"(ii) 33⅓ 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; and

"(iii) 33⅓ 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.—

"(i) MINIMUM PERCENTAGE.—The Governor shall ensure that no local area shall receive an allocation percentage under this paragraph for a fiscal year that is less than 90 percent of the allocation percentage of the local area for the preceding fiscal year.

"(ii) MAXIMUM PERCENTAGE.—Subject to clause (i), the Governor shall ensure

that no local area shall receive an allocation percentage under this paragraph for a fiscal year that is more than 130 percent of the allocation percentage of the local area for the preceding fiscal year.

''(C) DEFINITIONS.—In this paragraph:

''(i) ALLOCATION PERCENTAGE.—The term 'allocation percentage', used with respect to fiscal year 2006 or a subsequent fiscal year, means a percentage of the portion described in paragraph (1)(A) that is received by the local area involved through an allocation made under this paragraph for the fiscal year. The term, used with respect to fiscal year 2005, 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 2005) that is received by the local area involved for fiscal year 2005.

''(ii) DISADVANTAGED YOUTH.—The term 'disadvantaged youth' means an individual who—

''(I) is age 16 through 21;

"(II) is not a college student or member of the Armed Forces; and

"(III) 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.

"(3) YOUTH DISCRETIONARY ALLOCATION.—The Governor may allocate the portion described in paragraph (1)(B) to local areas where there are a significant number of eligible youth, after consultation with the State board and local boards.

"(4) LOCAL ADMINISTRATIVE COST LIMIT.—

"(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 involved 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.—

(A) AMENDMENT.—Section 128(c) (29 U.S.C. 2853(c)) is amended—

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

(ii) by striking paragraph (2) and inserting the following:

"(2) AMOUNT.—The amount available for reallocation for a program year is equal to the amount by which the unexpended balance at the end of the program year prior to the program year for which the determination is made exceeds 30 percent of the total amount of funds available to the local area under this section during such prior program year (including amounts allocated to the local area in all prior program years that remained available). For purposes of this paragraph, the unexpended balance is the amount that is the difference between—

"(A) the total amount of funds available to the local area under this section during the program year prior to the program year for which the determination is made (including amounts allocated to the local area in all prior program years that remained available); and

"(B) the accrued expenditures during such prior program year.";

(iii) by amending paragraph (3)—

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

(II) by striking "for the prior program year" the first place it appears and inserting "for the program year for 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

(iv) by striking paragraph (4) and inserting the following:

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

(B) EFFECTIVE DATE.—The amendments made by subparagraph (A) shall take effect for the later of—

(i) the program year that begins after the date of enactment of this Act; or

(ii) program year 2006.

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

"(a) YOUTH PARTICIPANT ELIGIBILITY.—

"(1) ELIGIBILITY.—

"(A) IN GENERAL.—To be eligible to participate in activities carried out under this chapter during any program year an individual shall, at the time the eligibility determination is made, be an out-of-school youth or an in-school youth.

"(B) OUT-OF-SCHOOL YOUTH.—In this title the term 'out-of-school youth' means an individual who is—

"(i) not younger than age 16 nor older than age 21; and

"(ii) one of the following:

"(I) A school dropout.

"(II) A youth who is within the age for compulsory school attendance, but has not attended school for at least 1 school year calendar quarter.

"(III) A recipient of a secondary school diploma or its equivalent who is—

"(aa) deficient in basic skills, including limited English proficiency;

"(bb) a low-income individual; and

"(cc) not attending any school.

"(IV) Subject to the juvenile or adult justice system or ordered by a court to an alternative school.

"(V) A low-income individual who is pregnant or parenting and not attending any school.

"(VI) A youth who is not attending school or a youth attending an alternative school, who is homeless, a runaway, a foster child, a child eligible for assistance under section 477 of the Social Security Act (42 U.S.C. 677), or in an out-of-home placement.

"(VII) A low-income individual who is not attending school and requires additional assistance to enter or complete an educational program or to secure or hold employment.

"(C) IN-SCHOOL YOUTH.—In this section the term 'in-school youth' means an individual who is—

"(i) not younger than age 14 nor older than age 21;

"(ii) a low-income individual; and

"(iii) one or more of the following:

"(I) Deficient in basic literacy skills, including limited English proficiency.

"(II) Homeless, a runaway, a foster child, a child eligible for assistance under section 477 of the Social

Security Act (42 U.S.C. 677), or in an out-of-home placement.

"(III) Pregnant or parenting.

"(IV) An offender (other than an individual described in subparagraph (B)(ii)(IV)).

"(V) An individual who requires additional assistance to complete an educational program or to secure or hold employment.

"(2) EXCEPTION.—Not more than 5 percent of the individuals assisted under this section in each local area, in the case of individuals for whom low income is a requirement for eligibility under this section, may be individuals who are not low income.

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

"(A) IN GENERAL.—For any program year, not more than 60 percent of the funds available for statewide activities under subsection (b), and not more than 60 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).

"(B) EXCEPTION.—A State that receives a minimum allotment under section 127(b)(1) in accordance with section 127(b)(1)(C)(iv) or under section 132(b)(1) in accordance with section 132(b)(1)(B)(iv)(II) may increase 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 use at least 40 percent of the funds available for activities under subsection (b) or (c) to serve out-of-school youth 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 increased percentage for purposes of subparagraph (A), and the summary of the eligible youth population analysis; and

"(II) the request is approved by the Secretary.

"(4) CONSISTENCY WITH COMPULSORY SCHOOL ATTENDANCE LAWS.—In providing assistance under

this section to an individual who is required to attend school under applicable State compulsory school attendance laws, the priority in providing such assistance shall be for the individual to attend school regularly.''.

(c) STATEWIDE 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) shall be used, regardless of whether the funds were allotted to the State under section 127(b)(1)(C) or under paragraph (1)(B) or (2)(B) of section 132(b) for statewide activities, which may include—

''(A) conducting—

''(i) 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;

''(ii) research; and

''(iii) demonstration projects;

''(B) 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 title, and for performance by local areas as described in section 136(i)(2);

"(C) providing technical assistance and capacity building activities 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, the provision of technical assistance to local areas that fail to meet local performance measures described in section 136(c), and the provision of technology to facilitate remote access to services provided through the one-stop delivery system in the State;

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

"(E) carrying out monitoring and oversight of activities carried out under this chapter and chapter 5, which may include a review comparing the services provided to male and female youth;

‘‘(F) providing additional assistance to local areas that have high concentrations of eligible youth;

‘‘(G) supporting the development of alternative programs and other activities that enhance the choices available to eligible youth and encourage such youth to reenter secondary education, enroll in postsecondary education and advanced training, and obtain career path employment;

‘‘(H) supporting the provision of core services described in section 134(d)(2) in the one-stop delivery system in the State; and

‘‘(I) supporting financial literacy, including—

‘‘(i) supporting the ability to create household budgets, initiate savings plans, and make strategic investment decisions for education, retirement, home ownership, wealth building, or other savings goals;

‘‘(ii) supporting the ability to manage spending, credit, and debt, including credit card debt, effectively;

‘‘(iii) increasing awareness of the availability and significance of credit re-

ports and credit scores in obtaining credit, the importance of their accuracy (and how to correct inaccuracies), their effect on credit terms, and the effect common financial decisions may have on credit scores;

''(iv) supporting the ability to ascertain fair and favorable credit terms;

''(v) supporting the ability to avoid abusive, predatory, or deceptive credit offers and financial products;

''(vi) supporting the ability to understand, evaluate, and compare financial products, services, and opportunities;

''(vii) supporting the ability to understand resources that are easily accessible and affordable, and that inform and educate an investor as to the investor's rights and avenues of recourse when the investor believes the investor's rights have been violated by unprofessional conduct of market intermediaries;

''(viii) increasing awareness of the particular financial needs and financial transactions (such as the sending of remittances) of consumers who are targeted in

multilingual financial literacy and education programs and improving the development and distribution of multilingual financial literacy and education materials;

''(ix) promoting bringing individuals who lack basic banking services into the financial mainstream by opening and maintaining accounts with financial institutions; and

''(x) improving financial literacy and education through all other related skills, including personal finance and related economic education, with the primary goal of programs not simply to improve knowledge, but rather to improve consumers' financial choices and outcomes.

''(2) LIMITATION.—Not more than 5 percent of the funds allotted to a State under section 127(b)(1)(C) shall be used by the State for administrative activities carried out under this subsection or section 134(a).

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

(f) LOCAL ELEMENTS AND REQUIREMENTS.—

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

(A) in the matter that precedes subparagraph (A), by striking ''paragraph (2)(A) or (3), as appropriate, of'';

(B) in subparagraph (B), by inserting ''are directly linked to 1 or more of the performance measures 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 redesignated by clause (i)) the following:

''(i) activities leading to the attainment of a secondary school diploma or its equivalent, or another recognized credential;'';

(iii) in clause (ii) (as redesignated by clause (i)), by inserting ''and advanced training'' after ''opportunities'';

(iv) in clause (iii) (as redesignated by clause (i))—

(I) by inserting ''instruction based on State academic content and student academic achievement standards established under section 1111 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311)'' after ''academic''; and

(II) by inserting ''that lead to the attainment of recognized credentials'' after ''learning''; and

(v) by striking clause (v) (as redesignated by clause (i)) and inserting the following:

''(v) effective connections to all employers, including small employers, in sectors of the local and regional labor markets that are 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 ''the requirements for

a secondary school diploma or its recognized equivalent (including recognized alternative standards for individuals with disabilities) or for another recognized credential, including dropout prevention strategies'';

(B) in subparagraph (B), by inserting '', with a priority on exposing youth to technology and nontraditional jobs'' before the semicolon;

(C) in subparagraph (F), by striking ''during nonschool hours'';

(D) in subparagraph (I), by striking ''and'' at the end;

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

(F) by adding at the end the following:

''(K) on-the-job training opportunities;

''(L) opportunities to acquire financial literacy skills;

''(M) entrepreneurial skills training and microenterprise services; and

''(N) information about average wages for a range of jobs available in the local area, including technology jobs.''.

(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 amended by striking paragraphs (4) and (5).

(5) PROHIBITIONS AND LINKAGES.—Section 129(c) (29 U.S.C. 2854(c)), as amended by paragraph (4), is further amended—

(A) by redesignating paragraphs (6), (7), and (8) as paragraphs (4), (5), and (6), respectively;

(B) in paragraph (4) (as redesignated by subparagraph (A))—

(i) by striking subparagraph (B); and

(ii) by redesignating subparagraph (C) as subparagraph (B); and

(C) in paragraph (5) (as redesignated by subparagraph (A)), by striking ''youth councils'' and inserting ''local boards''.

SEC. 121. ADULT AND DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES.

(a) STATE ALLOTMENTS.—

(1) RESERVATIONS.—Section 132(a)(2)(A) (29 U.S.C. 2862 (a)(2)(A)) is amended by striking ''national emergency grants, other than under subsection (a)(4), (f), and (g)'' and inserting ''national dislocated worker grants, other than under paragraph (4) or (5) of subsection (a), subsection (e), and subsection (f)''.

(2) ALLOTMENT AMONG STATES.—Section 132(b) (29 U.S.C. 2862(b)) is amended—

(A) in paragraph (1)(A)(ii), by striking ''section 127(b)(1)(B),'' and all that follows and inserting ''section 127(b)(1)(B).'';

(B) by striking paragraph (1)(B)(ii) and inserting the following:

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

''(I) 40 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) 25 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 such individuals in all States; and

''(III) 35 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).'';

(C) in paragraph (1)(B)—

(i) in clause (iii), by striking ''section 116(a)(2)(B)'' and inserting ''section 116(a)(2)(A)(iii)'';

(ii) in clause (iv)—

(I) in subclause (I)—

(aa) by striking ''Subject to subclause (IV), the'' and inserting ''The''; and

(bb) by striking ''than the greater of'' and all that follows and inserting ''than an amount based on 90 percent of the allot-

ment percentage of the State for the preceding fiscal year.'';

(II) in subclause (II), by striking ''subclauses (I), (III), and (IV)'' and inserting ''subclauses (I) and (III)''; and

(III) by striking subclause (IV); and

(iii) in clause (v), by striking subclause (VI); and

(D) in paragraph (2)(A)(ii), by striking ''section 127(b)(1)(B)'' and all that follows and inserting ''section 127(b)(1)(B).''.

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

(A) by striking paragraph (2) and inserting the following:

''(2) AMOUNT.—The amount available for reallotment for a program year for programs funded under subsection (b)(1)(B) (relating to adult employment and training) and subsection (b)(2)(B) (relating to dislocated worker employment and training), respectively, is equal to the amount by which the unexpended balance at the end of the program year prior to the program year for which the deter-

mination is made exceeds 30 percent of the total amount of funds available to the State under subsection (b)(1)(B) or (b)(2)(B), respectively, during such prior program year (including amounts allotted to the State in all prior program years under such provisions that remained available). For purposes of this paragraph, the unexpended balance is the amount that is the difference between—

"(A) the total amount of funds available to the State under subsection (b)(1)(B) or (b)(2)(B), respectively, during the program year prior to the program year for which the determination is made (including amounts allotted to the State in all prior program years under such provisions that remained available); and

"(B) the accrued expenditures from such total amount of funds available under subsection (b)(1)(B) or (b)(2)(B), respectively, during such prior program year.";

(B) in paragraph (3)—

(i) by striking "under this section for such activities for the prior program year" and inserting "under subsection (b)(1)(B) or (b)(2)(B), as appropriate, for the pro-

gram year for which the determination is made''; and

(ii) by striking ''under this section for such activities for such prior program year'' and inserting ''under subsection (b)(1)(B) or (b)(2)(B), as appropriate, for such program year'';

(C) by striking paragraph (4) and inserting the following:

''(4) ELIGIBILITY.—For purposes of this subsection, an eligible State means—

''(A) with respect to funds allotted under subsection (b)(1)(B), a State that does not have an amount of such funds available for reallotment under paragraph (2) for the program year for which the determination under paragraph (2) is made; and

''(B) with respect to funds allotted under subsection (b)(2)(B), a State that does not have an amount of such funds available for reallotment under paragraph (2) for the program year for which the determination under paragraph (2) is made.''; and

(D) in paragraph (5), by striking ''obligation'' and inserting ''accrued expenditure''.

(4) EFFECTIVE DATE.—The amendments made by paragraph (3) shall take effect for the later of—

(A) the program year that begins after the date of enactment of this Act; or

(B) program year 2006.

(b) WITHIN STATE ALLOCATIONS.—

(1) ALLOCATION.—Section 133(b)(2)(A)(i) (29 U.S.C. 2863(b)(2)(A)(i)) is amended—

(A) in subclause (I), by striking ''33⅓ percent'' and inserting ''40 percent'';

(B) in subclause (II), by striking ''33⅓ percent'' and inserting ''25 percent''; and

(C) in subclause (III), by striking ''33⅓ percent'' and inserting ''35 percent''.

(2) TRANSFER AUTHORITY.—Section 133(b)(4) (29 U.S.C. 2863(b)(4)) is amended by striking ''20 percent'' each place it appears and inserting ''45 percent''.

(3) REQUIREMENTS.—Clauses (i) and (ii) of section 133(b)(5)(B) (29 U.S.C. 2863(b)(5)(B)) are amended by striking ''section 134(c)'' and inserting ''section 121(e)''.

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

(A) in paragraph (1), by inserting ", and under subsection (b)(2)(B) for dislocated worker employment and training activities," after "activities";

(B) by striking paragraph (2) and inserting the following:

"(2) AMOUNT.—The amount available for reallocation for a program year for programs funded under paragraphs (2)(A) and (3) of subsection (b) (relating to adult employment and training) and subsection (b)(2)(B) (relating to dislocated worker employment and training), respectively, is equal to the amount by which the unexpended balance at the end of the program year prior to the program year for which the determination is made exceeds 30 percent of the total amount of funds available to the local area under paragraphs (2)(A) and (3) of subsection (b), or subsection (b)(2)(B), respectively, during such prior program year (including amounts allocated to the local area in all prior program years under such provisions that remained available). For purposes of this paragraph, the unexpended balance is the amount that is the difference between—

"(A) the total amount of funds available to the local area under paragraphs (2)(A) and (3)

of subsection (b), or subsection (b)(2)(B), respectively, during the program year prior to the program year for which the determination is made (including amounts allotted to the local area in all prior program years under such provisions that remained available); and

''(B) the accrued expenditures from such total amount of funds available under paragraphs (2)(A) and (3) of subsection (b), or subsection (b)(2)(B), respectively, during such prior program year.'';

(C) by striking paragraph (3) and inserting the following:

''(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—

''(A) with respect to amounts that are available for reallocation under paragraph (2) that were allocated under paragraphs (2)(A) or (3) of subsection (b), an amount based on the relative amount allocated to such local area under paragraphs (2)(A) or (3) of subsection (b), as appropriate, for the program year for

which the determination is made, as compared to the total amount allocated to all eligible local areas under paragraphs (2)(A) or (3) of subsection (b), as appropriate, for such program year; and

"(B) with respect to amounts that are available for reallocation under paragraph (2) that were allocated under subsection (b)(2)(B), an amount based on the relative amount allocated to such local area under subsection (b)(2)(B) for the program year for which the determination is made, as compared to the total amount allocated to all eligible local areas under subsection (b)(2)(B) for such program year."; and

(D) by striking paragraph (4) and inserting the following:

"(4) ELIGIBILITY.—For purposes of this subsection, an eligible local area means—

"(A) with respect to funds allocated under paragraphs (2)(A) or (3) of subsection (b), a local area that does not have an amount of such funds available for reallocation under paragraph (2) for the program year for which the determination under paragraph (2) is made; and

"(B) with respect to funds allocated under subsection (b)(2)(B), a local area that does not have an amount of such funds available for reallocation under paragraph (2) for the program year for which the determination under paragraph (2) is made.".

(5) EFFECTIVE DATE.—The amendments made by paragraph (3) shall take effect for the later of—

(A) the program year that begins after the date of enactment of this Act; or

(B) program year 2006.

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

(1) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—

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

"(A) STATEWIDE RAPID RESPONSE ACTIVITIES.—

"(i) IN GENERAL.—A State shall carry out statewide rapid response activities using funds reserved by a Governor for a State under section 133(a)(2). Such activities 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 for 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 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 for the local areas.

"(ii) USE OF UNEXPENDED FUNDS.—Funds reserved under section 133(a)(2) to carry out this subparagraph that remain unexpended after the first program year for which such funds were allotted may be used by the Governor to carry out statewide activities authorized under subparagraph (B) and paragraph (3)(A) in addi-

tion to activities under this subparagraph.''.

(B) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—Section 134(a)(2) (29 U.S.C. 2864(a)(2)) is amended by striking subparagraph (B) and inserting the following:

''(B) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—Funds reserved by a Governor for a State under sections 128(a)(1) and 133(a)(1) and not used under paragraph (1)(A) (regardless of whether the funds were allotted to the States under section 127(b)(1)(C) or paragraphs (1)(B) or (2)(B) of section 132(b)) shall be used for statewide employment and training activities, including—

''(i) disseminating—

''(I) the State list of eligible providers of training services, including eligible providers of nontraditional training services and eligible providers of apprenticeship programs described in section 122(a)(2)(B);

''(II) information identifying eligible providers of on-the-job training,

customized training, and incumbent worker training;

"(III) information on effective business outreach, partnerships, and services;

"(IV) performance information and information on costs of attendance, as described in subsections (d) and (i) of section 122; and

"(V) information on physical and programmatic accessibility for individuals with disabilities;

"(ii) conducting evaluations under section 136(c) of activities authorized under this chapter and chapter 5 in coordination with evaluations carried out by the Secretary under section 172;

"(iii) providing incentive grants to local areas, in accordance with section 136(i);

"(iv) developing strategies for ensuring that activities carried out under this section are placing men and women in jobs, education, and training that lead to comparable pay;

"(v) 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 described in section 136(e), which may include the development and training of staff to provide opportunities for hard-to-serve populations to enter high-wage, high-skilled, and nontraditional occupations;

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

"(vii) carrying out monitoring and oversight of activities carried out under this chapter and chapter 4.".

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

"(A) IN GENERAL.—Funds reserved by a Governor for a State under sections 128(a)(1) and 133(a)(1) and not used under paragraph (1)(A) or (2)(B) (regardless of whether the funds were allotted to the State under section 127(b)(1)(C) or paragraph (1)(B) or (2)(B) of section 132(b)) may be used to carry out additional statewide employment and training activities, which may include—

"(i) implementing innovative programs and strategies designed to meet the needs of all businesses in the State, including small businesses, which may include incumbent worker training programs, sectoral and industry cluster strategies and partnerships, including regional skills alliances, career ladder programs, micro-enterprise and entrepreneurial training and support programs, utilization of effective business intermediaries, activities to improve linkages between the one-stop delivery system in the State and all employers (including small employers) in the State, and other business services and strategies that better engage employers in workforce

investment activities and make the workforce investment system more relevant to the needs of State and local businesses, consistent with the objectives of this title;

''(ii) developing strategies for effectively serving hard-to-serve populations and for coordinating programs and services among one-stop partners;

''(iii) implementing innovative programs for displaced homemakers, which for purposes of this clause 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.);

''(iv) implementing programs to increase the number of individuals training for and placed in nontraditional employment;

''(v) carrying out activities to facilitate remote access to services, including training services described in subsection (d)(4), provided through a one-stop deliv-

ery system, including facilitating access through the use of technology;

"(vi) supporting the provision of core services described in subsection (d)(2) in the one-stop delivery system in the State;

"(vii) coordinating with the child welfare system to facilitate services for children in foster care and those who are eligible for assistance under section 477 of the Social Security Act (42 U.S.C. 677);

"(viii) activities—

"(I) to improve coordination between workforce investment activities carried out within the State involved and economic development activities, and to promote entrepreneurial skills training and microenterprise services;

"(II) to improve coordination between employment and training assistance, child support services, and assistance provided by State and local agencies carrying out part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.);

"(III) to improve coordination between employment and training assistance and cooperative extension programs carried out by the Department of Agriculture;

"(IV) to improve coordination between employment and training assistance and programs carried out in the local area for individuals with disabilities, including programs carried out by State agencies relating to mental retardation and developmental disabilities, Statewide Independent Living Councils established under section 705 of the Rehabilitation Act of 1973 (29 U.S.C. 796d), and centers for independent living defined in section 702 of the Rehabilitation Act of 1973 (29 U.S.C. 796a);

"(V) to develop and disseminate workforce and labor market information;

"(VI) to improve coordination with the corrections system to facilitate provision of training services and

employment opportunities that will assist ex-offenders in reentering the workforce; and

''(VII) to promote financial literacy, including carrying out activities described in section 129(b)(1)(I);

''(ix) conducting—

''(I) research; and

''(II) demonstration projects; and

''(x) adopting, calculating, or commissioning a minimum self-sufficiency standard that specifies the income needs of families, by family size, the number and ages of children in the family, and sub-State geographical considerations.''.

(2) REQUIRED LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.—

(A) ALLOCATED FUNDS.—Section 134(d)(1)(A) (29 U.S.C. 2864(d)(1)(A)) is amended—

(i) in clause (i), by striking ''described in subsection (c)'';

(ii) in clause (iii), by striking ''and'' at the end;

(iii) in clause (iv), by striking the period and inserting a semicolon; and

(iv) by adding at the end the following:

''(v) to designate a dedicated business liaison in the local area who may be funded with funds provided under this title or from other sources to establish and develop relationships and networks with large and small employers and their intermediaries; and

''(vi) in order to improve service delivery to avoid duplication of services and enhance coordination of services, to require the colocation of employment services provided under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) at the one-stop centers.''.

(B) CORE SERVICES.—Section 134(d)(2) (29 U.S.C. 2864(d)(2)) is amended—

(i) in the matter preceding subparagraph (A), by striking ''paragraph (1)(A)'' and inserting ''paragraph (1)'';

(ii) in subparagraph (C), by inserting ''(including literacy, numeracy, and

English language proficiency)'' after ''skill levels'';

(iii) by striking subparagraph (D) and inserting the following:

''(D) labor exchange services, including—

''(i) job search and placement assistance and, in appropriate cases, career counseling, including—

''(I) exposure to high wage, high skill jobs; and

''(II) nontraditional employment; and

''(ii) appropriate recruitment and other business services for all employers, including small employers, in the local area, which may include services described in this subsection, including information and referral to specialized business services not traditionally offered through the one-stop delivery system;'';

(iv) in subparagraph (E)(iii)—

(I) by inserting '', career ladders,'' after ''earnings''; and

(II) by striking ''and'' at the end;

(v) in subparagraph (F)—

(I) by striking ''and program cost information''; and

(II) by striking ''described in section 123'';

(vi) by striking subparagraph (H) and inserting the following:

''(H) provision of accurate information, in formats that are usable and understandable to all one-stop center customers, relating to the availability of supportive services or assistance, including child care, child support, medical or child health assistance under title XIX or XXI of the Social Security Act (42 U.S.C. 1396 et seq. and 1397aa et seq.), benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), the earned income tax credit under section 32 of the Internal Revenue Code of 1986, and assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) and other supportive services and transportation provided through funds made available under such part, available in the local area, and referral to such services or assistance as appropriate;''; and

(vii) in subparagraph (J), by striking ''for—'' and all that follows through ''(ii) programs'' and inserting ''for programs''.

(C) INTENSIVE SERVICES.—Section 134(d)(3) (29 U.S.C. 2864(d)(3)) is amended—

(i) by striking subparagraph (A) and inserting the following:

''(A) IN GENERAL.—

''(i) ELIGIBILITY.—Except as provided in clause (ii), 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) who are unemployed and who, after an interview, evaluation, or assessment, have been determined by a one-stop operator or one-stop partner to be—

''(aa) unlikely or unable to obtain employment, that leads to self-sufficiency or wages com-

parable to or higher than previous employment, through core services described in paragraph (2); and

"(bb) in need of intensive services to obtain employment that leads to self-sufficiency or wages comparable to or higher than previous employment; or

"(II) who are employed, but who, after an interview, evaluation, or assessment are determined by a one-stop operator or one-stop partner to be in need of intensive services to obtain or retain employment that leads to self-sufficiency.

"(ii) SPECIAL RULE.—A new interview, evaluation, or assessment of a participant is not required under clause (i) if the one-stop operator or one-stop partner determines that it is appropriate to use a recent assessment of the participant conducted pursuant to another education or training program."; and

(ii) in subparagraph (C)—

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

(II) by adding at the end the following:

''(vii) Internships and work experience.

''(viii) Literacy activities relating to basic work readiness.

''(ix) Financial literacy services, such as activities described in section 129(b)(1)(I).

''(x) Out-of-area job search assistance and relocation assistance.

''(xi) English language acquisition and integrated training programs.''.

(D) TRAINING SERVICES.—Section 134(d)(4) (29 U.S.C. 2864(d)(4)) is amended—

(i) by striking subparagraph (A) and inserting the following:

''(A) IN GENERAL.—

''(i) ELIGIBILITY.—Except as provided in clause (ii), 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 training services to adults and dislocated workers, respectively—

"(I) 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—

"(aa) be unlikely or unable to obtain or retain employment, that leads to self-sufficiency or wages comparable to or higher than previous employment, through the intensive services described in paragraph (3);

"(bb) be in need of training services to obtain or retain employment that leads to self-sufficiency or wages comparable to or higher than previous employment, and

"(cc) have the skills and qualifications to successfully par-

ticipate in the selected program of training services;

''(II) who select programs of training services that are directly linked to the employment opportunities in the local area or region involved or in another area to which the adults or dislocated workers are willing to commute or relocate;

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

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

''(ii) SPECIAL RULE.—A new interview, evaluation, or assessment of a participant is not required under clause (i) if the one-stop operator or one-stop partner determines that it is appropriate to use a recent assessment of the participant conducted pursuant to another education or training program.'';

(ii) in subparagraph (B)(i), by striking ''Except'' and inserting ''Notwith-

standing section 479B of the Higher Education Act of 1965 (20 U.S.C. 1087uu) and except'';

(iii) in subparagraph (D)—

(I) in clause (viii), by striking ''and'' after the semicolon;

(II) in clause (ix), by striking the period and inserting ''; and''; and

(III) by adding at the end the following:

''(x) English language acquisition and integrated training programs.'';

(iv) in subparagraph (F)—

(I) in clause (ii), by striking ''referred to in subsection (c), shall make available—'' and all that follows and inserting ''shall make available a list of eligible providers of training services, and accompanying information, in accordance with section 122(d).'';

(II) in the heading of clause (iii), by striking ''INDIVIDUAL TRAINING ACCOUNTS'' and inserting ''CAREER SCHOLARSHIP ACCOUNTS'';

(III) in clause (iii)—

(aa) by striking ''identifying information'' and inserting ''accompanying information'';

(bb) by striking ''clause (ii)(I)'' and inserting ''clause (ii)''; and

(cc) by striking ''an individual training account'' and inserting ''a career scholarship account''; and

(IV) by adding at the end the following:

''(iv) COORDINATION.—Each local board may, through one-stop centers, coordinate career scholarship accounts with other Federal, State, local, or private job training programs or sources to assist the individual in obtaining training services.''; and

(v) in subparagraph (G)—

(I) in the subparagraph heading, by striking ''INDIVIDUAL TRAINING ACCOUNTS'' and inserting ''CAREER SCHOLARSHIP ACCOUNTS'';

(II) in clause (i), by striking ''individual training accounts'' and inserting ''career scholarship accounts'';

(III) in clause (ii)—

(aa) by striking ''an individual training account'' and inserting ''a career scholarship account'';

(bb) in subclause (II), by striking ''individual training accounts'' and inserting ''career scholarship accounts'';

(cc) in subclause (II) by striking ''or'' after the semicolon;

(dd) in subclause (III), by striking ''special participant populations that face multiple barriers to employment'' and inserting ''hard-to-serve populations'';

(ee) in subclause (III), by striking the period and inserting ''; or''; and

(ff) by adding at the end the following:

"(IV) the local board determines that it would be most appropriate to award a contract to an institution of higher education in order to facilitate the training of multiple individuals in high-demand occupations, if such contract does not limit customer choice."; and

(IV) in clause (iv)—

(aa) by redesignating subclause (IV) as subclause (V); and

(bb) by inserting after subclause (III) the following:

"(IV) Individuals with disabilities.".

(3) PERMISSIBLE ACTIVITIES.—Section 134(e) (29 U.S.C. 2864(e)) is amended—

(A) by striking the matter preceding paragraph (2) and inserting the following:

"(e) PERMISSIBLE LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.—

"(1) IN GENERAL.—

"(A) 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 the one-stop delivery system involved—

"(i) customized screening and referral of qualified participants in training services described in subsection (d)(4) to employment;

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

"(iii) customer support to enable members of hard-to-serve populations, including individuals with disabilities, to navigate among multiple services and activities for such populations;

"(iv) technical assistance and capacity building for serving individuals with disabilities in local areas, for one-stop operators, one-stop partners, and eligible providers, including the development and training of staff, the provision of outreach, intake, assessments, and service delivery, and the development of performance measures;

"(v) employment and training assistance provided in coordination with child support enforcement activities of the State and local agencies carrying out part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.);

"(vi) activities to improve coordination between employment and training assistance, child support services, and assistance provided by State and local agencies carrying out part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.);

"(vii) activities to improve coordination between employment and training assistance and cooperative extension programs carried out by the Department of Agriculture;

"(viii) activities to facilitate remote access to services provided through a one-stop delivery system, including facilitating access through the use of technology;

"(ix) activities—

"(I) to improve coordination between workforce investment activities carried out within the local area in-

volved and economic development activities, and to promote entrepreneurial skills training and microenterprise services; and

"(II) to improve services and linkages between the local workforce investment system including the local one-stop delivery system, and all employers, including small employers in the local area, through services described in this section, including subparagraph (B);

"(x) training programs for displaced homemakers and for individuals training for nontraditional occupations, in conjunction with programs operated in the local area;

"(xi) using a portion of the funds allocated under section 133(b), activities to carry out business services and strategies that meet the workforce investment needs of local area employers, as determined by the local board, consistent with the local plan under section 118, which services—

“(I) may be provided through effective business intermediaries working in conjunction with the local board, and may also be provided on a fee-for-service basis or through the leveraging of economic development and other resources as determined appropriate by the local board; and

“(II) may include—

“(aa) identifying and disseminating to business, educators, and job seekers, information related to the workforce, economic and community development needs, and opportunities of the local economy;

“(bb) development and delivery of innovative workforce investment services and strategies for area businesses, which may include sectoral, industry cluster, regional skills alliances, career ladder, skills upgrading, skill standard development and certification, apprenticeship, and other

effective initiatives for meeting the workforce investment needs of area employers and workers;

''(cc) participation in seminars and classes offered in partnership with relevant organizations focusing on the workforce-related needs of area employers and job seekers;

''(dd) training consulting, needs analysis, and brokering services for area businesses, including the organization and aggregation of training (which may be paid for with funds other than those provided under this title), for individual employers and coalitions of employers with similar interests, products, or workforce needs;

''(ee) assistance to area employers in the aversion of layoffs and in managing reductions in force in coordination with rapid response activities;

‘‘(ff) the marketing of business services offered under this title, to appropriate area employers, including small and mid-sized employers;

‘‘(gg) information referral on concerns affecting local employers; and

‘‘(hh) other business services and strategies designed to better engage employers in workforce investment activities and to make the workforce investment system more relevant to the workforce investment needs of area businesses, as determined by the local board to be consistent with the objectives of this title;

‘‘(xii) activities to adjust the self-sufficiency standards for local factors, or activities to adopt, calculate, or commission a self-sufficiency standard that specifies the income needs of families, by family size, the number and ages of children in the

family, and sub-State geographical considerations; and

"(xiii) improved coordination between employment and training assistance and programs carried out in the local area for individuals with disabilities, including programs carried out by State agencies relating to mental retardation and developmental disabilities, Statewide Independent Living Councils established under section 705 of the Rehabilitation Act of 1973 (29 U.S.C. 796d), and centers for independent living defined in section 702 of the Rehabilitation Act of 1973 (29 U.S.C. 796a).

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

"(i) 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), may be used to provide, through the one-stop delivery system involved, work support activities designed to assist low-wage workers in retaining and

enhancing employment. The one-stop partners shall coordinate the appropriate programs and resources of the partners with the activities and resources provided under this subparagraph.

''(ii) ACTIVITIES.—The activities described in clause (i) may include the provision of activities described in this section through the one-stop delivery system in a manner that enhances the opportunities of such workers to participate in the activities, such as the provision of activities described in this section during nontraditional hours and the provision of onsite child care while such activities are being provided.'';

(B) in paragraph (2), by striking the matter preceding subparagraph (A) and inserting the following:

''(2) SUPPORTIVE SERVICES.—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 sup-

portive services to adults and dislocated workers, respectively—''; and

(C) by adding at the end the following:

''(4) INCUMBENT WORKER TRAINING PROGRAMS.—

''(A) IN GENERAL.—The local board may use up to 10 percent of the funds allocated to the local area involved under section 133(b) to pay for the Federal share of the cost of providing training through an incumbent worker training program carried out in accordance with this paragraph. The Governor or State board may make recommendations to the local board regarding incumbent worker training with statewide impact.

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

''(C) EMPLOYER SHARE REQUIRED.—

"(i) IN GENERAL.—Employers participating in the program carried out under this paragraph shall be required to pay the non-Federal share of the costs of providing the training to incumbent workers of the employers. The local board shall establish the non-Federal share of such costs, which may include in-kind contributions. The non-Federal share 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 EMPLOYER SHARE.—The non-Federal share paid by such an employer may include the amount of the wages paid by the employer to a worker while the worker is attending a training program under this paragraph.".

SEC. 122. PERFORMANCE ACCOUNTABILITY SYSTEM.

(a) STATE PERFORMANCE MEASURES.—

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

(A) in clause (i)—

(i) in the matter preceding subclause (I), by striking "and (for participants who are eligible youth age 19 through 21) for youth activities authorized under section 129";

(ii) by striking subclause (III) and inserting the following:

"(III) increases in earnings from unsubsidized employment; and"; and

(iii) in subclause (IV), by striking ", or by participants" and all that follows through "unsubsidized employment"; and

(B) by striking clause (ii) and inserting the following:

"(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) school retention, and attainment of secondary school diplomas or their recognized equivalents and of postsecondary certificates; and

''(III) literacy or numeracy gains.''.

(2) ADDITIONAL INDICATORS.—Section 136(b)(2)(C) (29 U.S.C. 2871(b)(2)(C)) is amended to read as follows:

''(C) ADDITIONAL INDICATORS.—A State may identify in the State plan additional indicators for workforce investment activities under this subtitle, including indicators identified in collaboration with State business and industry associations, with employee representatives where applicable, and with local boards, to measure the performance of the workforce investment system in serving the workforce needs of business and industry in the State.''.

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

(A) in clause (iii)—

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

(ii) by striking ''and the customer satisfaction indicator of performance, for the first 3'' and inserting ''described in clauses (i) and (ii) of paragraph (2)(A) and the customer satisfaction indicator of performance, for the first 2''; and

(iii) by inserting at the end the following: ''Agreements on levels of performance for each of the core indicators of performance for the third and fourth program years covered by the State plan shall be reached prior to the beginning of the third program year covered by the State plan, and incorporated as a modification to the State plan.'';

(B) in clause (iv)—

(i) in the matter preceding subclause (I), by striking ''or (v)'';

(ii) in subclause (II)—

(I) by striking ''taking into account'' and inserting ''and shall ensure that the levels involved are ad-

justed, using objective statistical methods, based on'';

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

(III) by inserting ''(such as indicators of poor work history, lack of work experience, lack of educational or occupational skills attainment, dislocation from high-wage and benefit employment, low levels of literacy or English proficiency, disability status, homelessness, ex-offender status, and welfare dependency)'' after ''program''; and

(IV) by striking ''and'' at the end;

(iii) in subclause (III), by striking the period and inserting ''; and''; and

(iv) by adding at the end the following:

''(IV) the extent to which the levels involved will assist the State in

meeting the national goals described in clause (v).'';

(C) by striking clause (v) and inserting the following:

''(v) ESTABLISHMENT OF NATIONAL GOALS.—In order to promote enhanced performance outcomes on the performance measures and to facilitate the process of reaching agreements with the States under clause (iii) and to measure systemwide performance for the one-stop delivery systems of the States, the Secretary shall establish long-term national goals for the adjusted levels of performance for that systemwide performance to be achieved by the programs assisted under chapters 4 and 5 on the core indicators of performance described in subparagraphs (A) and (B) of subsection (b)(2). Such goals shall be established in accordance with the Government Performance and Results Act of 1993 in consultation with the States and other appropriate parties.''; and

(D) in clause (vi)—

(i) by striking ''or (v)''; and

(ii) by striking ''with the representatives described in subsection (i)'' and inserting ''with the States and other interested parties''.

(b) LOCAL PERFORMANCE MEASURES.—Section 136(c)(3) (29 U.S.C. 2871(c)(3))—

(1) by striking ''shall take into account'' and inserting ''shall ensure that the levels involved are adjusted, using objective statistical methods, based on'';

(2) by inserting ''(characteristics such as unemployment rates and job losses or gains in particular industries)'' after ''economic''; and

(3) by inserting ''(characteristics such as indicators of poor work history, lack of work experience, lack of educational and occupational skills attainment, dislocation from high-wage and benefit employment, low levels of literacy or English proficiency, disability status, homelessness, ex-offender status, and welfare dependency)'' after ''demographic''.

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

(1) in paragraph (1), by adding at the end the following: ''In the case of a State or local area that

chooses to expend funds for activities under subsection (a)(3)(A)(i) or (c)(1)(A)(xi), respectively, of section 134, the report also shall include the amount of such funds so expended and the percentage that such funds are of the funds available for activities under section 134.'';

(2) in paragraph (2)—

(A) in subparagraph (E)—

(i) by striking ''(excluding participants who received only self-service and informational activities)''; and

(ii) by striking ''and'' after the semicolon;

(B) in subparagraph (F)—

(i) by inserting ''noncustodial parents with child support obligations, homeless individuals,'' after ''displaced homemakers,''; and

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

(C) by adding at the end the following:

''(G) the number of participants who have received services, other than followup services, authorized under this title;

"(H) the number of participants who have received services, other than followup services, authorized under this title, in the form of core services described in section 134(d)(2), intensive services described in section 134(d)(3), and training services described in section 134(d)(4), respectively;

"(I) the number of participants who have received followup services authorized under this title;

"(J) the cost per participant for services authorized under this title; and

"(K) the amount of adult and dislocated worker funds spent on—

"(i) core, intensive, and training services, respectively; and

"(ii) services provided under subsection (a)(3)(A)(i) or (e)(1)(A)(xi) of section 134, if applicable."; 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 that the information contained in the reports is valid and reliable.".

(d) EVALUATION OF STATE PROGRAMS.—Section 136(c)(3) is amended by inserting ", including information on promoting self-sufficiency and comparable pay between men and women" after "employers".

(e) SANCTIONS FOR STATE.—Section 136(g) is amended—

(1) in paragraph (1)(B), by striking "If such failure continues for a second consecutive year" and inserting "If a State performs at less than 80 percent of the adjusted level of performance for core indicators of performance described in subsection (b)(2)(A) for 2 consecutive years"; and

(2) in paragraph (2), by striking "section 503" and inserting "subsection (i)(1)".

(f) SANCTIONS FOR LOCAL AREA.—Section 136(h)(2)(A) (29 U.S.C. 2871(h)(2)(A)) is amended—

(1) in the matter preceding clause (i), by striking "If such failure continues for a second consecutive year" and inserting "If a local area performs at less than 80 percent of the adjusted level of performance for core indicators of performance described in subsection (b)(2)(A) for 2 consecutive years";

(2) in clause (ii), by striking "or" after the semicolon;

(3) by redesignating clause (iii) as clause (iv); and

(4) by inserting after clause (ii) the following:

"(iii) redesignate the local area in accordance with section 116(b)(2); or".

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

"(i) INCENTIVE GRANTS FOR LOCAL AREAS.—

"(1) IN GENERAL.—From funds reserved under sections 128(a) and 133(a)(1), the Governor involved shall award incentive grants to local areas for performance described in paragraph (2) in carrying out programs under chapters 4 and 5.

"(2) BASIS.—The Governor shall award the grants on the basis that the local areas—

"(A) have exceeded the performance measures established under subsection (c)(2) relating to indicators described in subsection (b)(3)(A)(iii); or

"(B) have—

"(i) met the performance measures established under subsection (c)(2) relating to indicators described in subsection (b)(3)(A)(iii); and

"(ii) demonstrated—

~~"(I) exemplary coordination of Federal workforce and education programs, statewide economic development, or business needs;~~

~~"(II) exemplary performance in the State in serving hard-to-serve populations; or~~

~~"(III) effective—~~

~~"(aa) coordination of multiple systems into a comprehensive workforce investment system, including coordination of employment services under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) and core activities under this title as well as one-stop partner programs described in section 121;~~

~~"(bb) expansion of access to training, including through increased leveraging of resources other than those funded through programs under this title;~~

~~"(cc) implementation of coordination activities through agreements with relevant regional~~

or local agencies and offices, including those responsible for programs under the Adult Education and Family Literacy Act (20 U.S.C. 9201 et seq.) and the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.);

"(dd) regional coordination with other local workforce investment boards or areas;

"(ee) alignment of management information systems to integrate participant information across programs; or

"(ff) integration of performance information systems and common measures for accountability across workforce and education programs.

"(3) USE OF FUNDS.—The funds awarded to a local area under this subsection may be used to carry out activities authorized for local areas and such innovative projects or programs that increase coordination and enhance service to program partici-

pants, particularly hard-to-serve populations, as may be approved by the Governor, including—

"(A) activities that support business needs, especially for incumbent workers and enhancing opportunities for retention and advancement;

"(B) activities that support linkages with secondary, postsecondary, or career and technical education programs, including activities under the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2301 et seq.), the Adult Education and Family Literacy Act (20 U.S.C. 9201 et seq.), and the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.);

"(C) activities that support regional economic development plans that support high-wage, high-skill, or high-demand occupations leading to self-sufficiency;

"(D) activities that coordinate workforce investment programs with other Federal and State programs related to the activities under this Act;

"(E) activities that support the development of an integrated performance information system that includes common measures;

"(F) activities that align management information systems with integrated performance information across education and workforce programs;

"(G) activities that support activities to improve performance and program coordination with other training providers; or

"(H) activities that leverage additional training resources for adults and youth.

"(4) TECHNICAL ASSISTANCE.—The Governor shall reserve 4 percent of the funds available for grants under this subsection to provide technical assistance to local areas to replicate best practices or to develop integrated performance information systems and strengthen coordination with education and regional economic development.".

(h) USE OF CORE MEASURES IN OTHER DEPARTMENT OF LABOR PROGRAMS.—Section 136 (29 U.S.C. 2871) is amended by adding at the end the following:

"(j) USE OF CORE INDICATORS FOR OTHER PROGRAMS.—In addition to the programs carried out under chapters 4 and 5, and consistent with the requirements of the applicable authorizing laws, the Secretary shall use the indicators of performance described in subparagraphs (A) and (B) of subsection (b)(2) to assess the effectiveness

of the programs described in clauses (i), (ii), and (vi) of section 121(b)(1)(B) that are carried out by the Secretary.''.

(i) PREVIOUS DEFINITIONS OF CORE INDICATORS.—Section 502 (29 U.S.C. 9272) is repealed.

SEC. 123. 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 ''such sums as may be necessary for each of fiscal years 2006 through 2011''.

(b) ADULT EMPLOYMENT AND TRAINING ACTIVITIES.—Section 137(b) (29 U.S.C. 2872(b)) is amended by striking ''such sums as may be necessary for each of fiscal years 1999 through 2003'' and inserting ''such sums as may be necessary for each of fiscal years 2006 through 2011''.

(c) DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES.—Section 137(c) (29 U.S.C. 2872(c)) is amended by striking ''such sums as may be necessary for each of fiscal years 1999 through 2003'' and inserting ''such sums as may be necessary for each of fiscal years 2006 through 2011''.

Subtitle C—Job Corps

SEC. 131. JOB CORPS.

(a) ELIGIBILITY.—Section 144(3) (29 U.S.C. 2884(3)) is amended by adding at the end the following:

"(F) A child eligible for assistance under section 477 of the Social Security Act (42 U.S.C. 677).".

(b) IMPLEMENTATION OF STANDARDS AND PROCEDURES.—Section 145(a)(3) (29 U.S.C. 2885(a)(3)) is amended—

(1) in subparagraph (B), by striking "and" after the semicolon;

(2) in subparagraph (C), by striking the period and inserting "; and"; and

(3) by adding at the end the following:

"(D) child welfare agencies that are responsible for children in foster care and children eligible for assistance under section 477 of the Social Security Act (42 U.S.C. 677).".

(c) 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 at the end the following:

"(3) EMPLOYERS OUTSIDE OF LOCAL AREA.—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.

"(4) SPECIAL RULE FOR SINGLE LOCAL AREA STATES.—In the case of a single local area State designated under section 116(b), the industry council shall include a representative of the State Board.".

(d) INDICATORS OF PERFORMANCE.—Section 159 (29 U.S.C. 2899) is amended—

(1) in subsection (c)—

(A) by striking paragraph (1) and inserting the following:

"(1) PERFORMANCE 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 of performance for youth activities identified in section 136(b)(2)(A)(ii).";

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

(C) in paragraph (3)—

(i) in the first sentence, by striking ''core performance measures, as compared to the expected performance level for each performance measure'' and inserting ''performance indicators described in paragraph (1), as compared to the expected level of performance established under paragraph (1) for each performance measure''; and

(ii) in the second sentence, by striking ''measures'' each place it appears and inserting ''indicators''; and

(2) in subsection (f)(2), in the first sentence, by striking ''core performance measures'' and inserting ''indicators of performance''.

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 161 (29 U.S.C. 2901) is amended by striking ''1999 through 2003'' and inserting ''2006 through 2011''.

Subtitle D—National Programs

SEC. 141. NATIVE AMERICAN PROGRAMS.

(a) 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, including the selection of the individual

appointed as head of the unit established under paragraph (1).''.

(b) ASSISTANCE TO UNIQUE POPULATIONS IN ALASKA AND HAWAII.—Section 166(j) (29 U.S.C. 2911(j)) is amended to read as follows:

''(j) ASSISTANCE TO UNIQUE POPULATIONS IN ALASKA AND HAWAII.—

''(1) IN GENERAL.—Notwithstanding any other provision of law, the Secretary is authorized to provide assistance to the Cook Inlet Tribal Council, Incorporated, and the University of Hawaii at Maui, for the unique populations who reside in Alaska or Hawaii, to improve job training and workforce investment activities.

''(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection such sums as may be necessary for fiscal year 2006.''.

(c) PERFORMANCE INDICATORS.—Section 166 (29 U.S.C. 2911) is amended by adding at the end the following:

''(k) PERFORMANCE INDICATORS.—

''(1) DEVELOPMENT OF INDICATORS.—The Secretary, in consultation with the Native American Employment and Training Council, shall develop a

set of performance indicators and standards which shall be applicable to programs under this section.

''(2) SPECIAL CONSIDERATIONS.—Such performance indicators and standards shall take into account—

''(A) the purpose of this section as described in subsection (a)(1);

''(B) the needs of the groups served by this section, including the differences in needs among such groups in various geographic service areas; and

''(C) the economic circumstances of the communities served, including differences in circumstances among various geographic service areas.''.

SEC. 142. MIGRANT AND SEASONAL FARMWORKER PROGRAMS.

Section 167 (29 U.S.C. 2912) is amended—

(1) in subsection (a), by striking ''2'' and inserting ''2 to 4'';

(2) in subsection (b), by inserting ''and deliver'' after ''administer'';

(3) in subsection (c)—

(A) in paragraph (1), by striking ''2-year'' and inserting ''4-year'';

(B) in paragraph (2)—

(i) in subparagraph (A)—

(I) by inserting ''describe the population to be served and'' before ''identify''; and

(II) by inserting '', including upgraded employment in agriculture'' before the semicolon;

(ii) in subparagraph (B), by striking ''and'' at the end;

(iii) in subparagraph (C), by striking the period and inserting a semicolon; and

(iv) by adding at the end the following:

''(D) describe the availability and accessibility of local resources such as supportive services, services provided through one-stop delivery systems, and education and training services, and how the resources can be made available to the population to be served; and

''(E) describe the plan for providing services under this section, including strategies and systems for outreach, case management, assessment, and delivery through one-stop delivery systems.''; and

(C) by striking paragraph (4) and inserting the following:

"(4) COMPETITION.—The competition for grants made and contracts entered into under this section shall be conducted every 2 to 4 years.";

(4) in subsection (d), by striking "include" and all that follows and inserting "include outreach, employment, training, educational assistance, literary assistance, English language and literacy instruction, pesticide and worker safety training, housing (including permanent housing), supportive services, school dropout prevention activities, followup services for those individuals placed in employment, self-employment and related business or micro-enterprise development or education as needed by eligible individuals and as identified pursuant to the plan required by subsection (c), customized career and technical education in occupations that will lead to higher wages, enhanced benefits, and long-term employment in agriculture or another area, and technical assistance to improve coordination of services and implement best practices relating to service delivery through one-stop delivery systems.";

(5) in subsection (f), by striking "take into account the economic circumstances and demographies

of eligible migrant and seasonal farmworkers.'' and inserting ''are adjusted based on the economic and demographic barriers to employment of eligible migrant and seasonal farmworkers.'';

(6) in subsection (g), by striking ''(enacted by the Single Audit Act of 1984)'';

(7) in subsection (h)—

(A) by striking paragraph (1) and inserting the following:

''(1) DEPENDENT.—The term 'dependent', used with respect to an eligible migrant or seasonal farmworker, means an individual who—

''(A) was claimed as a dependent on the farmworker's Federal income tax return for the previous year;

''(B) is the spouse of the farmworker; or

''(C) is able to establish—

''(i) a relationship as the farmworker's—

''(I) biological or legally adopted child, grandchild, or great-grandchild;

''(II) foster child;

''(III) stepchild;

"(IV) brother, sister, half-brother, half-sister, stepbrother, or stepsister;

"(V) parent, grandparent, or other direct ancestor (but not foster parent);

"(VI) stepfather or stepmother;

"(VII) uncle or aunt;

"(VIII) niece or nephew; or

"(IX) father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law; and

"(ii) the receipt of over half of the individual's total support from the farmworker's family during the eligibility determination period for the farmworker."; and

(B) in paragraph (4)(A)—

(i) by striking "disadvantaged person" and inserting "low-income individual"; and

(ii) by inserting "and who faces multiple barriers to self-sufficiency" before the semicolon;

(8) by redesignating subsection (h) as subsection (i); and

(9) by inserting before subsection (i) the following:

''(h) FUNDING ALLOCATION.—From the funds appropriated and made available to carry out this section, the Secretary shall reserve not more than 1 percent for discretionary purposes, such as providing technical assistance to eligible entities.''

SEC. 143. VETERANS' WORKFORCE INVESTMENT PROGRAMS.

Section 168(a)(3) (29 U.S.C. 2913(a)(3)) is amended—

(1) in subparagraph (A), by inserting '', including services provided by one-stop operators and one-stop partners'' before the semicolon; and

(2) in subparagraph (C), by striking ''section 134(c)'' and inserting ''section 121(e)''.

SEC. 144. 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(b)(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 competitive 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 subsection to assist eligible youth in acquiring the skills, credentials, and employment experience necessary to achieve the performance outcomes for youth described in section 136.

"(2) ELIGIBLE ENTITY.—In this subsection, the term 'eligible entity' means—

"(A) a State or consortium of States;

"(B) a local board or consortium of local boards;

"(C) a recipient of a grant under section 166 (relating to Native American programs); or

"(D) a public or private entity (including a consortium of such entities) with expertise in the provision of youth activities, applying in partnership with a local board or consortium of local boards.

"(3) 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, and how the eligible entity will collaborate with State and local workforce investment systems established under this title in the provision of such activities;

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

"(D) the levels of performance the eligible entity expects to achieve with respect to the in-

dicators of performance for youth specified in section 136(b)(2)(A)(ii); and

''(E) an assurance that the State board of each State in which the proposed activities are to be carried out had the opportunity to review the application, and including the comments, if any, of the affected State boards on the application, except that this subparagraph shall not apply to an eligible entity described in paragraph (2)(C).

''(4) FACTORS FOR AWARD.—

''(A) IN GENERAL.—In awarding grants under this subsection the Secretary shall consider—

''(i) the quality of the proposed activities;

''(ii) the goals to be achieved;

''(iii) the likelihood of successful implementation;

''(iv) the extent to which the proposed activities are based on proven strategies or the extent to which the proposed activities will expand the base of knowledge relating to the provision of activities for eligible youth;

"(v) the extent of collaboration with the State and local workforce investment systems in carrying out the proposed activities;

"(vi) the extent of employer involvement in the proposed activities;

"(vii) whether there are other Federal and non-Federal funds available for similar activities to the proposed activities, and the additional State, local, and private resources that will be provided to carry out the proposed activities;

"(viii) the quality of the proposed activities in meeting the needs of the eligible youth to be served; and

"(ix) the extent to which the proposed activities will expand on services provided under section 127.

"(B) EQUITABLE GEOGRAPHIC DISTRIBUTION.—In awarding grants under this subsection the Secretary shall ensure an equitable distribution of such grants across geographically diverse areas.

"(5) USE OF FUNDS.—

"(A) IN GENERAL.—An eligible entity that receives a grant under this subsection shall use the grant funds to carry out 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.

"(B) ACTIVITIES.—The activities carried out pursuant to subparagraph (A) may include the following:

"(i) Training and internships for out-of-school youth in sectors of the economy experiencing, or projected to experience, high growth.

"(ii) Dropout prevention activities for in-school youth.

"(iii) Activities designed to assist special youth populations, such as court-involved youth and youth with disabilities.

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

"(v) Activities, including work experience, paid internships, and entrepreneurial training, in areas where there is a migration of youth out of the areas.

"(C) PARTICIPANT ELIGIBILITY.—Youth who are 14 years of age through 21 years of age, as of the time the eligibility determination is made, may be eligible to participate in activities carried out under this subsection.

"(6) GRANT PERIOD.—The Secretary shall make a grant under this subsection for a period of 2 years and may renew the grant, if the eligible entity has performed successfully, for a period of not more than 3 succeeding years.

"(7) MATCHING FUNDS REQUIRED.—The Secretary shall require that an eligible entity that receives a grant under this subsection provide non-Federal matching funds in an amount to be determined by the Secretary that is not less than 10 percent of the cost of activities carried out under the grant. The Secretary may require that such non-Federal matching funds be provided in cash resources, noncash resources, or a combination of cash and noncash resources.

‘‘(8) EVALUATION.—The Secretary shall reserve not more than 3 percent of the funds described in subsection (a)(1) to provide technical assistance to, and conduct evaluations of (using appropriate techniques as described in section 172(c)), the projects funded under this subsection.

‘‘(c) COMPETITIVE FIRST JOBS FOR YOUTH.—

‘‘(1) ELIGIBLE ENTITY.—In this subsection, the term ‘eligible entity’ means a consortium that—

‘‘(A) shall include—

‘‘(i)(I) a State board; or

‘‘(II) a local board; and

‘‘(ii) a consortium of businesses, including small businesses; and

‘‘(B) may include 1 or more—

‘‘(i) local educational agencies;

‘‘(ii) institutions of higher education;

‘‘(iii) business intermediaries;

‘‘(iv) community-based organizations; or

‘‘(v) apprenticeship programs.

‘‘(2) AUTHORIZATION.—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, entering, and retaining employment.

"(3) 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 area to be served, including information demonstrating that the area has—

"(i) high unemployment among individuals ages 16 through 21;

"(ii) high unemployment among youth who are individuals with disabilities; or

"(iii) high job loss;

"(B) a description of the proposed program, including activities, compensation, and expected outcomes;

"(C) an assurance that the participating employers in the proposed program are located in the local area to be served, and a demonstration of the commitment of the participating employers to hire individuals who—

"(i) have successfully completed the program; or

"(ii) continue to work in the program;

"(D) demographic information about the targeted populations to be served by the proposed program, including gender, age, and race;

"(E) a description of how the proposed program will address the barriers to employment of the targeted populations;

"(F) a description of the manner in which the eligible entity will evaluate the program; and

"(G) a description of the ability of the eligible entity to carry out and expand the program after the expiration of the grant period.

"(4) EQUITABLE DISTRIBUTION TO RURAL AREAS.—In awarding grants under this subsection, the Secretary shall ensure an equitable distribution of such grants to rural areas.

"(5) USE OF FUNDS.—

"(A) IN GENERAL.—An eligible entity that receives a grant under this subsection shall use the grant funds to carry out—

"(i) activities that will assist youth in preparing for, entering, and retaining employment, including the activities described in section 129 for out-of-school youth;

"(ii) activities designed to strengthen academic skills that would assist—

"(I) in-school participants to be successful in secondary school and continue such participants' education; and

"(II) out-of-school youth to earn a high school diploma or its recognized equivalent, or prepare for postsecondary programs;

"(iii) activities designed to assist youth in economically distressed areas;

"(iv) subsidized employment for not more than 9 months that provides direct experience in a sector that has opportunities for full-time employment;

"(v) career and academic advisement, activities to promote financial literacy and the attainment of entrepreneurial skills, and labor market information on high-skill, high-wage, and nontraditional occupations; and

"(vi) such other activities as the Secretary determines are appropriate to en-

sure that youth entering the workforce have the skills needed by employers.

"(B) PARTICIPANT ELIGIBILITY.—An individual who is not younger than 16 years of age and not older than 21 years of age, as of the time the eligibility determination is made, who face barriers to employment, including an individual who is an individual with a disability, may be eligible to participate in activities under this subsection.

"(6) SPECIAL RULE.—An eligible entity that receives a grant under this subsection shall coordinate activities with the designated State agency (as defined in section 7 of the Rehabilitation Act of 1973 (29 U.S.C. 705)) and other appropriate State agencies in the State to be served.

"(7) MATCHING FUNDS REQUIRED.—The Secretary shall require that an eligible entity that receives a grant under this subsection provide non-Federal matching funds in an amount to be determined by the Secretary that is not less than 10 percent of the cost of activities carried out under the grant. The Secretary may require that such non-Federal matching funds be provided in cash re-

sources, noncash resources, or a combination of cash and noncash resources.

''(8) EVALUATIONS.—The Secretary may require that an eligible entity that receives a grant under this subsection participate in an evaluation of activities carried out under this subsection, including an evaluation using the techniques described in section 172(c).''.

SEC. 145. TECHNICAL ASSISTANCE.

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

(1) in subsection (a)(1), by—

(A) inserting ''the training of staff providing rapid response services, the training of other staff of recipients of funds under this title, the training of members of State boards and local boards, peer review activities under this title,'' after ''localities,''; and

(B) striking ''from carrying out activities'' and all that follows through the period and inserting ''to implement the amendments made by the Workforce Investment Act Amendments of 2005.'';

(2) in subsection (a)(2), by adding at the end the following: ''The Secretary shall also hire staff

qualified to provide the assistance described in paragraph (1).'';

(3) in subsection (b)(2), by striking the last sentence and inserting ''Such projects shall be administered by the Employment and Training Administration.''; and

(4) by adding at the end the following:

''(c) BEST PRACTICES COORDINATION.—The Secretary shall—

''(1) establish a system through which States may share information regarding best practices with regard to the operation of workforce investment activities under this Act;

''(2) evaluate and disseminate information regarding best practices and identify knowledge gaps; and

''(3) commission research under section 171(c) to address knowledge gaps identified under paragraph (2).''.

SEC. 146. 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 striking subparagraphs (A) through (E) and inserting the following:

"(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 for career ladder jobs 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 maximum effectiveness 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 and jobs with wages leading to self-sufficiency;

"(D) computerized, individualized, self-paced training projects targeted to dislocated, disadvantaged, or incumbent workers utilizing equipment and curriculum designed in partnership with industries for employment in the op-

erations, repair, and maintenance of high-tech equipment that is used in integrated systems technology;

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

(C) in subparagraph (G), by striking ''and'' after the semicolon; and

(D) by striking subparagraph (H) and inserting the following:

''(H) projects that provide retention grants, which shall—

''(i) be made to qualified job training programs offering instruction, assessment, or professional coaching, upon placement of a low-income individual trained by the program involved in employment with an employer and retention of the low-income individual in that employment with that employer for a period of 1 year, if that employment provides the low-income individual with an annual salary—

''(I) that is at least $10,000 more than the individual's federally

adjusted income for the previous year; and

"(II) that is not less than twice the poverty line applicable to the individual; and

"(ii) be made taking into account the economic benefit received by the Federal Government from the employment and retention of the individual, including the economic benefit from tax revenue and decreased public subsidies;

"(I) targeted innovation projects that improve access to and delivery of employment and training services, with emphasis given to projects that incorporate advanced technologies to facilitate the connection of individuals to the information and tools the individuals need to upgrade skills;

"(J) 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; and

"(K) projects that provide comprehensive education and training services, and support

services, in coordination with local boards, for populations in targeted high poverty areas where the greatest barriers to employment exist, including ex-offenders, out-of-school youth, and public assistance recipient populations.''; 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) STUDIES AND REPORTS.—

''(i) NET IMPACT STUDIES AND REPORTS.—

''(I) IN GENERAL.—The Secretary, in coordination with the Secretary of Education, shall conduct studies to determine the net impacts of, including best practices of, programs, services, and activities carried out under this title.

''(II) REPORTS.—The Secretary shall prepare and disseminate to the

public reports containing the results of the studies conducted under subclause (I).

"(ii) STUDY ON RESOURCES AVAILABLE TO ASSIST OUT-OF-SCHOOL YOUTH.—The Secretary, in coordination with the Secretary of Education, may conduct a study examining the resources available at the Federal, State, and local levels to assist out-of-school youth in obtaining the skills, credentials, and work experience necessary to become successfully employed, including the availability of funds provided through average daily attendance and other methodologies used by States and local areas to distribute funds.

"(iii) STUDY OF INDUSTRY-BASED CERTIFICATION AND CREDENTIALS.—

"(I) IN GENERAL.—The Secretary shall conduct a study concerning the role and benefits of credentialing and certification to businesses and workers in the economy and the implications of certification to the services provided through the

workforce investment system. The study may examine issues such as—

"(aa) the characteristics of successful credentialing and certification systems that serve business and individual needs;

"(bb) the relative proportions of certificates and credentials attained with assistance from the public sector, with private-sector training of new hires or incumbent workers, and by individuals on their own initiative without other assistance, respectively;

"(cc) the return on human capital investments from occupational credentials and industry-based skill certifications, including the extent to which acquisition of such credentials or certificates enhances outcomes such as entry into employment, retention, earnings (including the number and amount of wage increases),

career advancement, and layoff aversion;

"(dd) the implications of the effects of skill certifications and credentials to the types and delivery of services provided through the workforce investment system;

"(ee) the role that Federal and State governments play in fostering the development of and disseminating credentials and skill standards; and

"(ff) the use of credentials by businesses to achieve goals for workforce skill upgrading and greater operating efficiency.

"(II) REPORT TO CONGRESS.—The Secretary shall prepare and submit to Congress a report containing the results of the study conducted pursuant to subclause (I). Such report may include any recommendations that the Secretary determines are appropriate to include in such report relating to promoting the acquisition of

industry-based certification and credentials, and the appropriate role of the Department of Labor and the workforce investment system in supporting the needs of business and individuals with respect to such certification and credentials.

''(iv) STUDY OF EFFECTIVENESS OF WORKFORCE INVESTMENT SYSTEM IN MEETING BUSINESS NEEDS.—

''(I) IN GENERAL.—Using funds available to carry out this section jointly with funds available to the Secretary of Commerce and Administrator of the Small Business Administration, the Secretary, in coordination with the Secretary of Commerce and the Administrator of the Small Business Administration, may conduct a study of the effectiveness of the workforce investment system in meeting the needs of business, with particular attention to the needs of small business, including in assisting workers to obtain the skills needed to utilize

emerging technologies. In conducting the study, the Secretary, in coordination with the Secretary of Commerce and the Administrator of the Small Business Administration, may examine issues such as—

"(aa) methods for identifying the workforce needs of businesses and how the requirements of small businesses may differ from larger establishments;

"(bb) business satisfaction with the workforce investment system, with particular emphasis on the satisfaction of small businesses;

"(cc) the extent to which business is engaged as a collaborative partner in the workforce investment system, including the extent of business involvement as members of State boards and local boards, and the extent to which such boards and one-stop centers effectively collaborate

with business and industry leaders in developing workforce investment strategies, including strategies to identify high growth opportunities;

''(dd) ways in which the workforce investment system addresses changing skill needs of business that result from changes in technology and work processes;

''(ee) promising practices for serving small businesses;

''(ff) the extent and manner in which the workforce investment system uses technology to serve business and individual needs, and how uses of technology could enhance efficiency and effectiveness in providing services; and

''(gg) the extent to which various segments of the labor force have access to and utilize technology to locate job openings and apply for jobs, and charac-

teristics of individuals utilizing such technology (such as age, gender, race or ethnicity, industry sector, and occupational groups).

''(II) REPORT TO CONGRESS.—The Secretary shall prepare and submit to Congress a report containing the results of the study described in subclause (I). Such report may include any recommendations the Secretary determines are appropriate to include in such report, including ways to enhance the effectiveness of the workforce investment system in meeting the needs of business for skilled workers.''.

(c) ADMINISTRATION.—Section 171(d) (29 U.S.C. 2916(d)) is amended by striking the last sentence and inserting the following: ''Such projects shall be administered by the Employment and Training Administration.''.

(d) NEXT GENERATION TECHNOLOGIES.—Section 171 (29 U.S.C. 2916) is amended by adding at the end the following:

''(e) SKILL CERTIFICATION PILOT PROJECTS.—

"(1) PILOT PROJECTS.—In accordance with subsection (b) and from funds appropriated pursuant to paragraph (10), the Secretary shall establish and carry out not more than 10 pilot projects to establish a system of industry-validated national certifications of skills, including—

"(A) not more than 8 national certifications of skills in high-technology industries, including biotechnology, telecommunications, highly automated manufacturing (including semiconductors), nanotechnology, and energy technology; and

"(B) not more than 2 cross-disciplinary national certifications of skills in homeland security technology.

"(2) GRANTS TO ELIGIBLE ENTITIES.—In carrying out the pilot projects, the Secretary shall make grants to eligible entities, for periods of not less than 36 months and not more than 48 months, to carry out the authorized activities described in paragraph (7) with respect to the certifications described in paragraph (1). In awarding grants under this subsection the Secretary shall take into consideration awarding grants to eligible entities from diverse geographic areas, including rural areas.

''(3) ELIGIBLE ENTITIES.—

''(A) DEFINITION OF ELIGIBLE ENTITY.—In this subsection the term 'eligible entity' means an entity that shall work in conjunction with a local board and shall include as a principal participant 1 or more of the following:

''(i) An educational institution, including a 2- or 4-year college, or a technical or vocational school.

''(ii) An advanced technology education center.

''(iii) A local board.

''(iv) A representative of a business in a target industry for the certification involved.

''(v) A representative of an industry association, labor organization, or community development organization.

''(B) HISTORY OF DEMONSTRATED CAPABILITY REQUIRED.—To be eligible to receive a grant under this subsection, an eligible entity shall have a history of demonstrated capability for effective collaboration with industry on workforce investment activities that is consistent with the objectives of this title.

"(4) 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.

"(5) CRITERIA.—The Secretary shall establish criteria, consistent with paragraph (6), for awarding grants under this subsection.

"(6) PRIORITY.—In selecting eligible entities to receive grants under this subsection, the Secretary shall give priority to eligible entities that demonstrate the availability of and ability to provide matching funds from industry or nonprofit sources. Such matching funds may be provided in cash or in kind.

"(7) AUTHORIZED ACTIVITIES.—

"(A) IN GENERAL.—An eligible entity that receives a grant under this subsection shall use the funds made available through the grant—

"(i) to facilitate the establishment of certification requirements for a certification described in paragraph (1) for an industry;

"(ii) to develop and initiate a certification program that includes preparatory

courses, course materials, procedures, and examinations, for the certification; and

"(iii) to collect and analyze data related to the program at the program's completion, and to identify best practices (consistent with paragraph (8)) that may be used by State and local workforce investment boards in the future.

"(B) BASIS FOR REQUIREMENTS.—The certification requirements established under the grant shall be based on applicable skill standards for the industry involved that have been developed by or linked to national centers of excellence under the National Science Foundation's Advanced Technological Education Program. The requirements shall require an individual to demonstrate an identifiable set of competencies relevant to the industry in order to receive certification. The requirements shall be designed to provide evidence of a transferable skill set that allows flexibility and mobility of workers within a high technology industry.

"(C) RELATIONSHIP TO TRAINING AND EDUCATION PROGRAMS.—The eligible entity shall ensure that—

"(i) a training and education program related to competencies for the industry involved, that is flexible in mode and timeframe for delivery and that meets the needs of those seeking the certification, is offered; and

"(ii) the certification program is offered at the completion of the training and education program.

"(D) RELATIONSHIP TO THE ASSOCIATE DEGREE.—The eligible entity shall ensure that the certification program is consistent with the requirements for a 2-year associate degree.

"(E) AVAILABILITY.—The eligible entity shall ensure that the certification program is open to students pursuing associate degrees, employed workers, and displaced workers.

"(8) CONSULTATION.—The Secretary shall consult with the Director of the National Science Foundation to ensure that the pilot projects build on the expertise and information about best practices gained through the implementation of the National Science Foundation's Advanced Technological Education Program.

''(9) CORE COMPONENTS; GUIDELINES; REPORTS.—After collecting and analyzing the data obtained from the pilot programs, the Secretary shall—

''(A) establish the core components of a model high-technology certification program;

''(B) establish guidelines to assure development of a uniform set of standards and policies for such programs;

''(C) prepare and submit a report on the pilot projects to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and the Workforce of the House of Representatives; and

''(D) make available to the public both the data and the report.

''(10) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts authorized to be appropriated under section 174(b), there is authorized to be appropriated $30,000,000 for fiscal year 2006 to carry out this subsection.''.

(c) INTEGRATED WORKFORCE TRAINING PROGRAMS FOR ADULTS WITH LIMITED ENGLISH PROFICIENCY.—Section 171 (29 U.S.C. 2916), as amended by subsection (d), is further amended by adding at the end the following:

''(f) INTEGRATED WORKFORCE TRAINING PROGRAMS FOR ADULTS WITH LIMITED ENGLISH PROFICIENCY.—

''(1) DEFINITIONS.—In this subsection:

''(A) INTEGRATED WORKFORCE TRAINING.—The term 'integrated workforce training' means training that integrates occupational skills training with language acquisition.

''(B) SECRETARY.—The term 'Secretary' means the Secretary of Labor in consultation with the Secretary of Education.

''(2) DEMONSTRATION PROJECT.—In accordance with subsection (b) and from funds appropriated pursuant to paragraph (11), the Secretary shall establish and implement a national demonstration project designed to both analyze and provide data on workforce training programs that integrate English language acquisition and occupational training.

''(3) GRANTS.—

''(A) IN GENERAL.—In carrying out the demonstration project, the Secretary shall make not less than 10 grants, on a competitive basis, to eligible entities to provide the integrated workforce training programs. In awarding grants under this subsection the Secretary shall

take into consideration awarding grants to eligible entities from diverse geographic areas, including rural areas.

''(B) PERIODS.—The Secretary shall make the grants for periods of not less than 24 months and not more than 48 months.

''(4) ELIGIBLE ENTITIES.—

''(A) IN GENERAL.—To be eligible to receive a grant under this subsection, an eligible entity shall work in conjunction with a local board and shall include as a principal participant 1 or more of the following:

''(i) An employer or employer association.

''(ii) A nonprofit provider of English language instruction.

''(iii) A provider of occupational or skills training.

''(iv) A community-based organization.

''(v) An educational institution, including a 2- or 4-year college, or a technical or vocational school.

''(vi) A labor organization.

''(vii) A local board.

"(B) EXPERTISE.—To be eligible to receive a grant under this subsection, an eligible entity shall have proven expertise in—

"(i) serving individuals with limited English proficiency, including individuals with lower levels of oral and written English; and

"(ii) providing workforce programs with training and English language instruction.

"(5) APPLICATIONS.—

"(A) IN GENERAL.—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.

"(B) CONTENTS.—Each application submitted under subparagraph (A) shall—

"(i) contain information, including capability statements, that demonstrates that the eligible entity has the expertise described in paragraph (4)(B); and

"(ii) include an assurance that the program to be assisted shall—

~~"(I) establish a generalized adult bilingual workforce training and education model that integrates English language acquisition and occupational training, and incorporates the unique linguistic and cultural factors of the participants;~~

~~"(II) establish a framework by which the employer, employee, and other relevant members of the eligible entity can create a career development and training plan that assists both the employer and the employee to meet their long-term needs;~~

~~"(III) ensure that the framework established under subclause (II) takes into consideration the knowledge, skills, and abilities of the employee with respect to both the current and economic conditions of the employer and future labor market conditions relevant to the local area; and~~

~~"(IV) establish identifiable measures so that the progress of the employee and employer and the relative~~

efficacy of the program can be evaluated and best practices identified.

''(6) CRITERIA.—The Secretary shall establish criteria for awarding grants under this subsection.

''(7) INTEGRATED WORKFORCE TRAINING PROGRAMS.—

''(A) PROGRAM COMPONENTS.—

''(i) REQUIRED COMPONENTS.—Each program that receives funding under this subsection shall—

''(I) test an individual's English language proficiency levels to assess oral and literacy gains from the beginning and throughout program enrollment;

''(II) combine training specific to a particular occupation or occupational cluster, with—

''(aa) English language instruction, such as instruction through an English as a Second Language program, or an English for Speakers of Other Languages program;

~~"(bb) basic skills instruction; and~~

~~"(cc) supportive services;~~

~~"(III) effectively integrate public and private sector entities, including the local workforce investment system and its functions, to achieve the goals of the program; and~~

~~"(IV) require matching or in-kind resources from private and non-profit entities.~~

~~"(ii) PERMISSIBLE COMPONENTS.—The program may offer other services, as necessary to promote successful participation and completion, including work-based learning, substance abuse treatment, and mental health services.~~

~~"(B) GOAL.—Each program that receives funding under this subsection shall be designed to prepare limited English proficient adults for, and place such adults in employment in, growing industries with identifiable career ladder paths.~~

~~"(C) PROGRAM TYPES.—In selecting programs to receive funding under this subsection,~~

the Secretary shall select programs that meet 1 or more of the following criteria:

"(i) A program that—

"(I) serves unemployed, limited English proficient individuals with significant work experience or substantial education but persistently low wages; and

"(II) aims to prepare such individuals for, and place such individuals in, higher paying employment, defined for purposes of this subparagraph as employment that provides at least 75 percent of the median wage in the local area.

"(ii) A program that—

"(I) serves limited English proficient individuals with lower levels of oral and written fluency, who are working but at persistently low wages; and

"(II) aims to prepare such individuals for, and place such individuals in, higher paying employment, through services provided at the work-

site, or at a location central to several work sites, during work hours.

''(iii) A program that—

''(I) serves unemployed, limited English proficient individuals with lower levels of oral and written fluency, who have little or no work experience; and

''(II) aims to prepare such individuals for, and place such individuals in, employment through services that include subsidized employment, in addition to the components required in subparagraph (A)(i).

''(iv) A program that includes funds from private and nonprofit entities.

''(D) PROGRAM APPROACHES.—In selecting programs to receive funding under this subsection, the Secretary shall select programs with different approaches to integrated workforce training, in different contexts, in order to obtain comparative data on multiple approaches to integrated workforce training and English language instruction, to ensure programs are tailored to characteristics of individuals with

varying skill levels, and to assess how different curricula work for limited English proficient populations. Such approaches may include—

"(i) bilingual programs in which the workplace language component and the training are conducted in a combination of an individual's native language and English;

"(ii) integrated workforce training programs that combine basic skills, language instruction, and job specific skills training; or

"(iii) sequential programs that provide a progression of skills, language, and training to ensure success upon an individual's completion of the program.

"(8) EVALUATION BY ELIGIBLE ENTITY.—Each eligible entity that receives a grant under this subsection for a program shall carry out a continuous program evaluation and an evaluation specific to the last phase of the program operations.

"(9) EVALUATION BY SECRETARY.—

"(A) IN GENERAL.—The Secretary shall conduct an evaluation of program impacts of the programs funded under the demonstration

project, with a random assignment, experimental design impact study done at each worksite at which such a program is carried out.

"(B) DATA COLLECTION AND ANALYSIS.—The Secretary shall collect and analyze the data from the demonstration project to determine program effectiveness, including gains in language proficiency, acquisition of skills, and job advancement for program participants.

"(C) REPORT.—The Secretary shall prepare and submit to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and the Workforce of the House of Representatives, and make available to the public, a report on the demonstration project, including the results of the evaluation.

"(10) TECHNICAL ASSISTANCE.—The Secretary shall provide technical assistance to recipients of grants under this subsection throughout the grant periods.

"(11) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts authorized to be appropriated under section 174(b), there is authorized to

be appropriated $10,000,000 for fiscal year 2006 to carry out this subsection.''.

(f) COMMUNITY-BASED JOB TRAINING.—Section 171 (29 U.S.C. 2916), as amended by subsection (e), is further amended by adding at the end the following:

''(g) COMMUNITY-BASED JOB TRAINING.—

''(1) DEFINITIONS.—In this subsection:

''(A) COMMUNITY COLLEGE.—The term 'community college' means—

''(i) an institution of higher education, as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001), that provides a 2-year degree that is acceptable for full credit toward a bachelor's degree; or

''(ii) a tribally controlled college or university, as defined in section 2 of the Tribally Controlled College or University Assistance Act of 1978 (25 U.S.C. 1801).

''(B) ELIGIBLE ENTITY.—The term 'eligible entity' means a community college or a consortium composed of a community college and an institution of higher education, that shall work with—

''(i) a local board;

"(ii) a business in the qualified industry or an industry association in the qualified industry, as identified in the application of the entity; and

"(iii) an economic development entity.

"(C) INSTITUTION OF HIGHER EDUCATION.—Except as otherwise provided in subparagraph (A)(i), the term 'institution of higher education' has the meaning given the term in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001) and the meaning given the term postsecondary vocational institution in section 102(a)(1)(B) of such Act (20 U.S.C. 1002(a)(1)(B)).

"(D) QUALIFIED INDUSTRY.—The term 'qualified industry' means an industry or economic sector that is projected to experience significant growth, such as an industry or economic sector that—

"(i) is projected to add substantial numbers of new jobs to the regional economy;

"(ii) has or is projected to have significant impact on the regional economy;

~~"(iii) impacts or is projected to impact the growth of other industries or economic sectors in the regional economy;~~

~~"(iv) is being transformed by technology and innovation requiring new knowledge or skill sets for workers;~~

~~"(v) is a new or emerging industry or economic sector that is projected to grow; or~~

~~"(vi) requires high skills and has significant labor shortages in the regional economy.~~

~~"(2) DEMONSTRATION PROJECT.—In addition to the demonstration projects authorized under subsection (b), the Secretary may establish and implement a national demonstration project designed—~~

~~"(A) to develop local innovative solutions to the workforce challenges facing high-growth, high-skill industries with labor shortages; and~~

~~"(B) to increase employment opportunities for workers in high-growth, high-demand occupations by establishing partnerships among education entities, the workforce investment system, and businesses in high-growth, high-skill industries or sectors.~~

"(3) GRANTS.—In carrying out the national demonstration project authorized under this subsection, the Secretary shall award grants, on a competitive basis, for 2, 3, or 4 years, in accordance with generally applicable Federal requirements, to eligible entities to enable the eligible entities to carry out activities authorized under this subsection.

"(4) 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 eligible entity that will offer training under the grant;

"(B) a justification of the need for discretionary funding under the grant, including the need for external funds to create a program to carry out the activities described in paragraph (6);

"(C) an economic analysis of the local labor market to identify—

"(i) high-growth, high-demand industries;

"(ii) the workforce issues faced by such industries; and

‘‘(iii) potential participants in programs funded under this subsection;

‘‘(D) a description of the qualified industry for which the training will occur, the availability of competencies on which the training will be based, and how the grant will help workers acquire the competencies and skills necessary for employment;

‘‘(E) a description of the involvement of the local board and businesses, including small businesses, in the geographic area where the proposed grant will be implemented;

‘‘(F) performance measures for the grant, including the expected number of individuals to be trained in a qualified industry, the employment and retention rates for such individuals in a qualified industry, and initial earnings and earnings increases for such individuals;

‘‘(G) a description of how the activities funded by the grant will be coordinated with activities provided through the one-stop center in the local area; and

‘‘(H) a description of the local or private resources that will—

‘‘(i) support the activities carried out under this subsection; and

‘‘(ii) enable the entity to carry out and expand such activities after the expiration of the grant.

‘‘(5) FACTORS FOR AWARD OF GRANT.—

‘‘(A) IN GENERAL.—In awarding grants under this subsection, the Secretary shall consider—

‘‘(i) the extent of public and private collaboration, including existing partnerships among qualified industries, the eligible entity, and the public workforce investment system;

‘‘(ii) the extent to which the grant will provide job seekers with high-quality training for employment in high-growth, high-demand occupations;

‘‘(iii) the extent to which the grant will expand the eligible entity and local one-stop center’s capacity to be demand-driven and responsive to local economic needs;

‘‘(iv) the extent to which local businesses commit to hire, retain, or advance

individuals who receive training through the grant; and

''(v) the extent to which the eligible entity commits to make any newly developed products, such as skill standards, assessments, or industry-recognized training curricula, available for dissemination nationally.

''(B) LEVERAGING OF RESOURCES.—In awarding grants under this subsection, the Secretary shall also consider—

''(i) the extent to which local or private resources will be made available to support the activities carried out under this subsection, taking into account the resources of the eligible entity and the entity's partners; and

''(ii) the ability of an eligible entity to continue to carry out and expand such activities after the expiration of the grant.

''(C) DISTRIBUTION OF GRANTS.—In awarding grants under this subsection, the Secretary shall ensure an equitable distribution of such grants across diverse industries and geographic areas.

"(6) USE OF FUNDS.—An eligible entity that receives a grant under this subsection—

"(A) shall use the grant funds for—

"(i) the development by the community college that is a part of the eligible entity in collaboration with other partners identified in the application, and, if applicable, other representatives of qualified industries, of rigorous training and education programs leading to an industry-recognized credential or degree and employment in the qualified industry; and

"(ii) training of adults, incumbent workers, dislocated workers, or out-of-school youth in the skills and competencies needed to obtain or upgrade employment in a qualified industry identified in the eligible entity's application; and

"(B) may use the grant funds for—

"(i) disseminating information on training available for high-growth, high-demand occupations in qualified industries through the one-stop delivery system to prospective participants, businesses, business intermediaries, and community-based

organizations in the region, including training available through the grant;

''(ii) referring individuals trained under the grant for employment in qualified industries;

''(iii) enhancing integration of community colleges, training and education with businesses, and the one-stop system to meet the training needs of qualified industries for new and incumbent workers;

''(iv) providing training and relevant job skills to small business owners or operators to facilitate small business development in high-growth industries; or

''(v) expanding or creating programs for distance, evening, weekend, modular, or compressed learning opportunities that provide relevant skill training in high-growth, high-demand industries.

''(7) AUTHORITY TO REQUIRE NON-FEDERAL SHARE.—The Secretary may require that recipients of grants under this subsection provide a non-Federal share, from either cash or noncash resources, of the costs of activities carried out under a grant awarded under this subsection.

''(8) PERFORMANCE ACCOUNTABILITY AND EVALUATION.—

''(A) PERFORMANCE ACCOUNTABILITY.—The Secretary shall require an eligible entity that receives a grant under this subsection to submit an interim and final report to the Secretary on the impact on business partners and employment outcomes obtained by individuals receiving training under this subsection using the performance measures identified in the eligible entity's grant application.

''(B) EVALUATION.—The Secretary shall require that an eligible entity that receives a grant under this subsection participate in an evaluation of activities carried out under this subsection, including an evaluation using the techniques described in section 172(c).''.

SEC. 147. NATIONAL DISLOCATED WORKER GRANTS.

(a) IN GENERAL.—Section 173 (29 U.S.C. 2918) is amended—

(1) by striking the heading and inserting the following:

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

and

(2) in subsection (a)—

(A) by striking the matter preceding paragraph (1) and inserting the following:

''(a) IN GENERAL.—The Secretary is authorized to award national dislocated worker grants—'';

(B) in paragraph (1), by striking ''subsection (c)'' and inserting ''subsection (b)'';

(C) in paragraph (3), by striking ''and'' after the semicolon; and

(D) by striking paragraph (4) and inserting the following:

''(4) to a State or entity (as defined in subsection (b)(1)(B)) to carry out subsection (e), including providing assistance to eligible individuals;

''(5) to a State or entity (as defined in subsection (b)(1)(B)) to carry out subsection (f), including providing assistance to eligible individuals;

''(6) to provide additional assistance to a State board or local board where a higher than average demand for employment and training activities for dislocated members of the Armed Forces, or spouses, as described in section 101(11)(E), of members of the Armed Forces, described in subsection (b)(2)(A)(iv), exceeds State and local resources for providing such services, and where such programs are to be carried out in partnership with the Depart-

ment of Defense and Department of Veterans Affairs transition assistance programs; and

"(7) to provide assistance to a State for statewide or local use in order to—

"(A) address cases in which there have been worker dislocations across multiple sectors, across multiple businesses within a sector, or across multiple local areas, and such workers remain dislocated;

"(B) meet emerging economic development needs; and

"(C) train eligible individuals who are dislocated workers described in subparagraph (A).

The Secretary shall issue a final decision on an application for a national dislocated worker grant under this subsection not later than 45 calendar days after receipt of the application. The Secretary shall issue a notice of obligation for such a grant not later than 10 days after the award of the grant.".

(b) ADMINISTRATION AND ADDITIONAL ASSISTANCE.—Section 173 (29 U.S.C. 2918) is amended—

(1) by striking subsection (b);

(2) by redesignating subsections (c) through (g) as subsections (b) through (f), respectively;

(3) in paragraph (2) of subsection (b) (as redesignated by paragraph (2))—

(A) in subparagraph (A), in the matter preceding clause (i), by striking ''national emergency grant'' and inserting ''national dislocated worker grant''; and

(B) in subparagraph (C), by striking ''national emergency grants'' and inserting ''national dislocated worker grants'';

(4) by striking subsection (d) (as redesignated by paragraph (2)) and inserting the following:

''(d) 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 $20,000,000 to make grants to 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) the amount of the allotment that was made to the State for the program year 2003 under the formula specified in section

~~132(b)(1)(B) as such section was in effect on July 1, 2003, is greater than~~

~~"(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).~~

~~"(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 was made to the State for the program year 2003 under the formula specified in section 132(b)(1)(B) as such section was in effect on July 1, 2003; 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).";~~

~~(5) in subsection (e) (as redesignated by paragraph (2))—~~

~~(A) in paragraph (1), by striking "paragraph (4)(A)" and inserting "paragraph (4)";~~

~~(B) in paragraph (2), by striking "subsection (g)" and inserting "subsection (f)";~~

(C) in paragraph (3)(B), by striking ''subsection (a)(4)(A)'' and inserting ''subsection (a)(4)'';

(D) in paragraph (4), by striking ''subsection (g)'' and inserting ''subsection (f)'';

(E) in paragraph (5), by striking ''subsection (g)'' and inserting ''subsection (f)''; and

(F) in paragraph (6)—

(i) by striking ''subsection (g)'' and inserting ''subsection (f)''; and

(ii) by striking ''subsection (c)(1)(B)'' and inserting ''subsection (b)(1)(B)''; and

(6) in subsection (f) (as redesignated by paragraph (2))—

(A) in paragraph (1)—

(i) by striking ''paragraph (4)(B)'' and inserting ''paragraph (5)''; and

(ii) by striking ''subsection (f)(1)(A)'' and inserting ''subsection (e)(1)(A)''; and

(B) in paragraph (4)(B), by striking ''subsection (a)(4)(B)'' and inserting ''subsection (a)(5)''.

SEC. 148. 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 ''2006 through 2011''.

(b) RESERVATIONS.—Section 174(b) (29 U.S.C. 2919(b)) is amended to read as follows:

''(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, section 136(i), and section 503 such sums as may be necessary for each of fiscal years 2006 through 2011.

''(2) RESERVATION.—Of the amount appropriated pursuant to the authorization of appropriations under paragraph (1) for a fiscal year, the Secretary shall, for each of the fiscal years 2006 through 2011, reserve not less than 25 percent for carrying out section 503.''.

(c) ASSISTANCE FOR ELIGIBLE WORKERS.—Section 174(c) (29 U.S.C. 2919(c)) is amended—

(1) in paragraphs (1)(A) and (2)(A), by striking ''subsection (a)(4)(A)'' and inserting ''subsection (a)(4)''; and

(2) in paragraphs (1)(B) and (2)(B), by striking ''subsection (a)(4)(B)'' and inserting ''subsection (a)(5)''.

Subtitle E—Administration

SEC. 151. REQUIREMENTS AND RESTRICTIONS.

Section 181(c) (29 U.S.C. 2931(c)) is amended by striking ''economic development activities,''.

SEC. 152. REPORTS.

Section 185(c) (29 U.S.C. 2935(c)) is amended—

(1) in paragraph (2), by striking ''and'' after the semicolon;

(2) in paragraph (3), by striking the period and inserting ''; and''; and

(3) by adding at the end the following:

''(4) shall have the option to submit or disseminate electronically any reports, records, plans, or any other data that are required to be collected or disseminated under this title.''.

SEC. 153. ADMINISTRATIVE PROVISIONS.

(a) ANNUAL REPORT.—Section 189(d) (29 U.S.C. 2939(d)) is amended—

(1) in paragraph (3), by striking ''and'' after the semicolon;

(2) by redesignating paragraph (4) as paragraph (5); and

(3) by inserting after paragraph (3) the following:

''(4) the negotiated levels of performance of the States, the States' requests for adjustments of such levels, and the adjustments of such levels that are made; and''.

(b) AVAILABILITY.—Section 189(g)(2) (29 U.S.C. 2939(g)(2)) is amended, in the first sentence—

(1) by striking ''Funds'' and inserting ''Except as otherwise provided in this paragraph, funds''; and

(2) by striking ''each State receiving'' and inserting ''each recipient of''.

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

(1) in subparagraph (A)(i), by inserting ''the funding of infrastructure costs for one-stop centers,'' after ''local boards,'';

(2) in subparagraph (C), by striking ''90'' and inserting ''60''; and

(3) by adding at the end the following:

''(D) EXPEDITED REQUESTS.—The Secretary shall expedite requests for waivers of statutory or regulatory requirements that have been approved for a State pursuant to subpara-

graph (B), if the requirements of this paragraph have been satisfied.

''(E) SPECIAL RULE.—With respect to any State that has a waiver under this paragraph relating to the transfer authority under section 133(b)(4), and has the waiver in effect on the date of enactment of the Workforce Investment Act Amendments of 2005 or subsequently receives such a waiver, the waiver shall continue to apply for so long as the State meets or exceeds State performance measures relating to the indicators described in section 136(b)(2)(A)(i).''.

SEC. 154. USE OF CERTAIN REAL PROPERTY.

Section 193 (29 U.S.C. 2943) is amended to read as follows:

''SEC. 193. TRANSFER OF FEDERAL EQUITY IN STATE EMPLOYMENT SECURITY AGENCY REAL PROPERTY TO THE STATES.

''(a) TRANSFER OF FEDERAL EQUITY.—Notwithstanding any other provision of law, any Federal equity acquired in real property through grants to States awarded under title III of the Social Security Act (42 U.S.C. 501 et seq.) or under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) is transferred to the States that used the

grants for the acquisition of such equity. The portion of any real property that is attributable to the Federal equity transferred under this section shall be used to carry out activities authorized under title III of the Social Security Act or the Wagner-Peyser Act. Any disposition of such real property shall be carried out in accordance with the procedures prescribed by the Secretary and the portion of the proceeds from the disposition of such real property that is attributable to the Federal equity transferred under this section shall be used to carry out activities authorized under title III of the Social Security Act or the Wagner-Peyser Act.

''(b) LIMITATION ON USE.—A State shall not use funds awarded under title III of the Social Security Act or the Wagner-Peyser Act to amortize the costs of real property that is purchased by any State on or after the effective date of this provision.''.

SEC. 155. GENERAL PROGRAM REQUIREMENTS.

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

''(14) Funds provided under this title shall not be used to establish or operate fee-for-service enterprises that are not affiliated with the one-stop service delivery systems described in section 121(e) and that compete with private sector employment agen-

cies (as defined in section 701 of the Civil Rights Act of 1964 (42 U.S.C. 2000e)).''.

SEC. 156. TABLE OF CONTENTS.

Section 1(b) (29 U.S.C. 9201 note) is amended—

(1) by striking the item relating to section 106 and inserting the following:

''Sec. 106. Purposes.'';

(2) by striking the item relating to section 123 and inserting the following:

''Sec. 123. Eligible providers of youth activities.'';

(3) by striking the item relating to section 169 and inserting the following:

''Sec. 169. Youth challenge grants.'';

(4) by striking the item relating to section 173 and inserting the following:

''Sec. 173. National dislocated worker grants.'';

(5) by striking the item relating to section 193 and inserting the following:

''Sec. 193. Transfer of Federal equity in State employment security agency real property to the States.'';

(6) by inserting after the item relating to section 243 the following:

''Sec. 244. Integrated English literacy and civics education.'';

and

(7) by striking the item relating to section 502.

Subtitle F—Incentive Grants

SEC. 161. INCENTIVE GRANTS.

Section 503 (20 U.S.C. 9273) is amended—

(1) by striking subsection (a) and inserting the following:

"(a) IN GENERAL.—

"(1) TIMELINE.—

"(A) PRIOR TO JULY 1, 2006.—Prior to July 1, 2006, the Secretary shall award a grant to each State in accordance with the provisions of this section as this section was in effect on July 1, 2003.

"(B) BEGINNING JULY 1, 2006.—Beginning on July 1, 2006, the Secretary shall award incentive grants to States for performance described in paragraph (2) in carrying out innovative programs consistent with the programs under chapters 4 and 5 of subtitle B of title I, to implement or enhance innovative and coordinated programs consistent with the statewide economic, workforce, and educational interests of the State.

"(2) BASIS.—The Secretary shall award the grants on the basis that States—

"(A) have exceeded the State adjusted levels of performance for title I, the adjusted levels of performance for title II, and the levels of performance under the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2301 et seq.); or

"(B) have—

"(i) met the State adjusted levels of performance for title I, the adjusted levels of performance for title II, and the levels of performance under the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2301 et seq.); and

"(ii) demonstrated—

"(I) exemplary coordination of Federal workforce and education programs, statewide economic development, or business needs;

"(II) exemplary performance in serving hard-to-serve populations; or

"(III) effective—

"(aa) coordination of multiple systems into a comprehensive workforce investment system, including coordination of employ-

ment activities under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) and core activities under title I as well as one-stop partner programs described in section 121;

"(bb) expansion of access to training, including through increased leveraging of resources other than those funded through programs under title I;

"(cc) implementation of statewide coordination activities through agreements with relevant State agencies and offices, including those responsible for programs under the Adult Education and Family Literacy Act (20 U.S.C. 9201 et seq.) and the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.);

"(dd) statewide coordination through local workforce investment boards or areas;

"(ee) alignment of management information systems to integrate participant information across programs; or

"(ff) integration of performance information systems and common measures for accountability across workforce and education programs.

"(3) USE OF FUNDS.—The funds awarded to a State under this section may be used to carry out activities authorized for States under chapters 4 and 5 of subtitle B of title I, title II, and the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2301 et seq.), including demonstration projects, and for such innovative projects or programs that increase coordination and enhance service to program participants, particularly hard-to-serve populations, including—

"(A) activities that support business needs, especially for incumbent workers and enhancing opportunities for retention and advancement;

"(B) activities that support linkages with secondary, postsecondary, or career and technical education programs, including activities

under the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2301 et seq.), the Adult Education and Family Literacy Act (20 U.S.C. 9201 et seq.), and the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.);

''(C) activities that support statewide economic development plans that support high-wage, high-skill, or high-demand occupations leading to self-sufficiency;

''(D) activities that coordinate workforce investment programs with other Federal and State programs related to the activities under this Act;

''(E) activities that support the development of a statewide integrated performance information system that includes common measures;

''(F) activities that align management information systems with integrated performance information across education and workforce programs; or

''(G) activities that support local workforce investment boards or areas in improving performance and program coordination.

''(4) WAIVER.—For States that have developed and implemented a statewide integrated performance information system with common measures, as described in paragraph (3)(E), for federally funded workforce and education programs, the Secretary may waive specified Federal reporting requirements for such State to be in compliance with reporting requirements under this Act and other workforce and education programs as the Secretary has authority or agreement to waive.

''(5) TECHNICAL ASSISTANCE.—The Secretary shall reserve 4 percent of the funds available for grants under this section to provide technical assistance to States to replicate best practices or to develop integrated performance information systems and strengthen coordination with education and economic development.''; and

(2) by striking subsection (d).

Subtitle G—Conforming Amendments

SEC. 171. CONFORMING AMENDMENTS.

(a) OLDER AMERICANS ACT OF 1965.—Section 512(a) of the Older Americans Act of 1965 (42 U.S.C. 3056j(a)) is amended by striking ''(B)(vi)'' and inserting ''(B)(v)''.

(b) ADULT EDUCATION AND FAMILY LITERACY ACT.—Section 212(b)(3)(A)(vi) of the Adult Education and Family Literacy Act (20 U.S.C. 9212(b)(3)(A)(vi)) is amended by striking ''the representatives described in section 136(i)(1)'' and inserting ''representatives of appropriate Federal agencies, and representatives of States and political subdivisions, business and industry, employees, eligible providers of employment and training activities (as defined in section 101), educators, and participants (as defined in section 101), with expertise regarding workforce investment policies and workforce investment activities (as defined in section 101)''.

TITLE II—AMENDMENTS TO THE ADULT EDUCATION AND FAMILY LITERACY ACT

SEC. 201. SHORT TITLE; PURPOSE.

(a) SHORT TITLE.—This title may be cited as the ''Adult Education and Family Literacy Act Amendments of 2005''.

(b) PURPOSE.—Section 202 of the Adult Education and Family Literacy Act (20 U.S.C. 9201) is amended—

(1) in paragraph (2), by striking ''and'' after the semicolon;

(2) in paragraph (3), by striking ''education.'' and inserting ''education and in the transition to postsecondary education; and''; and

(3) by adding at the end the following:

''(4) assist immigrants and other individuals with limited English proficiency in improving their reading, writing, speaking, and mathematics skills and acquiring an understanding of the American free enterprise system, individual freedom, and the responsibilities of citizenship.''.

SEC. 202. DEFINITIONS.

Section 203 of the Adult Education and Family Literacy Act (20 U.S.C. 9202) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by striking ''services or instruction below the postsecondary level'' and inserting ''academic instruction and education services below the postsecondary level that increase an individual's ability to read, write, and speak in English and perform mathematics''; and

(B) by striking subparagraph (C)(i) and inserting the following:

''(i) are basic skills deficient as defined in section 101;'';

(2) in paragraph (2), by striking ''activities described in section 231(b)'' and inserting ''programs and services which include reading, writing, speaking, or mathematics skills, workplace literacy activities, family literacy activities, English language acquisition activities, or other activities necessary for the attainment of a secondary school diploma or its State recognized equivalent'';

(3) in paragraph (5)—

(A) by inserting ''an organization that has demonstrated effectiveness in providing adult education, that may include'' after ''means'';

(B) in subparagraph (B), by striking ''of demonstrated effectiveness'';

(C) in subparagraph (C), by striking ''of demonstrated effectiveness''; and

(D) in subparagraph (I), by inserting ''or coalition'' after ''consortium'';

(4) in paragraph (6)—

(A) by striking ''LITERACY PROGRAM'' and inserting ''LANGUAGE ACQUISITION PROGRAM'';

(B) by striking ''literacy program'' and inserting ''language acquisition program''; and

(C) by inserting ''reading, writing, and speaking'' after ''competence in'';

(5) by striking paragraph (10);

(6) by redesignating paragraphs (7) through (9) and (12) through (18) as paragraphs (8) through (10) and (13) through (19), respectively;

(7) by inserting after paragraph (6) the following:

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

(8) by inserting after paragraph (11) the following:

''(12) LIMITED ENGLISH PROFICIENCY.—The term 'limited English proficiency', when used with respect to an individual, 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.'';

(9) by striking paragraph (15), as redesignated by paragraph (6), and inserting the following:

''(15) OUTLYING AREA.—The term 'outlying area' means the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.''; and

(10) by striking paragraph (19), as redesignated by paragraph (6), and inserting the following:

''(19) WORKPLACE LITERACY PROGRAM.—The term 'workplace literacy program' means an educational program designed to improve the productivity of the workforce through the improvement of literacy skills that is offered by an eligible provider in collaboration with an employer or an employee organization at a workplace, at an off-site location, or in a simulated workplace environment.''.

SEC. 203. HOME SCHOOLS.

Section 204 of the Adult Education and Family Literacy Act (20 U.S.C. 9203) is amended to read as follows:

''SEC. 204. HOME SCHOOLS.

''Nothing in this title shall be construed to affect home schools, whether 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, family literacy services, or adult education.''.

SEC. 204. AUTHORIZATION OF APPROPRIATIONS.

Section 205 of the Adult Education and Family Literacy Act (20 U.S.C. 9204) is amended—

(1) by striking ''1999'' and inserting ''2006''; and

(2) by striking ''2003'' and inserting ''2011''.

SEC. 205. RESERVATION OF FUNDS; GRANTS TO ELIGIBLE AGENCIES; ALLOTMENTS.

Section 211 of the Adult Education and Family Literacy Act (20 U.S.C. 9211) is amended—

(1) by striking subsection (a) and inserting the following:

''(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 $10,000,000;

''(2) shall reserve 1.5 percent to carry out section 243 and subsection (f)(4), except that the amount so reserved shall not exceed $8,000,000;

''(3) shall make available, to the Secretary of Labor, 1.72 percent for incentive grants under section 136(i); and

''(4) shall reserve 12 percent of the amount that remains after reserving funds under paragraphs (1), (2) and (3) to carry out section 244.'';

(2) in subsection (c)(2)—

(A) by inserting ''and the sole agency responsible for administering or supervising policy for adult education and literacy in the Republic of Palau'' after ''an initial allotment under paragraph (1)'';

(B) by inserting ''or served by the agency for the Republic of Palau'' after ''by the eligible agency''; and

(C) by striking ''States and outlying areas'' and inserting ''States, outlying areas, and the Republic of Palau'';

(3) in subsection (e)—

(A) in paragraph (1)—

(i) by striking ''the Republic of the Marshall Islands, the Federated States of Micronesia, and''; and

(ii) by striking ''the Republic of the Marshall Islands, the Federated States of Micronesia, or'' and inserting ''or''; and

(B) in paragraph (3)—

(i) by striking ''the Republic of the Marshall Islands, the Federated States of Micronesia, and''; and

(ii) by striking ''2001'' and inserting ''2007''; and

(4) by striking subsection (f) and inserting the following:

''(f) HOLD-HARMLESS PROVISIONS.—

''(1) IN GENERAL.—Notwithstanding subsection (c) and subject to paragraph (2), for fiscal year 2005 and each succeeding fiscal year, no eligible agency shall receive an allotment under this section that is less than 90 percent of the allotment the eligible agency received for the preceding fiscal year under this section.

''(2) 100 PERCENT ALLOTMENT.—Notwithstanding paragraphs (1) and (2) of subsection (c), an eligible agency that receives only an initial allotment under subsection (c)(1) (and no additional allotment under subsection (c)(2)) shall receive an al-

lotment under this section that is equal to 100 percent of the initial allotment under subsection (c)(1).

''(3) RATABLE REDUCTION.—If for any fiscal year the amount available for allotment under this subtitle is insufficient to satisfy the provisions of paragraphs (1) and (2), the Secretary shall ratably reduce the payments to all eligible agencies, as necessary.

''(4) ADDITIONAL ASSISTANCE.—

''(A) IN GENERAL.—From amounts reserved under subsection (a)(2), the Secretary shall make grants to eligible agencies described in subparagraph (B) to enable such agencies to provide activities authorized under chapter 2.

''(B) ELIGIBILITY.—An eligible agency is eligible to receive a grant under this paragraph for a fiscal year if the amount of the allotment such agency receives under this section for the fiscal year is less than the amount such agency would have received for the fiscal year if the allotment formula under this section as in effect on September 30, 2003, were in effect for such year.

''(C) AMOUNT OF GRANT.—The amount of a grant made to an eligible agency under this

paragraph for a fiscal year shall be the difference between—

"(i) the amount of the allotment such agency would have received for the fiscal year if the allotment formula under this section as in effect on September 30, 2003, were in effect for such year; and

"(ii) the amount of the allotment such agency receives under this section for the fiscal year.".

SEC. 206. PERFORMANCE ACCOUNTABILITY SYSTEM.

Section 212 of the Adult Education and Family Literacy Act (20 U.S.C. 9212) is amended—

(1) in subsection (b)—

(A) in paragraph (1)(A)(ii), by striking "additional indicators of performance (if any)" and inserting "the employment performance indicators";

(B) by striking paragraph (2) and inserting the following:

"(2) INDICATORS OF PERFORMANCE.—

"(A) CORE INDICATORS OF PERFORMANCE.—An eligible agency shall identify in the State plan individual academic performance in-

dicators that include, at a minimum, the following:

"(i) Measurable 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 or other training programs.

"(iii) Completion of a secondary school diploma, its recognized equivalent, or a recognized alternative standard for individuals with disabilities.

"(B) EMPLOYMENT PERFORMANCE INDICATORS.—

"(i) IN GENERAL.—An eligible agency shall identify in the State plan individual participant employment performance indicators that include, at a minimum, the following:

"(I) Entry into unsubsidized employment.

"(II) Retention in unsubsidized employment 6 months after entry into the employment.

"(III) Increases in earnings from unsubsidized employment.

(ii) DATA COLLECTION.—The State workforce investment board shall assist the eligible agency in obtaining and using quarterly wage records to collect data for each of the indicators described in clause (i), consistent with applicable Federal and State privacy laws.

"(C) INDICATORS FOR WORKPLACE LITERACY PROGRAMS.—Special accountability measures may be negotiated for workplace literacy programs."; and

(C) in paragraph (3)—

(i) in subparagraph (A)—

(I) in clause (i)(II), by striking "in performance" and inserting "the agency's performance outcomes in an objective, quantifiable, and measurable form";

(II) in clause (ii), by striking ''3 programs years'' and inserting ''2 program years'';

(III) in clause (iii), by striking ''FIRST 3 YEARS'' and inserting ''FIRST 2 YEARS'';

(IV) in clause (iii), by striking ''first 3 program years'' and inserting ''first 2 program years'';

(V) in clause (v), by striking ''4TH AND 5TH'' and inserting ''3RD AND 4TH'';

(VI) in clause (v), by striking ''to the fourth'' and inserting ''to the third'';

(VII) in clause (v), by striking ''fourth and fifth'' and inserting ''third and fourth''; and

(VIII) in clause (vi), by striking ''(II)'' and inserting ''(I)'';

(ii) in subparagraph (B)—

(I) by striking the heading and inserting ''LEVELS OF EMPLOYMENT PERFORMANCE'';

(II) by striking ''may'' and inserting ''shall''; and

(III) by striking ''additional'' and inserting ''employment performance''; and

(iii) by adding at the end the following:

''(C) ALTERNATIVE ASSESSMENT SYSTEMS.—Eligible agencies may approve the use of assessment systems that are not commercially available standardized systems if such systems meet the Standards for Educational and Psychological Testing issued by the Joint Committee on Standards for Educational and Psychological Testing of the American Educational Research Association, the American Psychological Association, and the National Council on Measurement in Education.'';

(2) in subsection (c)—

(A) in paragraph (1)—

(i) by inserting ''the Governor, the State legislature, and the State workforce investment board'' after ''Secretary''; and

(ii) by striking ''including'' and all that follows through the period and inserting ''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) Information on the number or percentage of qualifying adults (as defined in section 211(d)) who are participants in adult education programs under this subtitle and making satisfactory progress toward 1 or more of each of the following:

''(i) Core indicators of performance.

''(ii) Employment performance indicators.

''(iii) Other long-term objectives.

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

''(D) The number of enrollees 16 to 18 years of age who enrolled in adult education not later than 1 year after participating in secondary school education.'';

(B) in paragraph (2)(A), by inserting ''eligible providers and'' after ''available to''; and

(C) by adding at the end the following:

''(3) DATA ACCESS.—The report made available under paragraph (2) shall indicate which eligible agencies did not have access to State unemployment insurance wage data in measuring employment performance indicators.''; and

(3) by adding at the end the following:

''(d) PROGRAM IMPROVEMENT.—

''(1) IN GENERAL.—If the Secretary determines that an eligible agency did not meet its adjusted levels of performance for the core indicators of performance described in subsection (b)(2)(A) for any program year, the eligible agency shall—

''(A) work with the Secretary to develop and implement a program improvement plan for the 2 program years succeeding the program year in which the eligible agency did not meet its adjusted levels of performance; and

''(B) revise its State plan under section 224, if necessary, to reflect the changes agreed to in the program improvement plan.

''(2) FURTHER ASSISTANCE.—If, after the period described in paragraph (1)(A), the Secretary

has provided technical assistance to the eligible agency but determines that the eligible agency did not meet its adjusted levels of performance for the core indicators of performance described in subsection (b)(2)(A), the Secretary may require the eligible agency to make further revisions to the program improvement plan described in paragraph (1). Such further revisions shall be accompanied by further technical assistance from the Secretary.''.

SEC. 207. STATE ADMINISTRATION.

Section 221(1) of the Adult Education and Family Literacy Act (20 U.S.C. 9221(1)) is amended by striking ''and implementation'' and inserting ''implementation, and monitoring''.

SEC. 208. STATE DISTRIBUTION OF FUNDS; MATCHING REQUIREMENT.

Section 222 of the Adult Education and Family Literacy Act (20 U.S.C. 9222) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking ''82.5'' the first place such term appears and inserting ''80''; and

(ii) by striking ''the 82.5 percent'' and inserting ''such amount'';

(B) in paragraph (2), by striking ''not more than 12.5 percent'' and inserting ''not more than 15 percent''; and

(C) in paragraph (3), by striking ''$65,000'' and inserting ''$75,000''; and

(2) in subsection (b)(1), by striking ''equal to'' and inserting ''that is not less than''.

SEC. 209. STATE LEADERSHIP ACTIVITIES.

Section 223 of the Adult Education and Family Literacy Act (20 U.S.C. 9223) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1), by inserting ''to develop or enhance the adult education system of the State or outlying area'' after ''activities'';

(B) in paragraph (1), by striking ''instruction incorporating'' and all that follows through the period and inserting ''instruction incorporating the essential components of reading instruction and instruction provided by volunteers or by personnel of a State or outlying area.'';

(C) in paragraph (2), by inserting '', including development and dissemination of instructional and programmatic practices based on the most rigorous research available in read-

ing, writing, speaking, mathematics, English language acquisition programs, distance learning, and staff training'' after ''activities'';

(D) in paragraph (5), by striking ''monitoring and'';

(E) by striking paragraph (6) and inserting the following:

''(6) The development and implementation of technology applications, translation technology, or distance learning, including professional development to support the use of instructional technology.''; and

(F) by striking paragraph (7) through paragraph (11) and inserting the following:

''(7) Coordination with—

''(A) other partners carrying out activities authorized under this Act; and

''(B) existing support services, such as transportation, child care, mental health services, and other assistance designed to increase rates of enrollment in, and successful completion of, adult education and literacy activities, for adults enrolled in such activities.

''(8) Developing and disseminating curricula, including curricula incorporating the essential com-

ponents of reading instruction as such components relate to adults.

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

"(10) The development and implementation of a system to assist in the transition from adult basic education to postsecondary education, including linkages with postsecondary educational institutions.

"(11) Integration of literacy and English language instruction with occupational skill training, and promoting linkages with employers.

"(12) Activities to promote workplace literacy programs.

"(13) Activities to promote and complement local outreach initiatives described in section 243(b)(3)(F).

"(14) In cooperation with efforts funded under sections 242 and 243, the development of curriculum frameworks and rigorous content standards that—

"(A) specify what adult learners should know and be able to do in the areas of reading and language arts, mathematics, and English language acquisition; and

~~"(B) take into consideration the following:~~

~~"(i) State academic standards established under section 1111(b) of the Elementary and Secondary Education Act of 1965.~~

~~"(ii) The current adult skills and literacy assessments used in the State or outlying area.~~

~~"(iii) The core indicators of performance established under section 212(b)(2)(A).~~

~~"(iv) Standards and academic requirements for enrollment in non-remedial, for-credit, courses in postsecondary education institutions supported by the State or outlying area.~~

~~"(v) Where appropriate, the basic and literacy skill content of occupational and industry skill standards widely used by business and industry in the State or outlying area.~~

~~"(15) In cooperation with efforts funded under sections 242 and 243, development and piloting of—~~

~~"(A) new assessment tools and strategies that—~~

~~"(i) are based on scientifically based research, where available and appropriate; and~~

~~"(ii) identify the needs and capture the gains of students at all levels, with particular emphasis on—~~

~~"(I) students at the lowest achievement level;~~

~~"(II) students who have limited English proficiency; and~~

~~"(III) adults with learning disabilities;~~

~~"(B) options for improving teacher quality and retention; and~~

~~"(C) assistance in converting research into practice.~~

~~"(16) The development and implementation of programs and services to meet the needs of adult learners with learning disabilities or limited English proficiency.~~

~~"(17) Other activities of statewide significance that promote the purpose of this title."; and~~

~~(2) in subsection (c), by striking "being State- or outlying area-imposed" and inserting "being imposed by the State or outlying area".~~

SEC. 210. STATE PLAN.

Section 224 of the Adult Education and Family Literacy Act (20 U.S.C. 9224) is amended—

(1) in subsection (a)—

(A) by striking the heading and inserting ''4-YEAR PLANS''; and

(B) in paragraph (1), by striking ''5'' and inserting ''4'';

(2) in subsection (b)—

(A) in paragraph (1), by inserting ''and the role of provider and cooperating agencies in preparing the assessment'' after ''serve'';

(B) by striking paragraph (2) and inserting the following:

''(2) a description of how the eligible agency will address the adult education and literacy needs identified under paragraph (1) in each workforce development area of the State, using funds received under this subtitle, as well as other Federal, State, or local funds received in partnership with other agencies for the purpose of adult literacy as applicable;'';

(C) in paragraph (3)—

(i) by inserting ''and measure'' after ''evaluate'';

(ii) by inserting ''and improvement'' after ''effectiveness''; and

(iii) by striking ''212'' and inserting ''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 subtitle 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 performance)'';

(D) by redesignating paragraphs (5) through (12) as paragraphs (6) through (13), respectively;

(E) by inserting after paragraph (4) the following:

''(5) a description of how the eligible agency will improve teacher quality, the professional development of eligible providers, and instruction;'';

(G) in paragraph (6) (as redesignated by subparagraph (D)), by striking ''who'' and all that follows through the semicolon and inserting ''that—

''(A) offers flexible schedules and coordinates with necessary Federal, State, and local support services (such as child care, transportation, mental health services, and case management) to enable individuals, including individuals with disabilities or individuals with other special needs, to participate in adult education and literacy activities; and

''(B) attempts 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;'';

(H) in paragraph (10) (as redesignated by subparagraph (D)), by striking ''plan;'' and inserting ''plan, which process—

''(A) shall include the State Workforce Investment Board, the Governor, State officials

representing public schools, community colleges, welfare agencies, agencies that provide services to individuals with disabilities, other State agencies that promote or operate adult education and literacy activities, and direct providers of such adult literacy services; and

''(B) may include consultation with the State agency for higher education, institutions responsible for professional development of adult education and literacy education program instructors, institutions of higher education, representatives of business and industry, refugee assistance programs, and community-based organizations (as such term is defined in section 101),'';

(I) in paragraph (11) (as redesignated by subparagraph (D))—

(i) by inserting ''assess potential population needs and'' after ''will'';

(ii) in subparagraph (A), by striking ''students'' and inserting ''individuals'';

(iii) in subparagraph (C), by striking ''and'' after the semicolon; and

(iv) by adding at the end the following:

''(E) the unemployed; and

''(F) those individuals who are employed, but at levels below self-sufficiency, as defined in section 101.'';

(J) in paragraph (12) (as redesignated by subparagraph (D))—

(i) by inserting ''and how the plan submitted under this subtitle is coordinated with the plan submitted by the State under title I'' after ''eligible agency''; and

(ii) by striking ''and'' after the semicolon;

(K) in paragraph (13) (as redesignated by subparagraph (D)), by striking ''231(c)(1).'' and inserting ''231(c)(1), including—

''(A) how the State will build the capacity of organizations that provide adult education and literacy activities; and

''(B) how the State will increase the participation of business and industry in adult education and literacy activities;''; and

(L) by adding at the end the following:

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

programs and services (including academic skill development and support services) that prepare students to enter postsecondary education upon the attainment of a secondary school diploma or its recognized equivalent;

"(15) a description of how the eligible agency will consult with the State agency responsible for workforce development to develop adult education programs and services that are designed to prepare students to enter the workforce; and

"(16) a description of how the eligible agency will improve the professional development of eligible providers of adult education and literacy activities.";

(3) in subsection (c), by adding at the end the following: "At the end of the first 2-year period of the 4-year State plan, the eligible agency shall review and, as needed, revise the 4-year State plan."; and

(4) in subsection (d)—

(A) in paragraph (1), by inserting ", the chief State school officer, the State officer responsible for administering community and technical colleges, and the State Workforce Investment Board" after "Governor"; and

(B) in paragraph (2), by striking ''comments'' and all that follows through the period and inserting ''comments regarding the State plan by the Governor, the chief State school officer, the State officer responsible for administering community and technical colleges, and the State Workforce Investment Board, and any revision to the State plan, are submitted to the Secretary.''.

SEC. 211. PROGRAMS FOR CORRECTIONS EDUCATION AND OTHER INSTITUTIONALIZED INDIVIDUALS.

Section 225 of the Adult Education and Family Literacy Act (20 U.S.C. 9225) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking ''basic education'' and inserting ''adult education and literacy activities'';

(B) in paragraph (2), by inserting ''and'' after the semicolon;

(C) by striking paragraph (3); and

(D) by redesignating paragraph (4) as paragraph (3); and

(2) in subsection (d), by striking ''DEFINITION OF CRIMINAL OFFENDER.—'' and inserting ''DEFINITIONS.—In this section:''.

SEC. 212. GRANTS AND CONTRACTS FOR ELIGIBLE PROVIDERS.

Section 231 of the Adult Education and Family Literacy Act (20 U.S.C. 9241) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking ''workplace literacy services'' and inserting ''workplace literacy programs''; and

(B) in paragraph (3), by striking ''literacy'' and inserting ''language acquisition''; and

(2) in subsection (c)—

(A) in paragraph (1), by inserting ''to be achieved annually on the core indicators of performance and employment performance indicators described in section 212(b)(2)'' after ''outcomes'';

(B) by striking paragraph (3) and inserting the following:

''(3) the commitment of the eligible provider to be responsive to local needs and to serve individuals in the community who were identified by the assessment as most in need of adult literacy services, including individuals who are low-income, have minimal literacy skills, have learning disabilities, or have limited English proficiency;'';

(C) in paragraph (4)(B), by striking ", such as" and all that follows through the semicolon and inserting "that include the essential components of reading instruction;";

(D) in paragraph (5), by striking "research" and inserting "the most rigorous research available, including scientifically based research,";

(E) in paragraph (7), by inserting ", when appropriate and based on the most rigorous research available, including scientifically based research," after "real life contexts";

(F) in paragraph (9), by inserting "education, job training, and social service" after "other available";

(G) in paragraph (10)—

(i) by inserting "coordination with Federal, State, and local" after "schedules and"; and

(ii) by striking "and transportation" and inserting ", transportation, mental health services, and case management";

(H) in paragraph (11)—

(i) by inserting "measurable" after "report";

(ii) by striking ''eligible agency'';

(iii) by inserting ''established by the eligible agency'' after ''performance measures''; and

(iv) by striking ''and'' after the semicolon;

(I) in paragraph (12), by striking ''literacy programs.'' and inserting ''language acquisition programs and civics education programs;''; and

(J) by adding at the end the following:

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

''(14) whether reading, writing, speaking, mathematics, and English language acquisition instruction provided by the eligible provider are based on the best practices derived from the most rigorous research available;

''(15) whether the eligible provider's applications of technology and services to be provided are sufficient to increase the amount and quality of learning and lead to measurable learning gains within specified time periods; and

''(16) the capacity of the eligible provider to serve adult learners with learning disabilities.''.

SEC. 213. LOCAL APPLICATION.

Section 232 of the Adult Education and Family Literacy Act (20 U.S.C. 9242) is amended—

(1) in paragraph (1)—

(A) by inserting ''consistent with the requirements of this subtitle'' after ''spent''; and

(B) by striking ''and'' after the semicolon;

(2) in paragraph (2), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(3) information that addresses each of the considerations required under section 231(e).''.

SEC. 214. LOCAL ADMINISTRATIVE COST LIMITS.

Section 233 of the Adult Education and Family Literacy Act (20 U.S.C. 9243) is amended—

(1) in subsection (a)(2)—

(A) by inserting ''and professional'' after ''personnel''; and

(B) by inserting ''development of measurable goals in reading, writing, and speaking the English language, and in mathematical computation,'' after ''development,''; and

(2) in subsection (b)—

(A) by inserting ''and professional'' after ''personnel''; and

(B) by inserting ''development of measurable goals in reading, writing, and speaking the English language, and in mathematical computation,'' after ''development,''.

SEC. 215. ADMINISTRATIVE PROVISIONS.

Section 241(b) of the Adult Education and Family Literacy Act (20 U.S.C. 9251(b)) is amended—

(1) in paragraph (1)(A)—

(A) by striking ''adult education and literacy activities'' each place the term appears and inserting ''activities under this subtitle''; and

(B) by striking ''was'' and inserting ''were''; and

(2) in paragraph (4)—

(A) by inserting ''not more than'' after ''this subsection for''; and

(B) by striking ''only''.

SEC. 216. NATIONAL INSTITUTE FOR LITERACY.

Section 242 of the Adult Education and Family Literacy Act (20 U.S.C. 9252) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking ''literacy'' and inserting ''effective literacy programs for children, youth, adults, and families'';

(B) in paragraph (2), by inserting ''and disseminates information on'' after ''coordinates''; and

(C) by striking paragraph (3)(A) and inserting the following:

''(A) coordinating and participating in the Federal effort to identify and disseminate information on literacy that is derived from scientifically based research, or the most rigorous research available, and effective programs that serve children, youth, adults, and families; and'';

(2) by striking subsection (b)(3) and inserting the following:

''(3) RECOMMENDATIONS.—The Interagency Group, in consultation with the National Institute for Literacy Advisory Board (in this section referred to as the 'Board') established under subsection (c), shall plan the goals of the Institute and the implementation of any programs to achieve the goals. The Board may also request a meeting of the Inter-

agency Group to discuss any recommendations the Board may make.'';

(3) in subsection (c)—

(A) in paragraph (1)—

(i) in subparagraph (A)—

(I) by striking ''to establish'' and inserting ''to maintain'';

(II) in clause (i), by striking ''phonemic awareness, systematic phonics, fluency, and reading comprehension'' and inserting ''the essential components of reading instruction'';

(III) in clause (iii), by striking ''and'' after the semicolon;

(IV) in clause (iv), by inserting ''and'' after the semicolon; and

(V) by adding at the end the following:

''(v) a list of local adult education and literacy programs;'';

(ii) in subparagraph (C)—

(I) by striking ''reliable and replicable research'' and inserting ''reliable and replicable research as de-

fined by the Institute of Education Sciences''; and

(II) by striking ''especially with the Office of Educational Research and Improvement in the Department of Education,'';

(iii) in subparagraph (D), by striking ''phonemic awareness, systematic phonics, fluency, and reading comprehension based on'' and inserting ''the essential components of reading instruction and'';

(iv) in subparagraph (H), by striking ''and'' after the semicolon;

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

(vi) by adding at the end the following:

''(J) to work cooperatively with the Department of Education to assist States that are pursuing the implementation of standards-based educational improvements for adults through the dissemination of training, technical assistance, and related support and through the de-

velopment and dissemination of related standards-based assessment instruments; and

''(K) to identify scientifically based research where available, or the most rigorous research available, on the effectiveness of instructional practices and organizational strategies relating to literacy programs on the acquisition of skills in reading, writing, English acquisition, and mathematics.''; and

(B) by adding at the end the following:

''(3) COORDINATION.—In identifying the reliable and replicable research the Institute will support, the Institute shall use standards for research quality that are consistent with those of the Institute of Education Sciences.'';

(4) in subsection (e)—

(A) in paragraph (1)(B)—

(i) in clause (i), by striking ''literacy programs'' and inserting ''language acquisition programs'';

(ii) in clause (ii), by striking ''literacy programs'' and inserting ''or have participated in or partnered with workplace literacy programs'';

(iii) in clause (iv), by inserting ", including adult literacy research" after "research";

(iv) in clause (vi), by striking "and" after the semicolon;

(v) in clause (vii), by striking the period at the end and inserting "; and"; and

(vi) by adding at the end the following:

"(viii) institutions of higher education.";

(B) in paragraph (2)—

(i) in subparagraph (B), by striking "and" after the semicolon;

(ii) in subparagraph (C), by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(D) review the biennial report submitted to Congress pursuant to subsection (k).."; and

(C) in paragraph (5), by striking the second sentence and inserting the following: "A recommendation of the Board may be passed only by a majority of the Board's members

present at a meeting for which there is a quorum.''; and

(5) in subsection (k)—

(A) by striking ''Labor and Human Resources'' and inserting ''Health, Education, Labor, and Pensions''; and

(B) by striking ''The Institute shall submit a report biennially to'' and inserting ''Not later than 1 year after the date of enactment of the Adult Education and Family Literacy Act Amendments of 2005, and biennially thereafter, the Institute shall submit a report to''.

SEC. 217. NATIONAL LEADERSHIP ACTIVITIES.

Section 243 of the Adult Education and Family Literacy Act (20 U.S.C. 9253) is amended to read as follows:

''SEC. 243. NATIONAL LEADERSHIP ACTIVITIES.

''(a) IN GENERAL.—The Secretary shall establish and carry out a program of national leadership activities to enhance the quality of adult education and literacy programs nationwide.

''(b) PERMISSIVE ACTIVITIES.—The national leadership activities described in subsection (a) 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;

"(C) assistance in distance learning and promoting and improving the use of technology in the classroom;

"(D) assistance in developing valid, measurable, and reliable performance data, including data about employment and employment outcome, and using performance information for the improvement of adult education and literacy programs; and

"(E) assistance to help States, particularly low-performing States, meet the requirements of section 212.

"(2) A program of grants, contracts, or cooperative agreements awarded on a competitive basis to national, regional, or local networks of private nonprofit organizations, public libraries, or institutions of higher education to build the capacity of such networks' members to meet the performance requirements of eligible providers under this title and involve adult learners in program improvement.

"(3) 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 the essential components of reading instruction 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 rigorous research, including scientifically based research where appropriate, on national literacy basic skill acquisition for adult learning, including estimating the number of adults functioning at the lowest levels of literacy proficiency;

"(D)(i) carrying out demonstration programs;

"(ii) disseminating best practices information, including information regarding promising practices resulting from federally funded demonstration programs; and

"(iii) developing and replicating best practices and innovative programs, including—

"(I) the development of models for basic skill certificates;

"(II) the identification of effective strategies for working with adults with learning disabilities and with adults with limited English proficiency;

"(III) integrated basic and workplace skills education programs;

~~"(IV) coordinated literacy and employment services; and~~

~~"(V) postsecondary education transition 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 family literacy programs increase the rate of enrollment in, and successful completion of, such programs; and

"(iv) the extent to which different types of providers measurably improve the skills of participants in adult education and literacy programs;

"(F) supporting efforts aimed at capacity building of programs 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;

''(H) supporting the development of an entity that would produce and distribute technology-based programs and materials for adult education and literacy programs using an interconnection system (as 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;

''(I) determining how participation in adult education and literacy activities prepares individuals for entry into postsecondary education and employment and, in the case of prison-based services, has an effect on recidivism; and

''(J) other activities designed to enhance the quality of adult education and literacy activities nationwide.''.

SEC. 218. INTEGRATED ENGLISH LITERACY AND CIVICS EDUCATION.

Chapter 4 of subtitle A of title II (29 U.S.C. 9251 et seq.) is amended by adding at the end the following:

''SEC. 244. INTEGRATED ENGLISH LITERACY AND CIVICS EDUCATION.

''(a) IN GENERAL.—From funds made available under section 211(a)(4) for each fiscal year, the Secretary

shall award grants to States, from allotments under subsection (b), for integrated English literacy and civics education.

"(b) ALLOTMENT.—

"(1) IN GENERAL.—Subject to paragraph (2), from amounts made available under section 211(a)(4) for a fiscal year, the Secretary shall allocate—

"(A) 65 percent to the States on the basis of a State's need for integrated English literacy and civics education as determined by calculating each State's share of a 10-year average of the Immigration and Naturalization Service data for immigrants admitted for legal permanent residence for the 10 most recent years; and

"(B) 35 percent to the States on the basis of whether the State experienced growth as measured by the average of the 3 most recent years for which Immigration and Naturalization Service data for immigrants admitted for legal permanent residence are available.

"(2) MINIMUM.—No State shall receive an allotment under paragraph (1) in an amount that is less than $60,000.".

SEC. 219. TRANSITION.

The Secretary shall take such steps as the Secretary determines to be appropriate to provide for the orderly transition to the authority of the Adult Education and Family Literacy Act (as amended by this title) from any authority under provisions of the Adult Education and Family Literacy Act (as such Act was in effect on the day before the date of enactment of the Adult Education and Family Literacy Act Amendments of 2005).

TITLE III—AMENDMENTS TO OTHER PROVISIONS OF LAW

SEC. 301. WAGNER-PEYSER ACT.

(a) CONFORMING AMENDMENT.—Section 2(3) of the Wagner-Peyser Act (29 U.S.C. 49a(3)) is amended by striking ''section 134(c)'' and inserting ''section 121(e)''.

(b) COLOCATION.—Section 3 of the Wagner-Peyser Act (29 U.S.C. 49b) is amended by adding at the end the following:

''(d) In order to avoid duplication of services and enhance integration of services, employment services offices in each State shall be colocated with one-stop centers established under title I of the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.).

''(e) The Secretary, in consultation with States, is authorized to assist in the development of national electronic

tools that may be used to improve access to workforce information for individuals through—

''(1) the one-stop delivery systems established under section 121(e) of the Workforce Investment Act of 1998 (29 U.S.C. 2841(e)); and

''(2) such other delivery systems as the Secretary determines to be appropriate.''.

(c) COOPERATIVE STATISTICAL PROGRAM.—Section 14 of the Wagner-Peyser Act (29 U.S.C. 49l–1) is amended by striking the section heading and all that follows through ''There'' and inserting the following:

''SEC. 14. COOPERATIVE STATISTICAL PROGRAM.

''There''.

(d) WORKFORCE AND LABOR MARKET INFORMATION SYSTEM.—Section 15 of the Wagner-Peyser Act (29 U.S.C. 49l–2) is amended—

(1) by striking the section heading and inserting the following:

''SEC. 15. WORKFORCE AND LABOR MARKET INFORMATION SYSTEM.'';

(2) by striking ''employment statistics system'' each place it appears and inserting ''workforce and labor market information system'';

(3) in subsection (a)(1), by striking ''of employment statistics'';

(4) in subsection (b)—

(A) in paragraph (1)—

(i) by striking ''The'' and inserting the following:

''(A) STRUCTURE.—The''; and

(ii) by adding at the end the following:

''(B) GRANTS OR COOPERATIVE AGREEMENTS.—

''(i) IN GENERAL.—The Secretary shall carry out the provisions of this section in a timely manner through grants or cooperative agreements with States.

''(ii) DISTRIBUTION OF FUNDS.—With regard to distributing funds appropriated under subsection (g) (relating to workforce and labor market information funding) for fiscal years 2006 through 2011, the Secretary shall continue to distribute the funds to States in the manner in which the Secretary distributed funds to the States under this section for fiscal years 1999 through 2003.''; and

(B) in paragraph (2)(E)—

(i) in clause (i), by adding "and" at the end;

(ii) in clause (ii), by striking "; and" and inserting a period; and

(iii) by striking clause (iii);

(5) by striking subsections (c) and (d) and inserting the following:

"(c) TWO-YEAR PLAN.—The Secretary, working through the Commissioner of Labor Statistics, and in cooperation with the States and with the assistance of the Assistant Secretary for Employment and Training and heads of other appropriate Federal agencies, shall prepare a 2-year plan which shall be the mechanism for achieving cooperative management of the nationwide workforce and labor market information system described in subsection (a) and the statewide workforce and labor market information systems that comprise the nationwide system. The plan shall—

"(1) describe the steps the to be taken in the following 2 years to carry out the duties described in subsection (b)(2);

"(2) evaluate the performance of the system and recommend needed improvements, with particular attention to the improvements needed at the State and local levels; and

''(3) describe the involvement of States in the development of the plan, through consultation between the Secretary and representatives from State agencies in accordance with subsection (d).

''(d) COORDINATION WITH THE STATES.—The Secretary, working though the Commissioner of Labor Statistics and in coordination with the Assistant Secretary for Employment and Training, shall consult at least annually with representatives of each of the Federal regions of the Department of Labor, elected (pursuant to a process established by the Secretary) by and from the State workforce and labor market information directors affiliated with the State agencies that perform the duties described in subsection (c)(2).'';

(6) in subsection (c)(2)—

(A) in subparagraph (G), by adding ''and'' at the end;

(B) by striking subparagraph (H); and

(C) by redesignating subparagraph (I) as subparagraph (H); and

(7) in subsection (g), by striking ''1999 through 2004'' and inserting ''2006 through 2011''.

TITLE IV—REHABILITATION ACT AMENDMENTS

SEC. 401. SHORT TITLE.

This title may be cited as the ''Rehabilitation Act Amendments of 2005''.

SEC. 402. TECHNICAL AMENDMENTS TO TABLE OF CONTENTS.

(a) EXPANDED TRANSITION SERVICES.—Section 1(b) of the Rehabilitation Act of 1973 is amended by inserting after the item relating to section 110 the following:

''Sec. 110A. Reservation for expanded transition services.''.

(b) INCENTIVE GRANTS.—Section 1(b) of the Rehabilitation Act of 1973 is amended by inserting after the item relating to section 112 the following:

''Sec. 113. Incentive grants.''.

(c) INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND.—Section 1(b) of the Rehabilitation Act of 1973 is amended by striking the items relating to sections 752 and 753 and inserting the following:

''Sec. 752. Training and technical assistance.
''Sec. 753. Program of grants.
''Sec. 754. Authorization of appropriations.''.

SEC. 403. PURPOSE.

Section 2 of the Rehabilitation Act of 1973 (29 U.S.C. 701) is amended—

(1) in subsection (a)—

(A) in paragraph (5), by striking ''and'' after the semicolon;

(B) in paragraph (6), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(7)(A) a high proportion of youth who are individuals with disabilities is leaving special education without being employed or being enrolled in continuing education; and

''(B) there is a substantial need to support those youth as the youth transition from school to postsecondary life.''; and

(2) in subsection (b)—

(A) in paragraph (1)(F), by striking ''and'' after the semicolon;

(B) in paragraph (2), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(3) to provide opportunities for employers and vocational rehabilitation service providers to provide meaningful input at all levels of government to ensure successful employment of individuals with disabilities.''.

SEC. 404. DEFINITIONS.

Section 7 of the Rehabilitation Act of 1973 (29 U.S.C. 705) is amended—

(1) in paragraph (2)(B)—

(A) in the matter preceding clause (i), by inserting ''and literacy services'' after ''supported employment''; and

(B) in clause (iii), by inserting ''and literacy skills'' after ''educational achievements'';

(2) by striking paragraphs (3) and (4) and inserting the following:

''(3) ASSISTIVE TECHNOLOGY DEFINITIONS.—

''(A) ASSISTIVE TECHNOLOGY.—The term 'assistive technology' has the meaning given such term in section 3 of the Assistive Technology Act of 1998 (29 U.S.C. 3002).

''(B) ASSISTIVE TECHNOLOGY DEVICE.—The term 'assistive technology device' has the meaning given such term in section 3 of the Assistive Technology Act of 1998, except that the reference in such section to the term 'individuals with disabilities' shall be deemed to mean more than one individual with a disability as defined in paragraph (20)(A).

''(C) ASSISTIVE TECHNOLOGY SERVICE.—The term 'assistive technology service' has the

meaning given such term in section 3 of the Assistive Technology Act of 1998, except that the reference in such section—

"(i) to the term 'individual with a disability' shall be deemed to mean an individual with a disability, as defined in paragraph (20)(A); and

"(ii) to the term 'individuals with disabilities' shall be deemed to mean more than one such individual.";

(3) by striking paragraph (7) and inserting the following:

"(7) CONSUMER ORGANIZATION.—The term 'consumer organization' means a membership organization in which a majority of the organization's members and a majority of the organization's officers are individuals with disabilities.";

(4) in paragraph (17)—

(A) in subparagraph (C), by striking "and" after the semicolon;

(B) in subparagraph (D), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(E) maintaining individuals with significant disabilities in, or transitioning individuals

with significant disabilities to, community-based living.'';

(5) by redesignating paragraphs (24) through (28), (29) through (34), (35) through (37), and (38) through (39), as paragraphs (25) through (29), (31) through (36), (38) through (40), and (42) through (43), respectively;

(6) by inserting after paragraph (23) the following:

''(24) LITERACY.—The term 'literacy' has the meaning given the term in section 203 of the Adult Education and Family Literacy Act (20 U.S.C. 9202).'';

(7) by inserting after paragraph (29), as redesignated by paragraph (5), the following:

''(30) POST-EMPLOYMENT SERVICE.—The term 'post-employment' service means a service identified in section 103(a) that is—

''(A) provided subsequent to the achievement of an employment outcome; and

''(B) necessary for an individual to maintain, regain, or advance in employment, consistent with the individual's strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.'';

(8) by inserting after paragraph (36), as redesignated by paragraph (5), the following:

"(37) STUDENT WITH A DISABILITY.—

"(A) IN GENERAL.—The term 'student with a disability' means an individual with a disability who attends an elementary school or secondary school and who—

"(i) is not younger than 16 years of age;

"(ii) is not older than 22 years of age;

"(iii) has been determined to be eligible under section 102(a) for assistance under title I; and

"(iv)(I) is eligible for, and receiving, special education or related services under part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.); or

"(II) is an individual with a disability, for purposes of section 504.

"(B) STUDENTS WITH DISABILITIES.—The term 'students with disabilities' means more than 1 student with a disability.";

(9) in paragraph (38)(A)(ii), as redesignated by paragraph (5), by striking "paragraph (36)(C)" and inserting "paragraph (39)(C)"; and

(10) by inserting after paragraph (40), as redesignated by paragraph (5), the following:

''(41) TRANSITION SERVICES EXPANSION YEAR.—The term 'transition services expansion year' means—

''(A) the first fiscal year for which the amount appropriated under section 100(b) exceeds the amount appropriated under section 100(b) for fiscal year 2006 by not less than $100,000,000; and

''(B) each fiscal year subsequent to that first fiscal year.''.

SEC. 405. ADMINISTRATION OF THE ACT.

Section 12(a)(1) of the Rehabilitation Act of 1973 (29 U.S.C. 709(a)(1)) is amended—

(1) by inserting ''(A)'' after ''(1)'';

(2) by adding at the end the following:

''(B) provide technical assistance to the designated State units on developing successful partnerships with local and multi-State businesses in an effort to employ individuals with disabilities; and

''(C) provide technical assistance on developing self-employment opportunities and outcomes for individuals with disabilities;''.

SEC. 406. REPORTS.

Section 13 of the Rehabilitation Act of 1973 (29 U.S.C. 710) is amended by adding at the end the following:

''(d)(1)(A) The Commissioner shall ensure that the reports, information, and data described in subparagraph (B) will be posted in a timely manner on the website of the Department of Education, in order to inform the public about the administration and performance of programs in each State under this Act.

''(B) The reports, information, and data referred to in subparagraph (A) shall consist of—

''(i) reports submitted by a designated State unit under this Act;

''(ii) accountability information (including State performance information relating to evaluation standards and performance indicators under section 106 and State performance information relating to State performance measures under section 136 of the Workforce Investment Act of 1998 (29 U.S.C. 2871)) submitted by a designated State unit under this Act or submitted under such section 136;

''(iii) data collected from each designated State unit under this Act with the approval of the Office of Management and Budget; and

''(iv) monitoring reports conducted under this Act.

''(C) The Commissioner shall maintain, and post on the website, a listing of the reports, information, and data required to be submitted by designated State units under this Act.

''(D) The Commissioner shall post on the website, or establish links on the website to, evaluations, studies, and audits, including evaluations, studies, and audits conducted by agencies of the Federal government, concerning programs carried out under this Act.

''(E) The Commissioner shall maintain on the website a list of the designated State units and shall establish links on the website to websites maintained by those units.

''(2) The Commissioner shall maintain public use read-only access to the State and aggregated reports and analyzed data filed and maintained on the Rehabilitation Services Administration management information system or a similar system maintained by the Department of Education.''.

SEC. 407. CARRYOVER.

Section 19 of the Rehabilitation Act of 1973 (29 U.S.C. 716) is amended—

(1) in subsection (a)(1)—

(A) by striking ", section 509 (except as provided in section 509(b))";

(B) by striking "or C"; and

(C) by striking "752(b)" and inserting "753(b)"; and

(2) by adding at the end the following:

"(c) CLIENT ASSISTANCE PROGRAM; PROTECTION AND ADVOCACY OF INDIVIDUAL RIGHTS.—

"(1) APPROPRIATED AMOUNTS.—Notwithstanding any other provision of law, any funds appropriated for a fiscal year to carry out a grant program under section 112 or 509 (except as provided in section 509(b)), including any funds reallotted under such grant program, that are not obligated and expended by recipients prior to the beginning of the succeeding fiscal year shall remain available for obligation and expenditure by such recipients during such succeeding fiscal year.

"(2) PROGRAM INCOME.—Notwithstanding any other provision of law, any amounts of program income received by recipients under a grant program under section 112 or 509 in a fiscal year that are not obligated and expended by recipients prior to the beginning of the succeeding fiscal year, shall remain available until expended.".

Subtitle A—Vocational Rehabilitation Services

SEC. 411. DECLARATION OF POLICY; AUTHORIZATION OF APPROPRIATIONS.

Section 100(b)(1) of the Rehabilitation Act of 1973 (29 U.S.C. 720(b)(1)) is amended by striking ''fiscal years 1999 through 2003'' and inserting ''fiscal years 2006 through 2011''.

SEC. 412. STATE PLANS.

(a) IN GENERAL.—Section 101(a) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)) is amended—

(1) in paragraph (2), by adding at the end the following:

''(D) STATE AGENCY FOR REIMBURSEMENT PURPOSES.—A governing body of an Indian tribe that receives a grant under section 121 shall be considered, for purposes of the cost reimbursement provisions—

''(i) in section 222(d)(1) of the Social Security Act (42 U.S.C. 422(d)(1)), to be a State; and

''(ii) in subsections (d) and (e) of section 1615 of the Social Security Act (42 U.S.C. 1382d), to be a State agency described in subsection (d) of that section.'';

(2) in paragraph (6)(B), by striking ''to employ and advance in employment'' and inserting ''to recruit, employ, and advance in employment'';

(3) in paragraph (7)(A)(v), by striking subclause (I) and inserting the following:

''(I) a system for the continuing education of rehabilitation professionals and paraprofessionals within the designated State unit, particularly with respect to rehabilitation technology, including training implemented in coordination with State programs carried out under section 4 of the Assistive Technology Act of 1998 (29 U.S.C. 3003); and'';

(4) in paragraph (10)—

(A) in subparagraph (B), by striking ''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'' and inserting ''annual reporting of information on eligible individuals receiving the services that is needed to assess performance on the core indicators of performance described in section 136(b)(2)(A)(i) of the

Workforce Investment Act of 1998 (29 U.S.C. 2871(b)(2)(A)(i))'';

(B) in subparagraph (C), by striking clauses (iii) and (iv) and inserting the following:

''(iii) the number of applicants and eligible recipients, including the number of individuals with significant disabilities, who exited the program carried out under this title and the number of such individuals who achieved employment outcomes after receiving vocational rehabilitation services; and

''(iv) the number of individuals who received vocational rehabilitation services who entered and retained employment and the earnings of such individuals, as such entry, retention, and earnings are defined for purposes of the core indicators of performance described in section 136(b)(2)(A)(i) of the Workforce Investment Act of 1998 (29 U.S.C. 2871(b)(2)(A)(i)).''; and

(C) in subparagraph (E)(ii), by striking ''in meeting'' and all that follows through the period and inserting ''in meeting the standards

and indicators established pursuant to section 106.'';

(5) in paragraph (11)—

(A) by striking subparagraph (C) and inserting the following:

''(C) INTERAGENCY COOPERATION WITH OTHER AGENCIES.—The State plan shall include descriptions of interagency cooperation with, and utilization of the services and facilities of, Federal, State, and local agencies and programs, including the State programs carried out under section 4 of the Assistive Technology Act of 1998 (29 U.S.C. 3003), programs carried out by the Under Secretary for Rural Development of the Department of Agriculture, and State use contracting programs, to the extent that such agencies and programs are not carrying out activities through the statewide workforce investment system.'';

(B) by striking subparagraph (D)(ii) and inserting the following:

''(ii) transition planning by personnel of the designated State agency and the State educational agency that will facilitate the development and completion of the in-

dividualized education programs under section 614(d) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(d)) and, as appropriate, the development and completion of the individualized plan for employment, in order to achieve post-school employment outcomes of students with disabilities;''; and

(C) by adding at the end the following:

''(G) COORDINATION WITH ASSISTIVE TECHNOLOGY PROGRAMS.—The State plan shall include an assurance that the designated State unit, and the lead agency and implementing agency (if any) designated by the Governor of the State under section 4 of the Assistive Technology Act of 1998 (29 U.S.C. 3003), have developed working relationships and will enter into agreements for the coordination of their activities, including the referral of individuals with disabilities to programs and activities described in that section.

''(H) COORDINATION WITH TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM.—The State plan shall include an assurance that the designated State unit will coordinate activities

with any other State agency that is functioning as an employment network under the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19).'';

(6) in paragraph (15)—

(A) in subparagraph (A)—

(i) in clause (i)—

(I) in subclause (II), by striking ''and'' after the semicolon;

(II) in subclause (III), by inserting ''and'' after the semicolon; and

(III) by adding at the end the following:

''(IV) for purposes of addressing needs in a transition services expansion year, students with disabilities, including their need for transition services;'';

(ii) by redesignating clauses (ii) and (iii) as clauses (iii) and (iv), respectively; and

(iii) by inserting after clause (i) the following:

"(ii) include an assessment of the needs of individuals with disabilities for transition services provided under this Act, and coordinated with transition services provided under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.), and an assessment as to whether the transition services provided under those Acts meet the needs of individuals with disabilities;"; and

(B) in subparagraph (D)—

(i) by redesignating clauses (iii), (iv), and (v) as clauses (iv), (v), and (vi), respectively; and

(ii) by inserting after clause (ii) the following:

"(iii) for use in a transition services expansion year, the methods to be used to improve and expand vocational rehabilitation services for students with disabilities, including the coordination of services designed to facilitate the transition of such students from the receipt of educational services in school to postsecondary life, including the receipt of vocational rehabilita-

tion services under this title, postsecondary education, or employment;'';

(7) in paragraph (20)—

(A) by redesignating subparagraph (B) as subparagraph (C);

(B) by inserting after subparagraph (A) the following:

''(B) INFORMATION ON ASSISTANCE FOR BENEFICIARIES OF ASSISTANCE UNDER TITLE II OR XVI OF THE SOCIAL SECURITY ACT.—The State plan shall include an assurance that the designated State agency will make available to individuals entitled to benefits under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq., 1381 et seq.) on the basis of a disability or blindness—

''(i) information on the availability of benefits and medical assistance authorized under the State medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) or under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.), and medical assistance authorized under other federally funded programs;

''(ii) information on the availability of assistance through benefits planning and assistance programs authorized under section 1149 of the Social Security Act (42 U.S.C. 1320b–20) and services provided by the State protection and advocacy system and authorized under section 1150 of the Social Security Act (42 U.S.C. 1320b–21); and

''(iii) in the case of individuals who are also eligible for a ticket under the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19), general information regarding the options for using the ticket and information on how to contact a program manager of the Ticket to Work and Self-Sufficiency Program to obtain information on approved employment networks, on providers for the benefits planning and assistance programs described in subparagraph (B) in the State, and on the services provided by the State protection and advocacy system and described in subparagraph (B).''; and

(C) in subparagraph (C)(ii), as redesignated by subparagraph (A)—

(i) in subclause (II), by inserting ", to the maximum extent possible," after "point of contact"; and

(ii) in subclause (III), by striking "or regain" and inserting "regain, or advance in"; and

(8) by adding at the end the following:

"(25) SERVICES FOR STUDENTS WITH DISABILITIES.—The State plan for a transition services expansion year shall provide an assurance satisfactory to the Secretary that the State—

"(A) has developed and shall implement, in each transition services expansion year, strategies to address the needs identified in the assessment described in paragraph (15), and achieve the goals and priorities identified by the State, to improve and expand vocational rehabilitation services for students with disabilities on a statewide basis in accordance with paragraph (15); and

"(B) in each transition services expansion year—

"(i) shall not use more than 5 percent of the funds reserved under section 110A and available for this subparagraph, to pay for administrative costs; and

"(ii) shall use the remaining funds to carry out programs or activities designed to improve and expand vocational rehabilitation services for students with disabilities, through partnerships described in subparagraph (C), that—

"(I) 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, at a minimum, those services specified in the interagency agreement required in paragraph (11)(D);

"(II) improve the achievement of post-school goals of students with disabilities through the provision of transition services, including improving the achievement through participation (as appropriate when vocational goals are discussed) in meetings regarding

individualized education programs developed under section 614 of the Individuals with Disabilities Education Act (20 U.S.C. 1414);

"(III) provide vocational guidance, career exploration services, and job search skills and strategies and technical assistance to students with disabilities;

"(IV) support the provision of training and technical assistance to local educational agency personnel responsible for the planning and provision of services to students with disabilities; and

"(V) support outreach activities to students with disabilities who are eligible for, and need, services under this title; and

"(C) in each transition services expansion year, shall ensure that the funds described in subparagraph (B)(ii) are awarded only to partnerships that—

''(i) shall include local vocational rehabilitation services providers and local educational agencies; and

''(ii) may include (or may have linkages with) other agencies such as employment, social service, and health organizations, that contribute funds for the provision of vocational rehabilitation services described in subparagraph (B)(ii) for eligible students with disabilities.''.

(b) CONSTRUCTION.—Section 101 of the Rehabilitation Act of 1973 (29 U.S.C. 721) is amended by adding at the end the following:

''(e) CONSTRUCTION.—

''(1) DEFINITIONS.—In this subsection, the terms 'child with a disability', 'free appropriate public education', 'related services', and 'special education' have the meanings given the terms in section 602 of the Individuals with Disabilities Education Act (20 U.S.C. 1401).

''(2) OBLIGATION TO PROVIDE OR PAY FOR TRANSITION SERVICES.—Nothing in this part shall be construed to reduce the obligation of a local educational agency or any other agency to provide or pay for any transition services that are also consid-

ered special education or related services and that are necessary for ensuring a free appropriate public education to children with disabilities within the State involved.''.

SEC. 413. ELIGIBILITY AND INDIVIDUALIZED PLAN FOR EMPLOYMENT.

Section 102 of the Rehabilitation Act of 1973 (29 U.S.C. 722) is amended—

(1) in subsection (b)—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking the semicolon at the end and inserting '', including a listing of all the community resources (including resources from consumer organizations), to the maximum extent possible, to assist in the development of such individual's individualized plan for employment to enable the individual to make informed and effective choices in developing the individualized plan for employment;''; and

(ii) in subparagraph (D)—

(I) in clause (i), by striking ''and'' after the semicolon;

(II) in clause (ii), by striking the period at the end and inserting a semicolon; and

(III) by adding at the end the following:

"(iii) for individuals entitled to benefits under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq., 1381 et seq.) on the basis of a disability or blindness—

"(I) information on the availability of benefits and medical assistance authorized under the State medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) or under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.), and medical assistance authorized under other federally funded programs;

"(II) information on the availability of assistance through benefits planning and assistance programs authorized under section 1149 of the Social Security Act (42 U.S.C. 1320b–

20) and services provided by the State protection and advocacy system and authorized under section 1150 of the Social Security Act (42 U.S.C. 1320b–21); and

"(III) in the case of individuals who are also eligible for a ticket under the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19), general information regarding the options for using the ticket and information on how to contact a program manager of the Ticket to Work and Self-Sufficiency Program to obtain information on approved employment networks, on providers for the benefits planning and assistance programs described in subparagraph (B) in the State, and on the services provided by the State protection and advocacy system and described in subparagraph (B).";

(B) in paragraph (2)(E)—

(i) in clause (i)(II), by striking ''and'' after the semicolon;

(ii) in clause (ii), by striking the period at the end and inserting ''; and''; and

(iii) by adding at the end the following:

''(iii) amended, as necessary, to include the post-employment services and service providers that are necessary for the individual to maintain, regain, or advance in employment, consistent with the individual's strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.''; and

(C) in paragraph (3)—

(i) in subparagraph (B)(i)(I), by striking ''and personal assistance services'' and all that follows and inserting ''mentoring services, and personal assistance services, including training in the management of such services, and referrals described in section 103(a)(3) to the device reutilization programs and device demonstrations described in subparagraphs (B) and (D) of section 4(e)(2) of the Assistive Technology

Act of 1998 (42 U.S.C. 3003(c)(2)) through agreements developed under section 101(a)(11)(G); and'';

(ii) in subparagraph (F)(ii), by striking ''and'' after the semicolon;

(iii) in subparagraph (G), by striking the period at the end and inserting ''; and''; and

(iv) by adding at the end the following:

''(H) for an individual who is receiving assistance from an employment network under the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19), a list of the services that are listed in the individual work plan that the individual developed with the employment network under subsection (g) of that section.''; and

(2) in subsection (c)(7), by inserting ''that take into consideration the informed choice of the individual,'' after ''plan development''.

SEC. 414. VOCATIONAL REHABILITATION SERVICES.

Section 103 of the Rehabilitation Act of 1973 (29 U.S.C. 723) is amended—

(1) in subsection (a)—

(A) in paragraph (5), by inserting ''literacy services,'' after ''vocational adjustment services,'';

(B) by striking paragraph (15) and inserting the following:

''(15) transition services for students with disabilities, that facilitate the transition from school to postsecondary life (including employment through the achievement of the employment outcome identified in the individualized plan for employment), including, in a transition services expansion year, services described in clauses (i) through (iii) of section 101(a)(25)(B),'';

(C) in paragraph (17), by striking ''and'' after the semicolon;

(D) in paragraph (18), by striking the period at the end and inserting ''; and''; and

(E) by adding at the end the following:

''(19) mentoring services.''; and

(2) in subsection (b), by striking paragraph (6) and inserting the following:

''(6)(A)(i) Consultation and technical assistance services to assist State and local educational agencies in planning for the transition of students with

disabilities from school to postsecondary life, including employment.

''(ii) In a transition services expansion year, training and technical assistance described in section 101(a)(25)(B)(iv).

''(B) In a transition services expansion year, services for groups of individuals with disabilities who meet the requirements of clauses (i) and (iii) of section 7(35)(A), including services described in clauses (i), (ii), (iii), and (v) of section 101(a)(25)(B), to assist in the transition from school to postsecondary life, including employment.''.

SEC. 415. STATE REHABILITATION COUNCIL.

Section 105 of the Rehabilitation Act of 1973 (29 U.S.C. 725) is amended—

(1) in subsection (b)—

(A) in paragraph (1)(A)—

(i) by striking clause (ix) and inserting the following:

''(ix) in a State in which one or more projects provide services under section 121, at least one representative of the directors of the projects;'';

(ii) in clause (x), by striking the ''and'' after the semicolon;

(iii) in clause (xi), by striking the period at the end and inserting ''; and''; and

(iv) by adding at the end the following:

''(xii) the director of the State's comprehensive statewide program of technology-related assistance funded under section 4 of the Assistive Technology Act of 1998 (29 U.S.C. 3003).''; and

(B) by striking paragraph (5) and inserting the following:

''(5) CHAIRPERSON.—The Council shall select a chairperson from among the voting membership of the Council.''; and

(2) in subsection (c)(6), by inserting before the semicolon the following: ''and with the activities of entities carrying out programs under the Assistive Technology Act of 1998 (29 U.S.C. 3001 et seq.)''.

SEC. 416. EVALUATION STANDARDS AND PERFORMANCE INDICATORS.

Section 106 of the Rehabilitation Act of 1973 (29 U.S.C. 726) is amended—

(1) in subsection (a), by striking paragraph (1)(C) and all that follows through paragraph (2) and inserting the following:

''(2) MEASURES.—The standards and indicators shall include outcome and related measures of program performance that include measures of the program's performance with respect to the transition from school to postsecondary life, including employment, and achievement of the postsecondary vocational goals, of students with disabilities served under the program.''; and

(2) in subsection (b)(2)(B)(i), by striking '', if necessary'' and all that follows through the semicolon and inserting '', if the State has not improved its performance to acceptable levels, as determined by the Commissioner, direct the State to make further revisions to the plan to improve performance, which may include revising the plan to allocate a higher proportion of the State's resources for services to individuals with disabilities if the State agency's spending on such services is low in comparison to spending on such services by comparable agencies in other States;''.

SEC. 417. MONITORING AND REVIEW.

Section 107(b)(1) of the Rehabilitation Act of 1973 (29 U.S.C. 727(b)(1)) is amended by inserting before the semicolon the following: '', including—

''(A) consulting with the Department of Labor, the Small Business Administration, other appropriate Federal agencies, and businesses or business-led intermediaries; and

''(B) based on information obtained through the consultations, providing technical assistance that improves that quality by enabling designated State units to develop successful partnerships with local and multi-State businesses in an effort to employ individuals with disabilities, and technical assistance on developing self-employment opportunities and improving outcomes for individuals with disabilities''.

SEC. 418. STATE ALLOTMENTS.

Section 110 of the Rehabilitation Act of 1973 (29 U.S.C. 730) is amended—

(1) by striking subsection (b) and inserting the following:

''(b)(1) Not later than 45 days prior to the end of the fiscal year, the Commissioner shall determine, after reasonable opportunity for the submission to the Commissioner of comments by the State agency administering or supervising the program established under this title, that any amount from the 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)(A) As soon as practicable but not later than the end of the fiscal year, the Commissioner shall reallot the amount available under paragraph (1) to other States, consistent with subparagraphs (B) and (C), for carrying out the purposes of this title to the extent the Commissioner 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.

''(B)(i) The Commissioner shall reallot a portion of the amount available under paragraph (1) for a fiscal year to each State whose allotment under subsection (a) for such fiscal year is less than such State's allotment under subsection (a) for the immediately preceding fiscal year adjusted by the percentage change in the funds available for subsection (a) from the immediately preceding fiscal year.

''(ii)(I) A State that is eligible to receive a reallotment under clause (i) shall receive a portion for a fiscal year from the amount available for reallotment under paragraph (1) that is equal to the difference between—

''(aa) the amount such State was allotted under subsection (a) for such fiscal year; and

''(bb) the amount such State was allotted under subsection (a) for the immediately preceding fiscal year adjusted by the percentage change in the funds available for subsection (a) from the immediately preceding fiscal year.

''(II) If the amount available for reallotment under paragraph (1) is insufficient to provide each State eligible to receive a reallotment with the portion described in subclause (I), the amount reallotted to each eligible State shall be determined by the Commissioner.

''(C) If there are funds remaining after each State eligible to receive a reallotment under subparagraph (B)(i) receives the portion described in subparagraph (B)(ii), the Commissioner shall reallot the remaining funds among the States requesting a reallotment.

''(3) The Commissioner shall reallot an amount to a State under this subsection only if the 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.

''(4) For the purposes of this part, any amount made available to a State for any fiscal year pursuant to this subsection shall be regarded as an increase of such State's

allotment (as determined under the preceding provisions of this section) for such year.''; and

(2) by striking subsection (c)(2) and inserting the following:

''(2)(A) In this paragraph:

''(i) The term 'appropriated amount' means the amount appropriated under section 100(b)(1) for allotment under this section.

''(ii) The term 'covered year' means a fiscal year—

''(I) that begins after September 30, 2004; and

''(II) for which the appropriated amount exceeds the total of—

''(aa) the appropriated amount for the preceding fiscal year; and

''(bb) 0.075 percent of the appropriated amount for the preceding fiscal year.

''(B) For each covered year, the sum referred to in paragraph (1) shall be, as determined by the Secretary—

''(i) not less than the total of the sum reserved under this subsection for the preceding fiscal year and 0.1 percent of the appropriated amount for the covered year, subject to clause (ii); and

"(ii) not more than 1.5 percent of the appropriated amount for the covered year.

"(C) For each fiscal year that is not a covered year, the sum referred to in paragraph (1) shall be, as determined by the Secretary—

"(i) not less than the sum reserved under this subsection for the preceding fiscal year, subject to clause (ii); and

"(ii) not more than 1.5 percent of the appropriated amount for the covered year.".

SEC. 419. RESERVATION FOR EXPANDED TRANSITION SERVICES.

The Rehabilitation Act of 1973 is amended by inserting after section 110 (29 U.S.C. 730) the following:

"SEC. 110A. RESERVATION FOR EXPANDED TRANSITION SERVICES.

"(a) RESERVATION.—From the State allotment under section 110 in a transition services expansion year, each State shall reserve an amount calculated by the Commissioner under subsection (b) to carry out programs and activities under sections 101(a)(25)(B) and 103(b)(6).

"(b) CALCULATION.—The Commissioner shall calculate the amount to be reserved for such programs and activities for a fiscal year by each State by multiplying $50,000,000 by the percentage determined by dividing—

''(1) the amount allotted to that State under section 110 for the prior fiscal year; by

''(2) the total amount allotted to all States under section 110 for that prior fiscal year.''.

SEC. 420. CLIENT ASSISTANCE PROGRAM.

Section 112 of the Rehabilitation Act of 1973 (29 U.S.C. 732) is amended—

(1) in subsection (a)—

(A) in the first sentence, by striking ''States'' and inserting ''agencies designated under subsection (c)''; and

(B) in the second sentence, by striking ''State'' and inserting ''State in which the program is located'';

(2) in subsection (b), by striking ''the State has in effect not later than October 1, 1984, a client assistance program which'' and inserting ''the State designated under subsection (c) an agency that'';

(3) in subsection (c)—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking ''The Secretary'' and all that follows through the period and inserting the following: ''After reserving funds under subparagraphs (E) and (F), the Secretary

shall allot the remainder of the sums appropriated for each fiscal year under this section among the agencies designated under subsection (c) within the States (referred to individually in this subsection as a 'designated agency') on the basis of relative population of each State, except that no such agency shall receive less than $50,000.'';

(ii) in subparagraph (B), by inserting ''the designated agencies located in'' after ''each to'';

(iii) in subparagraph (D)(i)—

(I) by inserting ''the designated agencies located in'' after ''$100,000 for''; and

(II) by inserting ''the designated agencies located in'' after ''$45,000 for''; and

(iv) by adding at the end the following:

''(E)(i) For any fiscal year for which the amount appropriated to carry out this section equals or exceeds $13,000,000, the Secretary shall reserve funds appropriated under this section to make a grant to the protec-

tion and advocacy system serving the American Indian Consortium to provide client assistance services in accordance with this section. The amount of such a grant shall be the same amount as is provided to a territory under subparagraph (B), as increased under clauses (i) and (ii) of subparagraph (D).

''(ii) In this subparagraph:

''(I) The term 'American Indian Consortium' has the meaning given the term in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act of 2000 (42 U.S.C. 15002).

''(II) The term 'protection and advocacy system' means a protection and advocacy system established under subtitle C of title I of the Developmental Disabilities Assistance and Bill of Rights Act of 2000 (42 U.S.C. 15041 et seq.).

''(F) For any fiscal year for which the amount appropriated to carry out this section equals or exceeds $14,000,000, the Secretary shall reserve not less than 1.8 percent and not more than 2.2 percent of such amount to provide a grant for training and technical assistance for the programs established under this section. Such training and technical assistance shall be coordinated with activities provided under section 509(c)(1)(A).''; and

(B) in paragraph (2)—

(i) by striking ''State'' each place such term appears and inserting ''designated agency''; and

(ii) by striking ''States'' each place such term appears and inserting ''designated agencies'';

(4) in subsection (f), by striking ''State'' and inserting ''agency designated under subsection (e)'';

(5) in subsection (g)(1), by striking ''State'' and inserting ''State in which the program is located''; and

(6) in subsection (h), by striking ''fiscal years 1999 through 2003'' and inserting ''fiscal years 2006 through 2011''.

SEC. 421. INCENTIVE GRANTS.

Part B of title I of the Rehabilitation Act of 1973 (29 U.S.C. 730 et seq.) is amended by adding at the end the following:

''SEC. 113. INCENTIVE GRANTS.

''(a) AUTHORITY.—The Commissioner is authorized to make incentive grants to States that, based on the criteria established under subsection (b)(1), demonstrate—

''(1) a high level of performance; or

"(2) a significantly improved level of performance in a reporting period as compared to the previous reporting period or periods.

"(b) CRITERIA.—

"(1) ESTABLISHMENT.—Not later than 180 days after the date of enactment of this section, the Commissioner shall establish, and publish in the Federal Register, criteria for making grant awards under subsection (a).

"(2) DEVELOPMENT AND EVALUATION STANDARDS.—The criteria established under paragraph (1) shall—

"(A) be developed with input from designated State agencies and other vocational rehabilitation stakeholders, including vocational rehabilitation consumers and consumer organizations; and

"(B) be based upon the evaluation standards and performance indicators established under section 106 and other performance-related measures that the Commissioner determines to be appropriate.

"(c) USE OF FUNDS.—A State that receives a grant under subsection (a) shall use the grant funds for any ap-

proved activities in the State's State plan submitted under section 101.

''(d) NO NON-FEDERAL SHARE REQUIREMENT.—The provisions of sections 101(a)(3) and 111(a)(2) shall not apply to this section.

''(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of fiscal years 2006 through 2011.''.

SEC. 422. VOCATIONAL REHABILITATION SERVICES GRANTS.

Section 121 of the Rehabilitation Act of 1973 (29 U.S.C. 741) is amended—

(1) in subsection (a), in the first sentence, by inserting '', consistent with such individuals' strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice, so that such individuals may prepare for, and engage in, gainful employment'' before the period at the end; and

(2) in subsection (b)—

(A) in paragraph (1)—

(i) in subparagraph (B), by striking ''and'' after the semicolon;

(ii) in subparagraph (C), by striking the period at the end and inserting ''; and''; and

(iii) by adding at the end the following:

''(D) contains assurances that—

''(i) all decisions affecting eligibility for vocational rehabilitation services, the nature and scope of available services, and the provision of such services, will be made by a representative of the tribal vocational rehabilitation program; and

''(ii) such decisions will not be delegated to another agency or individual.'';

(B) in paragraph (3), by striking the first sentence and inserting the following: ''An application approved under this part that complies with the program requirements set forth in the regulations promulgated to carry out this part shall be effective for 5 years and shall be renewed for additional 5-year periods if the Commissioner determines that the grant recipient demonstrated acceptable past performance and the grant recipient submits a plan, including a proposed budget, to the Commissioner that the

Commissioner approves that identifies future performance criteria, goals, and objectives.''; and

(C) by striking paragraph (4) and inserting the following:

''(4) In allocating funds under this part, the Secretary shall give priority to paying the continuation costs of projects in existence on the date of the allocation and may provide for increases in funding for such projects that the Secretary determines to be necessary.''.

SEC. 423. GAO STUDIES.

(a) STUDY ON TITLE I AND TICKET TO WORK.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study on the interaction of programs carried out under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) with the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19), including the impact of the interaction on beneficiaries, community rehabilitation programs (as defined in section 7 of the Rehabilitation Act of 1973 (29 U.S.C. 705)), and State vocational rehabilitation agencies.

(2) CONDUCT OF STUDY.—In conducting the study under paragraph (1), the Comptroller General

of the United States shall consult with all types of participants in the Ticket to Work and Self-Sufficiency Program, including the Social Security Administration, the Rehabilitation Services Administration, ticketholders, designated State agencies, entities carrying out such community rehabilitation programs (including employment networks and non-employment networks), protection and advocacy agencies, MAXIMUS, and organizations representing the interests of ticketholders.

(3) REPORT TO CONGRESS.—Not later than 18 months after the date of enactment of this Act, the Comptroller General of the United States shall submit the study conducted pursuant to this subsection to the appropriate committees of Congress.

(b) STUDY ON THE ALLOTMENT FORMULA.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study on the relationship between the State allotment formula under section 110 of the Rehabilitation Act of 1973 (29 U.S.C. 730) and the ability of States to provide vocational rehabilitation services in accordance with the States' State plans under section 101 of such Act (29 U.S.C. 721).

(2) CONDUCT OF STUDY.—In conducting the study under paragraph (1), the Comptroller General of the United States shall consult with appropriate entities.

(3) REPORT TO CONGRESS.—Not later than 12 months after the date of enactment of this Act, the Comptroller General of the United States shall submit the study conducted pursuant to this subsection to the appropriate committees of Congress.

Subtitle B—Research and Training

SEC. 431. DECLARATION OF PURPOSE.

Section 200(3) of the Rehabilitation Act of 1973 (29 U.S.C. 760(3)) is amended by inserting ", in a timely and efficient manner," before "through".

SEC. 432. AUTHORIZATION OF APPROPRIATIONS.

Section 201(a) of the Rehabilitation Act of 1973 (29 U.S.C. 761(a)) is amended—

(1) in paragraph (1), by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2006 through 2011"; and

(2) in paragraph (2), by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2006 through 2011".

SEC. 433. NATIONAL INSTITUTE ON DISABILITY AND REHABILITATION RESEARCH.

Section 202 of the Rehabilitation Act of 1973 (29 U.S.C. 762) is amended—

(1) in subsection (b)—

(A) in paragraph (6), by inserting before the semicolon the following: ", including convening a national assistive technology summit, to be held at or in conjunction with a national conference relating to assistive technology with respect to all categories of disabilities"; and

(B) in paragraph (10), by striking "and telecommuting" and inserting ", supported employment, and telecommuting";

(2) in subsection (f)(1)—

(A) by striking "Federal employees" and inserting "Department of Education employees"; and

(B) by adding at the end the following: "The peer review panel shall include a director of a designated State unit. It shall include a member of the covered school community (for an activity resulting in educational materials or a product to be used in a covered school), a member of the business community (for an activity resulting in a product to be used in an

employment activity), assistive technology developers and manufacturers (for an activity relating to assistive technology), or information technology vendors and manufacturers (for an activity relating to information technology).'';

(3) by redesignating subsections (i), (j), and (k) as subsections (j), (k), and (l), respectively;

(4) by inserting after subsection (h) the following:

''(i)(1) The Director, with the assistance of the Rehabilitation Research Advisory Council established under section 205, shall determine if entities that receive financial assistance under this title are complying with the applicable requirements of this Act and achieving measurable goals, described in section 204(d)(2), that are consistent with the requirements of the programs under which the entities received the financial assistance.

''(2) To assist the Director in carrying out the responsibilities described in paragraph (1), the Director shall require recipients of financial assistance under this title to submit relevant information to evaluate program outcomes with respect to the measurable goals described in section 204(d)(2).''; and

(5) by adding at the end the following:

~~"(m)(1) Not later than December 31 of each year, the Secretary shall prepare, and submit to the Secretary, the Committee on Education and the Workforce of the House of Representatives, and the Committee on Health, Education, Labor, and Pensions of the Senate, a report on the activities funded under this title.~~

~~"(2) Such report shall include—~~

~~"(A) a compilation and summary of the information provided by recipients of financial assistance for such activities under this title; and~~

~~"(B) a summary of the applications for financial assistance received under this title and the progress of the recipients of financial assistance in achieving the measurable goals described in section 204(d)(2).~~

~~"(n)(1) If the Director determines that an entity that receives financial assistance under this title fails to comply with the applicable requirements of this Act, or to make progress toward achieving the measurable goals described in section 204(d)(2), with respect to the covered activities involved, the Director shall assist the entity through technical assistance or other means, within 90 days after such determination, to develop a corrective action plan.~~

~~"(2) If the entity fails to develop and comply with a corrective action plan described in paragraph (1) during~~

a fiscal year, the entity shall be subject to 1 of the following corrective actions selected by the Director:

''(A) Partial or complete termination of financial assistance for the covered activities, until the entity develops and complies with such a plan.

''(B) Ineligibility to receive financial assistance for such covered activities for the following year.

''(3) The Secretary shall establish appeals procedures for entities described in paragraph (1) that the Secretary determines fail to comply with the applicable requirements of this Act, or to make progress toward achieving the measurable goals.

''(4) As part of the annual report required under subsection (m), the Secretary shall describe each action taken by the Secretary under paragraph (1) or (2) and the outcomes of such action.''.

SEC. 434. INTERAGENCY COMMITTEE.

Section 203 of the Rehabilitation Act of 1973 (29 U.S.C. 763) is amended—

(1) in subsection (a)(1), by striking ''and the Director of the National Science Foundation'' and inserting ''the Director of the National Science Foundation, the Secretary of Commerce, and the Administrator of the Small Business Administration''; and

(2) in subsection (b)(2)—

(A) in subparagraph (D), by striking "and" after the semicolon;

(B) in subparagraph (E), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(F) conduct a study, on the assistive technology industry, for which the Committee shall—

"(i) determine the number of individuals who use assistive technology and the scope of the technologies they use;

"(ii) separately identify categories of assistive technology companies by the disability group served, and the type of product or service provided, categorized by—

"(I) size (small, medium, and large) of the companies;

"(II) capitalization of the companies;

"(III) region in which the companies are located; and

"(IV) products or services produced by the companies;

"(iii) compile aggregate data on revenues and unit sales of such companies, including information on international sales, for a recent

reporting period, categorized by institution or user type acquiring the products or services, disability for which the products or services are used, and industry segment for the companies;

''(iv) identify platform availability and usage, for those products and services that are electronic and information technology-related;

''(v) identify the types of clients of the companies, such as government, school, business, private payor, and charitable clients, and funding sources for the clients; and

''(vi) specify geographic segments for the companies, to determine whether there are significant distinctions in industry opportunities on the basis of geography, other than distinctions related to population.''.

SEC. 435. RESEARCH AND OTHER COVERED ACTIVITIES.

Section 204 of the Rehabilitation Act of 1973 (29 U.S.C. 764) is amended—

(1) in subsection (a)—

(A) in paragraph (2)(B)—

(i) in clause (vi), by striking ''and'' after the semicolon;

(ii) in clause (vii), by striking the period at the end and inserting ''; and''; and

(iii) by adding at the end the following:

''(viii) studies, analyses, and other activities affecting employment outcomes, including self-employment and telecommuting, of individuals with disabilities.''; and

(B) by adding at the end the following:

''(3) In carrying out this section, the Director shall emphasize covered activities that are collaborations between—

''(A) for-profit companies working in the assistive technology, rehabilitative engineering, or information technology fields; and

''(B) States or public or private agencies and organizations.

''(4) In carrying out this section, the Director shall emphasize covered activities that include plans for—

''(A) dissemination of educational materials, research results, or findings, conclusions, and recommendations resulting from covered activities; or

''(B) the commercialization of marketable products resulting from the covered activities.'';

(2) in subsection (b)—

(A) in paragraph (1), by striking ''(18)'' each place it appears and inserting ''(19)'';

(B) in paragraph (2)—

(i) in subparagraph (A)(i), by striking ''rehabilitation services or'' and inserting ''rehabilitation services, developers or providers of assistive technology devices, assistive technology services, or information technology devices or services, or providers of'' after ''rehabilitation services'';

(ii) in subparagraph (B)—

(I) in clause (i), by inserting ''improve the evaluation process for determining the assistive technology needs of individuals with disabilities,''after ''conditions,'';

(II) in clause (ii), by inserting ''and assistive technology services'' before the semicolon; and

(III) in clause (iii), by inserting '', assistive technology services personnel,'' before ''and other'';

(iii) in subparagraph (C)—

(I) in clause (i), by inserting '', including research on assistive technology devices, assistive technology services, and accessible electronic and

information technology devices'' before the semicolon; and

(II) in clause (iii), by inserting '', including the use of assistive technology devices and accessible electronic and information technology devices in employment'' before the semicolon;

(iv) in subparagraph (D), by inserting '', including training to provide knowledge about assistive technology devices, assistive technology services, and accessible electronic and information technology devices and services,'' after ''personnel''; and

(v) in subparagraph (G)(i), by inserting '', assistive technology-related, and accessible electronic and information technology-related'' before ''courses''; and

(C) in paragraph (3)—

(i) in subparagraph (D)(ii), by adding at the end the following: ''Each such Center conducting activities including the creation of an assistance technology device shall include in the committee representatives from the assistive technology industry

and accessible electronic and information technology industry. Each such Center conducting activities involving a covered school, or an employer, shall include in the committee a representative of the covered school, or of the employer, respectively.''; and

(ii) in subparagraph (G)(ii) by inserting ''the success of any commercialized product researched or developed through the Center,'' after ''disabilities,'';

(D) in paragraph (8), by inserting ''the Department of Commerce, the Small Business Administration,'' before ''other Federal agencies,'';

(E) in paragraph (13), in the matter preceding clause (i), by striking ''employment needs of individuals with disabilities'' and inserting ''employment needs, opportunities, and outcomes, including self-employment, supported employment, and telecommuting needs, opportunities, and outcomes, of individuals with disabilities, including older individuals with disabilities, and students with disabilities who are

transitioning from school to postsecondary life, including employment''; and

(E) by adding at the end the following:

''(19) Research grants may be used to provide for research and demonstration projects that—

''(A) explore methods and practices for promoting access to electronic commerce activities for individuals with disabilities; and

''(B) will—

''(i) ensure dissemination of research findings;

''(ii) provide encouragement and support for initiatives and new approaches by companies engaged in electronic commerce activities; and

''(iii) result in the establishment and maintenance of close working relationships between the disability, research, and business communities.'';

(3) in subsection (c)(2), by striking ''$500,000'' and inserting ''$750,000''; and

(4) by adding at the end the following:

''(d)(1) In awarding grants, contracts, or other financial assistance under this title, the Director shall award the financial assistance on a competitive basis.

‘‘(2)(A) To be eligible to receive financial assistance described in paragraph (1) for a covered activity, an entity shall submit an application to the Director at such time, in such manner, and containing such information as the Director may require.

‘‘(B) The application shall include information describing—

‘‘(i) measurable goals, and a timeline and specific plan for meeting the goals, that the applicant has set for addressing priorities related to—

‘‘(I) commercialization of a marketable product (including a marketable curriculum or research) resulting from the covered activity;

‘‘(II) in the case of a covered activity relating to technology, technology transfer;

‘‘(III) in the case of research, dissemination of research results to, as applicable, government entities, individuals with disabilities, covered schools, the business community, the assistive technology community, and the accessible electronic and information technology community; and

‘‘(IV) other matters as required by the Director; and

''(ii) information describing how the applicant will quantifiably measure the goals to determine whether the goals have been accomplished.

''(3)(A) In the case of an application for financial assistance under this title to carry out a covered activity that results in the development of a marketable product, the application shall also include a commercialization and dissemination plan, containing commercialization and marketing strategies for the product involved, and strategies for disseminating information about the product. The financial assistance shall not be used to carry out the commercialization and marketing strategies.

''(B) In the case of any other application for financial assistance to carry out a covered activity under this title, the application shall also include a dissemination plan, containing strategies for disseminating educational materials, research results, or findings, conclusions, and recommendations, resulting from the covered activity.''.

SEC. 436. REHABILITATION RESEARCH ADVISORY COUNCIL.

Section 205 of the Rehabilitation Act of 1973 (29 U.S.C. 765) is amended—

(1) in subsection (a), by inserting ''at least'' before ''12''; and

(2) in subsection (c), by inserting after ''rehabilitation researchers,'' the following: ''the directors

of community rehabilitation programs, the business community (and shall include a representative of the small business community) that has experience with the system of vocational rehabilitation services carried out under this Act and with hiring individuals with disabilities, the community of assistive technology developers and manufacturers, the community of information technology vendors and manufacturers, the community of entities carrying out programs under the Assistive Technology Act of 1998 (29 U.S.C. 3001 et seq.), the community of covered school professionals,''.

SEC. 437. DEFINITION.

Title II of the Rehabilitation Act of 1973 (29 U.S.C. 761 et seq.) is amended by adding at the end the following:

''SEC. 206. DEFINITION.

''In this title, the term 'covered school' means an elementary school or secondary school (as such terms are defined in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801)), a community college, or an institution of higher education.''.

Subtitle C—Professional Development and Special Projects and Demonstrations

SEC. 441. TRAINING.

Section 302 of the Rehabilitation Act of 1973 (29 U.S.C. 772) is amended—

(1) in subsection (a)(1)—

(A) in subparagraph (F), by striking the "and" after the semicolon;

(B) in subparagraph (G), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(H) personnel trained in providing assistive technology services.";

(2) in subsection (b)(1)(B)(i), by striking "or prosthetics and orthotics" and inserting "prosthetics and orthotics, rehabilitation teaching for the blind, or orientation and mobility instruction"; and

(3) in subsection (i), by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2006 through 2011".

SEC. 442. DEMONSTRATION AND TRAINING PROGRAMS.

Section 303 of the Rehabilitation Act of 1973 (29 U.S.C. 773) is amended—

(1) in subsection (b)(5)(A)(i), by striking ''special projects'' and inserting ''not less than 2 special projects'';

(2) by redesignating subsections (c), (d), and (e) as subsections (f), (g), and (i), respectively;

(3) by inserting after subsection (b) the following:

''(c) DEMONSTRATION PROJECTS FOR EMPLOYMENT OF STUDENTS WITH INTELLECTUAL DISABILITIES OR MENTAL ILLNESS.—

''(1) PURPOSE.—The purpose of this subsection is to support model demonstration projects to provide supported and competitive employment experiences for students with intellectual disabilities or students with mental illness, and training for personnel that work with students described in this paragraph, to enable the students to gain employment skills and experience that will promote effective transitions from school to postsecondary life, including employment.

''(2) AWARDS AUTHORIZED.—

''(A) COMPETITIVE AWARDS AUTHORIZED.—The Secretary may award grants, contracts, and cooperative agreements, on a competitive basis, to eligible organizations described

in paragraph (3), to enable the organizations to carry out demonstration projects described in paragraph (1).

"(B) DURATION.—The Secretary shall award grants, contracts, and cooperative agreements under this subsection for periods of 3 to 5 years.

"(3) ELIGIBLE ORGANIZATIONS.—To be eligible to receive a grant, contract, or cooperative agreement under this subsection, an organization shall—

"(A) have expertise in providing employment and support services for individuals with intellectual disabilities or individuals with mental illness;

"(B) have a proven track record in successfully running supported employment programs;

"(C) provide employment services that are exclusively integrated community-based supported employment services;

"(D) have expertise in creating natural supports for employment;

"(E) have expertise in providing computer training for the targeted population for the project involved; and

"(F) have experience operating mentoring programs for the target population in middle and high schools for at least a decade in diverse communities throughout the Nation.

"(4) APPLICATIONS.—Each organization desiring to receive a grant, contract, or cooperative agreement under this subsection shall submit an application to the Secretary at such time, in such manner, and including such information as the Secretary may require. Each application shall include—

"(A) a description of how the organization plans to carry out the activities authorized in this subsection through a demonstration project;

"(B) a description of how the organization will evaluate the project;

"(C) a description of how the organization will disseminate information about the activities and the impact of the activities on the lives of students served by the project; and

"(D) a description of how the organization will coordinate activities with any other relevant service providers in the locality where the organization is based, including federally supported independent living centers.

"(5) AUTHORIZED ACTIVITIES.—An organization that receives a grant, contract, or cooperative agreement under this subsection shall use the funds made available through the grant, contract, or cooperative agreement to carry out 1 or more of the following activities for individuals, ages 14 through 21, who are students with intellectual disabilities or students with mental illness:

"(A) PROVIDING SUPPORTED AND COMPETITIVE EMPLOYMENT EXPERIENCES.—The development of innovative and effective supported and competitive employment experiences after school, on weekends, and in the summer, utilizing natural supports that lead to competitive high-paying jobs.

"(B) PROVIDING TRAINING TO SCHOOL AND TRANSITION PERSONNEL.—The development and deployment of experts to work with transition programs (including personnel working with students on transition) so that personnel from the programs develop skills needed to train students with intellectual disabilities or students with mental illness to be successful in competitive employment in a range of settings, including office settings. The training shall in-

clude training for the personnel in providing instruction to students in computer skills, office skills, interview etiquette, and appropriate social behavior required for successful long-term employment in professional environments.

''(6) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection $5,000,000 for fiscal year 2006 and such sums as may be necessary for fiscal years 2007 through 2011.

''(d) DEMONSTRATION PROJECT FOR EMPLOYMENT OF INDIVIDUALS WHO ARE DEAF AND LOW FUNCTIONING.—

''(1) PURPOSE.—The purpose of this subsection is to support a model demonstration project to provide training and employment and support services for individuals who are deaf and low functioning to enable them to gain employment skills that will allow them to become employed and economically self-sufficient.

''(2) DEFINITION.—

''(A) IN GENERAL.—In this subsection, the term 'individual who is deaf and low functioning' means an individual who has been deaf from birth or very early childhood, reads at or

below the second grade level, has little or no intelligible speech, and lacks a secondary school diploma or its recognized equivalent.

"(B) SECONDARY DISABILITIES.—Such term may include an individual with a secondary disability.

"(3) GRANTS AUTHORIZED.—

"(A) COMPETITIVE GRANTS AUTHORIZED.—The Secretary may award grants to State agencies, other public agencies or organizations, or not-for-profit organizations with expertise in providing training and employment and support services for individuals who are deaf and low functioning to support model demonstration projects.

"(B) DURATION.—Grants under this subsection shall be awarded for a period not to exceed 5 years.

"(4) AUTHORIZED ACTIVITIES.—

"(A) DEVELOPING A COMPREHENSIVE TRAINING PROGRAM.—Each grant recipient under this subsection shall develop an innovative, comprehensive training program for individuals who are deaf and low functioning that can be implemented at multiple training loca-

tions through such means as distance learning and use of advanced technology, as appropriate. Such training program shall be developed to maximize the potential for replication of the program by other training providers.

''(B) IMPLEMENTATION.—Each grant recipient under this subsection shall implement the comprehensive training program developed under subparagraph (A) as soon as feasible. Such training shall provide instruction on the job and the social skills necessary for successful long-term employment of individuals who are deaf and low functioning.

''(C) ESTABLISHING A POST-TRAINING PROGRAM OF EMPLOYMENT AND SUPPORT SERVICES.—Each grant recipient under this subsection shall implement employment and support services to assist individuals who complete the training program under subparagraph (A) in securing employment and transitioning to the workplace, for a period of not less than 90 days subsequent to placement in the employment.

''(5) APPLICATIONS.—Each entity desiring to receive a grant under this subsection for a model

demonstration project shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require including—

"(A) a description of how the applicant plans to address the activities authorized under this subsection;

"(B) a description of the evaluation plan to be used in the model demonstration project;

"(C) a description of how the applicant will disseminate information about the training program developed and the results of the project; and

"(D) a description of how the entity will coordinate activities with any other relevant service providers or entities providing training and employment and support services for individuals who are deaf and low functioning.

"(6) MANDATED EVALUATION AND DISSEMINATION ACTIVITIES.—

"(A) ANNUAL REPORT.—Not later than 2 years after the date on which a grant under this subsection is awarded and annually thereafter, the grant recipient shall submit to the

Commissioner a report containing information on—

"(i) the number of individuals who are participating in the demonstration project funded under this subsection;

"(ii) the employment and other skills being taught in the project;

"(iii) the number of individuals participating in the project that are placed in employment;

"(iv) the job sites in which those individuals are placed and the type of jobs the individuals are placed in; and

"(v) the number of individuals who have dropped out of the project and the reasons for their terminating participation in the project.

"(B) EVALUATION OF THE PROJECT.—Each grant recipient under this subsection shall implement the evaluation plan approved in its application for determining the results of the project within the timeframe specified in, and following the provisions of, the approved application.

"(C) PARTICIPANT EVALUATION PROCESS; FINAL EVALUATION.—In the final year of the project, the grant recipient will prepare and submit to the Commissioner a final evaluation report of the results of the model demonstration project containing—

"(i) information on—

"(I) the number of individuals who participated in the demonstration project;

"(II) the number of those individuals that are placed in employment;

"(III) the job sites in which those individuals were placed and the type of jobs the individuals were placed in;

"(IV) the number of those individuals who have dropped out of the project and the reasons for their terminating participation in the project; and

"(V) the number of those individuals who participated in the project and who remain employed as of 2 months prior to the date on which the

final report is submitted to the Secretary;

''(ii) a written analysis of the project, including both the strengths and weaknesses of the project, to assist other entities in replicating the training program developed through the project; and

''(iii) such other information as the Secretary determines appropriate.

''(D) DISSEMINATION.—Not later than 5 years after the date on which a grant is awarded under this subsection, the evaluation report containing results of activities funded by such grant shall be disseminated to designated State agencies, school systems providing instruction to students who are individuals who are deaf and low functioning, supported employment providers, postsecondary vocational training programs, employers, the Social Security Administration, and other interested parties.

''(7) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection, $5,000,000 for fiscal year 2006 and such sums as may be necessary for each of fiscal years 2007 through 2011.

"(c) TRAINING AND TECHNICAL ASSISTANCE CENTER TO PROMOTE HIGH-QUALITY EMPLOYMENT OUTCOMES FOR INDIVIDUALS RECEIVING SERVICES FROM DESIGNATED STATE AGENCIES.—

"(1) IN GENERAL.—The Commissioner shall award a grant, contract, or cooperative agreement to an entity to support a training and technical assistance program that—

"(A) responds to State-specific information requests concerning high-quality employment outcomes, from designated State agencies funded under title I, including—

"(i) requests for information on the expansion of self-employment, business ownership, and business development opportunities, and other types of entrepreneural employment opportunities for individuals with disabilities;

"(ii) requests for information on the expansion and improvement of transition services to facilitate the transition of students with disabilities from school to postsecondary life, including employment;

"(iii) requests for examples of policies, practices, procedures, or regulations, that

have enhanced or may enhance access to funding for assistive technology devices and assistive technology services for individuals with disabilities;

''(iv) requests for information on effective approaches to enhance informed choice and a consumer-directed State vocational rehabilitation system;

''(v) requests for assistance developing corrective action plans;

''(vi) requests for assistance in developing and implementing effective data collection and reporting systems that measure the outcomes of the vocational rehabilitation services, and preparing reports for the Commissioner as described in section 106(b)(1); and

''(vii) requests for information on effective approaches that enhance employment outcomes for individuals with disabilities, including conducting outreach and forming partnerships with business and industry; and

''(B) provides State-specific, regional, and national training and technical assistance con-

cerning vocational rehabilitation services and related information to designated State agencies, including—

"(i) facilitating onsite and electronic information sharing using state-of-the-art Internet technologies such as real-time online discussions, multipoint video conferencing, and web-based audio/video broadcasts, on emerging topics that affect vocational rehabilitation programs authorized under title I;

"(ii) enabling the designated State agencies to coordinate training and data collection efforts with one-stop centers established under section 121(c) of the Workforce Investment Act of 1998 (29 U.S.C. 2841(c));

"(iii) enabling the designated State agencies to provide information on how the vocational rehabilitation programs authorized under title I can provide technical assistance to the one-stop centers on making programs offered through the centers physically and programmatically accessible to individuals with disabilities;

“(iv) sharing evidence-based and promising practices among the vocational rehabilitation programs;

“(v) maintaining an accessible website that includes links to—

“(I) the vocational rehabilitation programs;

“(II) appropriate Federal departments and agencies, and private associations;

“(III) State assistive technology device and assistive technology service demonstration programs, device loan programs, device reutilization programs, alternative financing systems, or State financing activities, operated through, or independently of, comprehensive statewide programs of technology-related assistance carried out under section 4 of the Assistive Technology Act of 1998 (29 U.S.C. 3003), telework programs, and other programs that provide sources of funding for assistive technology devices; and

"(IV) various programs, including programs with tax credits, available to employers for hiring or accommodating employees who are individuals with disabilities;

"(vi) enhancing employment outcomes for individuals with mental illness and individuals with cognitive disabilities;

"(vii) convening experts from the vocational rehabilitation programs to discuss and make recommendations with regard to the employment of individuals with disabilities and national emerging issues of importance to individuals with vocational rehabilitation needs;

"(viii) enabling the designated State agencies to provide practical information on effective approaches for business and industry to use in employing individuals with disabilities, including provision of reasonable accommodations;

"(ix) providing information on other emerging issues concerning the delivery of publicly funded employment and training services and supports to assist individuals

with disabilities to enter the workforce, achieve improved outcomes, and become economically self-sufficient; and

"(x) carrying out such other activities as the Secretary may require.

"(2) ELIGIBLE ENTITIES.—To be eligible to receive a grant, contract, or cooperative agreement under this subsection, an entity shall have (or agree to award a grant or contract to an entity that has)—

"(A) experience and expertise in administering vocational rehabilitation services;

"(B) documented experience with and knowledge about self-employment, business ownership, business development, and other types of entrepreneural employment opportunities and outcomes for individuals with disabilities, providing transition services for students with disabilities, and assistive technology; and

"(C) the expertise necessary to identify the additional data elements needed to provide comprehensive reporting of activities and outcomes of the vocational rehabilitation programs authorized under title I, and experience in utilizing data to provide annual reports.

''(3) COLLABORATION.—In developing and providing training and technical assistance under this subsection, a recipient of a grant, contract, or cooperative agreement under this subsection shall collaborate with other organizations, in particular—

''(A) agencies carrying out vocational rehabilitation programs under title I and national organizations representing such programs;

''(B) organizations representing individuals with disabilities;

''(C) organizations representing State officials and agencies engaged in the delivery of assistive technology;

''(D) relevant employees from Federal departments and agencies, other than the Department of Education;

''(E) representatives of businesses;

''(F) individuals with disabilities who use assistive technology and understand the barriers to the acquisition of such technology and assistive technology services; and

''(G) family members, guardians, advocates, and authorized representatives of such individuals.'';

(4) by inserting after subsection (g), as redesignated by paragraph (2), the following:

''(h) ACCESS TO TELEWORK.—

''(1) DEFINITION OF TELEWORK.—In this subsection, the term 'telework' means work from home and other telework sites with the assistance of a computer and with reasonable accommodations, including the necessary equipment to facilitate successful work from home and other telework sites.

''(2) AUTHORIZATION OF PROGRAM.—The Commissioner is authorized to make grants to States and governing bodies of Indian tribes located on Federal and State reservations (and consortia of such governing bodies) to pay for the Federal share of the cost of establishing or expanding a telework program.

''(3) APPLICATION.—A State or Indian tribe that desires to receive a grant under this subsection shall submit an application to the Commissioner at such time, in such manner, and containing such information as the Commissioner may require.

''(4) USE OF FUNDS.—

''(A) IN GENERAL.—A State or Indian tribe that receives a grant under this subsection shall establish or expand a telework program

that shall provide assistance through loans or other alternative financing mechanisms to individuals with disabilities. The State or Indian tribe shall provide the assistance through the program to enable such individuals to purchase computers or other equipment, including adaptive equipment, to facilitate access to employment and enhance employment outcomes by providing the individual with the opportunity—

"(i) to work from home or other telework sites so that such individuals are able to telework; or

"(ii) to become self-employed on a full-time or part-time basis from home or other telework sites.

"(B) DEVELOPMENT OF TELEWORK OPPORTUNITIES AND BUSINESS PLANS.—A State or Indian tribe that receives a grant under this subsection may use not more than 10 percent of the grant award to develop telework opportunities with employers and assist in the development of business plans for individuals with disabilities interested in self-employment, before such individuals apply for assistance through the telework program.

"(C) SELF EMPLOYMENT.—A State or Indian tribe that receives a grant under this subsection shall enter into cooperative agreements with small business development centers for the development of business plans as described in section 103(a)(13) for individuals described in subparagraph (B), and provide assurances that the State or Indian tribe will, through plans to achieve self-support, vocational rehabilitation services, or other means, identify ways for the individuals described in subparagraph (B) to pay for the development of business plans, before such individuals apply for assistance through the telework program.

"(D) DEFINITIONS.—In this paragraph:

"(i) PLAN TO ACHIEVE SELF-SUPPORT.—The term 'plan to achieve self-support' means a plan described in sections 416.1180 through 416.1182 of title 20, Code of Federal Regulations (or any corresponding similar regulation or ruling).

"(ii) SMALL BUSINESS DEVELOPMENT CENTER.—The term 'small business development center' means a center established

under section 21 of the Small Business Act (15 U.S.C. 648).

''(5) FEDERAL SHARE.—The Federal share of the cost of establishing or expanding a telework program under this section shall be 10 percent of the cost.

''(6) EXISTING GRANT RECIPIENTS.—An entity that receives a grant under the Access to Telework Fund Program under subsection (b) for a fiscal year may use the funds made available through that grant for that fiscal year in accordance with this subsection rather than subsection (b).

''(7) ANNUAL REPORT.—

''(A) IN GENERAL.—A State or Indian tribe that receives a grant under this subsection shall prepare and submit an annual report to the Commissioner.

''(B) CONTENTS.—The report under subparagraph (A) shall include the following:

''(i) Information on the characteristics of each individual with a disability that receives assistance through a loan or other alternative financing mechanism under the program, including information about the individual such as the following:

~~"(I) Age.~~

~~"(II) Ethnicity.~~

~~"(III) Employment status at the time of application for assistance through a loan or other alternative financing mechanism under this subsection.~~

~~"(IV) Whether the individual attempted to secure financial support from other sources to enable the individual to telework and, if so, a description of such sources.~~

~~"(V) Whether the individual is working and, if so, whether the individual teleworks, the occupation in which the individual is working, the hourly salary the individual receives, and the hourly salary of the individual prior to receiving assistance through a loan or other alternative financing mechanism under the program.~~

~~"(VI) Whether the individual has repaid assistance from the loan or other alternative financing mechanism received under the program, is in re-~~

payment status, is delinquent on repayments, or has defaulted on the assistance from the loan or other alternative financing mechanism.

''(ii) An analysis of the individuals with disabilities that have benefited from the program.

''(iii) Any other information that the Commissioner may require.''; and

(5) in subsection (i), as redesignated by paragraph (2)—

(A) by striking ''this section'' and inserting ''this section (other than subsections (c) and (d))''; and

(B) by striking ''fiscal years 1999 through 2003'' and inserting ''fiscal years 2006 through 2011''.

SEC. 443. DISABILITY CAREER PATHWAYS PROGRAM.

Section 303 of the Rehabilitation Act of 1973 (29 U.S.C. 773) is amended—

(1) by redesignating subsection (i) (as redesignated by section 442(2) as subsection (j); and

(2) by inserting after subsection (h) the following new subsection:

"(i) GRANTS FOR DISABILITY CAREER PATHWAYS PROGRAM.—

"(1) DEFINITIONS.—In this subsection:

"(A) ASSISTIVE TECHNOLOGY.—The term 'assistive technology' has the meaning given the term in section 3 of the Assistive Technology Act of 1998 (29 U.S.C. 3002).

"(B) CENTER FOR INDEPENDENT LIVING.—The term 'center for independent living' means a center for independent living funded under subtitle C of title VII.

"(C) COVERED INSTITUTION.—The term 'covered institution' means—

"(i) a secondary school; and

"(ii) in the discretion of the eligible consortium involved, an institution of higher education.

"(D) ELIGIBLE CONSORTIUM.—The term 'eligible consortium' means a consortium described in paragraph (3)(A).

"(E) SECONDARY SCHOOL.—The term 'secondary school' has the meaning given the term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

"(2) PURPOSE OF PROGRAM.—The Commissioner may establish a Disability Career Pathways program, through which the Commissioner may make grants, for periods of up to 5 years, to institutions of higher education that establish eligible consortia, to enable the consortia to develop and carry out training and education related to disability studies and leadership development. The consortia shall provide the training and education for the purpose of providing career pathways for students at a covered institution, in fields pertinent to individuals with disabilities, and particularly pertinent to the employment of individuals with disabilities.

"(3) APPLICATION.—To be eligible to receive a grant under this subsection on behalf of a consortium, an institution of higher education shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including information demonstrating—

"(A) that the institution of higher education has established a consortium of members that represent—

"(i) the institution of higher education;

‘‘(ii) a community college;

‘‘(iii) a secondary school;

‘‘(iv) a center for independent living;

‘‘(v) a designated State agency;

‘‘(vi) a one-stop center established under section 121(c) of the Workforce Investment Act of 1998 (29 U.S.C. 2841(c)); and

‘‘(vii) the local business community;

‘‘(B) the collaborative working relationships between the institution of higher education and the other members of the consortium, and describing the activities that each member shall undertake; and

‘‘(C) the capacity and expertise of the institution of higher education—

‘‘(i) to coordinate training and education related to disability studies and leadership development with educational institutions and disability-related organizations; and

‘‘(ii) to conduct such training and education effectively.

‘‘(4) DISTRIBUTION OF GRANTS.—In making grants under this subsection, the Commissioner shall

ensure that the grants shall be distributed for a geographically diverse set of eligible consortia throughout all regions.

''(5) MANDATORY USES OF FUNDS.—An institution of higher education that receives a grant under this subsection on behalf of a consortium shall ensure that the consortium shall use the grant funds to—

''(A) encourage interest in, enhance awareness and understanding of, and provide educational opportunities in, disability-related fields, and encourage leadership development among students at a covered institution, including such students who are individuals with disabilities;

''(B) enable the students at a covered institution to gain practical skills and identify work experience opportunities, including opportunities developed by the consortium in conjunction with the private sector, that benefit individuals with disabilities;

''(C) develop postsecondary school career pathways leading to gainful employment, the attainment of an associate or baccalaureate de-

gree, or the completion of further coursework or a further degree, in a disability-related field;

"(D) offer credit-bearing, college-level coursework in a disability-related field to qualified students at a covered institution; and

"(E) ensure faculty and staff employed by the members are available to students at a covered institution for educational and career advising, and to teachers and staff at a covered institution for disability-related training.

"(6) PERMISSIBLE USES OF FUNDS.—An institution of higher education that receives a grant under this subsection on behalf of a consortium may permit the consortium to use the grant funds to assess the feasibility of developing or adapting disabilities studies curricula, including curricula with distance learning opportunities, for use at institutions of higher education.

"(7) CONSULTATION.—The consortium shall consult with appropriate agencies that serve or assist individuals with disabilities, and the parents, family members, guardians, advocates, or authorized representatives of the individuals, located in the jurisdiction served by the consortium, concerning the

program of education and training carried out by the consortium.

"(8) REVIEWS.—

"(A) ADVISORY COMMITTEE.—For an institution of higher education to be eligible to receive a grant under this subsection on behalf of a consortium, the consortium shall have an advisory committee that consists of members that represent the interests of individuals with disabilities, including—

"(i) a professional in the field of vocational rehabilitation;

"(ii) an individual with a disability or a family member of such an individual; and

"(iii) a representative of each type of entity or community represented on the consortium.

"(B) QUARTERLY REVIEWS.—The advisory committee shall meet at least once during each calendar quarter to conduct a review of the program of education and training carried out by the consortium. The committee shall directly advise the governing board of the institution of higher education in the consortium about the

views and recommendations of the advisory committee resulting from the review.

''(9) ACCOUNTABILITY.—Every 2 years, the Commissioner shall—

''(A) using information collected from the reviews required in paragraph (8), assess the effectiveness of the Disability Career Pathways program carried out under this subsection, including assessing how many individuals were served by each eligible consortium and how many of those individuals received postsecondary education, or entered into employment, in a disability-related field; and

''(B) prepare and submit to Congress a report containing the results of the assessments described in subparagraph (A).''.

SEC. 444. MIGRANT AND SEASONAL FARMWORKERS.

Section 304(b) of the Rehabilitation Act of 1973 (29 U.S.C. 774(b)) is amended by striking ''fiscal years 1999 through 2003'' and inserting ''fiscal years 2006 through 2011''.

SEC. 445. RECREATIONAL PROGRAMS.

Section 305 of the Rehabilitation Act of 1973 (29 U.S.C. 775) is amended—

(1) in subsection (a)(1)(B), by striking ''construction of facilities for aquatic rehabilitation therapy,''; and

(2) in subsection (b), by striking ''fiscal years 1999 through 2003'' and inserting ''fiscal years 2006 through 2011''.

Subtitle D—National Council on Disability

SEC. 451. AUTHORIZATION OF APPROPRIATIONS.

Section 405 of the Rehabilitation Act of 1973 (29 U.S.C. 785) is amended by striking ''fiscal years 1999 through 2003'' and inserting ''fiscal years 2006 through 2011''.

Subtitle E—Rights and Advocacy

SEC. 461. ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD.

Section 502(j) of the Rehabilitation Act of 1973 (29 U.S.C. 792(j)) is amended by striking ''fiscal years 1999 through 2003'' and inserting ''fiscal years 2006 through 2011''.

SEC. 462. PROTECTION AND ADVOCACY OF INDIVIDUAL RIGHTS.

Section 509 of the Rehabilitation Act of 1973 (29 U.S.C. 794e) is amended—

(1) in subsection (c)(1)(A), by inserting ''a grant for'' after ''to provide'';

(2) in subsection (g)(2), by striking ''was paid'' and inserting ''was paid, except that program income generated from the amount paid to an eligible system shall remain available to such system until expended''; and

(3) in subsection (*l*), by striking ''fiscal years 1999 through 2003'' and inserting ''fiscal years 2006 through 2011''.

Subtitle F—Employment Opportunities for Individuals With Disabilities

SEC. 471. PROJECTS WITH INDUSTRY.

Section 611(a) of the Rehabilitation Act of 1973 (29 U.S.C. 795(a)) is amended—

(1) in paragraph (1), by inserting '', locally and nationally'' before the period at the end; and

(2) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by inserting ''local and national'' before ''Projects With Industry''; and

(B) in subparagraph (A)—

(i) in clause (iii), by striking ''and'' after the semicolon;

(ii) in clause (iv), by inserting ''and'' after the semicolon; and

(iii) by adding at the end the following:

''(v) coordinate activities with the Job Corps center industry councils established under section 154 of the Workforce Investment Act of 1998 (29 U.S.C. 2894),''.

SEC. 472. PROJECTS WITH INDUSTRY AUTHORIZATION OF APPROPRIATIONS.

Section 612 of the Rehabilitation Act of 1973 (29 U.S.C. 795a) is amended by striking ''fiscal years 1999 through 2003'' and inserting ''fiscal years 2006 through 2011''.

SEC. 473. SERVICES FOR INDIVIDUALS WITH SIGNIFICANT DISABILITIES AUTHORIZATION OF APPROPRIATIONS.

Section 628 of the Rehabilitation Act of 1973 (29 U.S.C. 795n) is amended by striking ''fiscal years 1999 through 2003'' and inserting ''fiscal years 2006 through 2011''.

Subtitle G—Independent Living Services and Centers for Independent Living

SEC. 481. STATE PLAN.

Section 704 of the Rehabilitation Act of 1973 (42 U.S.C. 795c) is amended by adding at the end the following:

''(o) PROMOTING FULL ACCESS TO COMMUNITY LIFE.—

''(1) IN GENERAL.—The plan shall describe how the State will provide independent living services that promote full access to community life for individuals with significant disabilities.

''(2) SERVICES.—The services shall include, as appropriate—

''(A) facilitating transitions of—

''(i) youth who are individuals with significant disabilities and have completed individualized education programs under section 614(d) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(d)) to postsecondary life, including employment; and

''(ii) individuals with significant disabilities from nursing homes and other in-

stitutions, including institutions serving individuals with cognitive disabilities, to community-based residences;

''(B) assisting individuals with significant disabilities at risk of entering institutions to remain in the community; and

''(C) promoting home ownership among individuals with significant disabilities.''.

SEC. 482. STATEWIDE INDEPENDENT LIVING COUNCIL.

Section 705(b) of the Rehabilitation Act of 1973 (29 U.S.C. 796d(b)) is amended—

(1) in paragraph (2), by striking subparagraph (C) and inserting the following:

''(C) in a State in which 1 or more projects provide services under section 121, not less than 1 representative of the directors of the projects.''; and

(2) by striking paragraph (5) and inserting the following:

''(5) CHAIRPERSON.—The Council shall select a chairperson from among the voting membership of the Council.''.

SEC. 483. INDEPENDENT LIVING SERVICES AUTHORIZATION OF APPROPRIATIONS.

Section 714 of the Rehabilitation Act of 1973 (29 U.S.C. 796e–3) is amended by striking ''fiscal years 1999 through 2003'' and inserting ''fiscal years 2006 through 2011''.

SEC. 484. PROGRAM AUTHORIZATION.

Section 721 of the Rehabilitation Act of 1973 (42 U.S.C. 796f) is amended—

(1) by striking subsection (c) and inserting the following:

''(c) ALLOTMENTS TO STATES.—

''(1) DEFINITIONS.—In this subsection:

''(A) ADDITIONAL APPROPRIATION.—The term 'additional appropriation' means the amount (if any) by which the appropriation for a fiscal year exceeds the total of—

''(i) the amount reserved under subsection (b) for that fiscal year; and

''(ii) the appropriation for fiscal year 2003.

''(B) APPROPRIATION.—The term 'appropriation' means the amount appropriated to carry out this part.

''(C) BASE APPROPRIATION.—The term 'base appropriation' means the portion of the

appropriation for a fiscal year that is equal to the lesser of—

"(i) an amount equal to 100 percent of the appropriation, minus the amount reserved under subsection (b) for that fiscal year; or

"(ii) the appropriation for fiscal year 2003.

"(2) ALLOTMENTS TO STATES FROM BASE APPROPRIATION.—After the reservation required by subsection (b) has been made, the Commissioner shall allot to each State whose State plan has been approved under section 706 an amount that bears the same ratio to the base appropriation as the amount the State received under this subsection for fiscal year 2003 bears to the total amount that all States received under this subsection for fiscal year 2003.

"(3) ALLOTMENTS TO STATES OF ADDITIONAL APPROPRIATION.—From any additional appropriation for each fiscal year, the Commissioner shall allot to each State whose State plan has been approved under section 706 an amount equal to the sum of—

"(A) an amount that bears the same ratio to 50 percent of the additional appropriation as the population of the State bears to the population of all States; and

"(B) 1/56 of 50 percent of the additional appropriation."; and

(2) by adding at the end the following:

"(c) CARRYOVER AUTHORITY.—Notwithstanding any other provision of law—

"(1) any funds appropriated for a fiscal year to carry out a grant program under section 722 or 723, that are not obligated and expended by recipients prior to the beginning of the succeeding fiscal year shall remain available for obligation and expenditure by such recipients during that succeeding fiscal year and the subsequent fiscal year; and

"(2) any amounts of program income received by recipients under a grant program under section 722 or 723 in a fiscal year, that are not obligated and expended by recipients prior to the beginning of the succeeding fiscal year, shall remain available for obligation and expenditure by such recipients during that succeeding fiscal year and the subsequent fiscal year.".

SEC. 485. GRANTS TO CENTERS FOR INDEPENDENT LIVING IN STATES IN WHICH FEDERAL FUNDING EXCEEDS STATE FUNDING.

Section 722(c) of the Rehabilitation Act of 1973 (29 U.S.C. 796f–1(c)) is amended—

(1) by striking ''grants'' and inserting ''grants for a fiscal year''; and

(2) by striking ''by September 30, 1997'' and inserting ''for the preceding fiscal year''.

SEC. 486. GRANTS TO CENTERS FOR INDEPENDENT LIVING IN STATES IN WHICH STATE FUNDING EQUALS OR EXCEEDS FEDERAL FUNDING.

Section 723(c) of the Rehabilitation Act of 1973 (29 U.S.C. 796f–2(c)) is amended—

(1) by striking ''grants'' and inserting ''grants for a fiscal year''; and

(2) by striking ''by September 30, 1997'' and inserting ''for the preceding fiscal year''.

SEC. 487. STANDARDS AND ASSURANCES FOR CENTERS FOR INDEPENDENT LIVING.

Section 725(b) of the Rehabilitation Act of 1973 (29 U.S.C. 796f–4(b)) is amended by adding at the end the following:

''(8) PROMOTING FULL ACCESS TO COMMUNITY LIFE.—

"(A) IN GENERAL.—The center shall provide independent living services that promote full access to community life for individuals with significant disabilities.

"(B) SERVICES.—The services shall include, as appropriate—

"(i) facilitating transitions of—

"(I) youth who are individuals with significant disabilities and have completed individualized education programs under section 614(d) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(d)) to postsecondary life, including employment; and

"(II) individuals with significant disabilities from nursing homes and other institutions, including institutions serving individuals with cognitive disabilities, to community-based residences;

"(ii) assisting individuals with significant disabilities at risk of entering institutions to remain in the community; and

''(iii) promoting home ownership among individuals with significant disabilities.''.

SEC. 488. CENTERS FOR INDEPENDENT LIVING AUTHORIZATION OF APPROPRIATIONS.

Section 727 of the Rehabilitation Act of 1973 (29 U.S.C. 796f–6) is amended by striking ''fiscal years 1999 through 2003'' and inserting ''fiscal years 2006 through 2011''.

SEC. 489. INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND.

Chapter 2 of title VII of the Rehabilitation Act of 1973 (29 U.S.C. 796j et seq.) is amended—

(1) by redesignating sections 752 and 753 as sections 753 and 754, respectively; and

(2) by inserting after section 751 the following:

''SEC. 752. TRAINING AND TECHNICAL ASSISTANCE.

''(a) GRANTS; CONTRACTS; OTHER ARRANGEMENTS.—For any fiscal year for which the funds appropriated to carry out this chapter exceed the funds appropriated to carry out this chapter for fiscal year 2003, the Commissioner shall first reserve from such excess, to provide training and technical assistance to designated State agencies for such fiscal year, not less than 1.8 percent,

and not more than 2 percent, of the funds appropriated to carry out this chapter for the fiscal year involved.

''(b) ALLOCATION.—From the funds reserved under subsection (a), the Commissioner shall make grants to, and enter into contracts and other arrangements with, entities that demonstrate expertise in the provision of services to older individuals who are blind to provide training and technical assistance with respect to planning, developing, conducting, administering, and evaluating independent living programs for older individuals who are blind.

''(c) FUNDING PRIORITIES.—The Commissioner shall conduct a survey of designated State agencies that receive grants under section 753 regarding training and technical assistance needs in order to determine funding priorities for grants, contracts, and other arrangements under this section.

''(d) REVIEW.—To be eligible to receive a grant or enter into a contract or other arrangement under this section, an entity shall submit an application to the Commissioner at such time, in such manner, containing a proposal to provide such training and technical assistance, and containing such additional information as the Commissioner may require.

''(e) PROHIBITION ON COMBINED FUNDS.—No funds reserved by the Commissioner under this section 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 reserved funds are separately identified in the agreement for such grant or payment and are used for the purposes of this chapter.''.

SEC. 490. PROGRAM OF GRANTS.

Section 753 of the Rehabilitation Act of 1973, as redesignated by section 489, is amended—

(1) by striking subsection (h);

(2) by redesignating subsections (i) and (j) as subsections (h) and (i), respectively;

(3) in subsection (b), by striking ''section 753'' and inserting ''section 754'';

(4) in subsection (c)—

(A) in paragraph (1), by striking ''section 753'' and inserting ''section 754''; and

(B) in paragraph (2)—

(i) by striking ''subsection (j)'' and inserting ''subsection (i)''; and

(ii) by striking ''subsection (i)'' and inserting ''subsection (h)'';

(5) in subsection (g), by inserting ", or contracts with," after "grants to";

(6) in subsection (h), as redesignated by paragraph (2)—

(A) in paragraph (1), by striking "subsection (j)(4)" and inserting "subsection (i)(4)"; and

(B) in paragraph (2)—

(i) in subparagraph (A)(vi), by adding "and" after the semicolon;

(ii) in subparagraph (B)(ii)(III), by striking "; and" and inserting a period; and

(iii) by striking subparagraph (C); and

(7) in subsection (i), as redesignated by paragraph (2)—

(A) by striking paragraph (2) and inserting the following:

"(2) MINIMUM ALLOTMENT.—

"(A) STATES.—In the case of any of the several States, the District of Columbia, or the Commonwealth of Puerto Rico, the amount referred to in paragraph (1)(A) for a fiscal year is the greater of—

''(i) $350,000;

''(ii) an amount equal to the amount the State, the District of Columbia, or the Commonwealth of Puerto Rico received to carry out this chapter for fiscal year 2003; or

''(iii) an amount equal to ⅓ of 1 percent of the amount appropriated under section 754, and not reserved under section 752, for the fiscal year and available for allotments under subsection (a).

''(B) CERTAIN TERRITORIES.—In the case of Guam, American Samoa, the United States Virgin Islands, or the Commonwealth of the Northern Mariana Islands, the amount referred to in paragraph (1)(A) for a fiscal year is $60,000.'';

(B) in paragraph (3)(A), by striking ''section 753'' and inserting ''section 754, and not reserved under section 752,''; and

(C) in paragraph (4)(B)(i), by striking ''subsection (i)'' and inserting ''subsection (h)''.

SEC. 491. INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND AUTHORIZATION OF APPROPRIATIONS.

Section 754 of the Rehabilitation Act of 1973, as redesignated by section 489, is amended by striking ''fiscal years 1999 through 2003'' and inserting ''fiscal years 2006 through 2011''.

Subtitle H—Miscellaneous

SEC. 495. 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 ''2006 through 2011''.

(b) HELEN KELLER NATIONAL CENTER FEDERAL ENDOWMENT FUND.—The first sentence of section 208(h) of the Helen Keller National Center Act (29 U.S.C. 1907(h)) is amended by striking ''1999 through 2003'' and inserting ''2006 through 2011''.

TITLE V—TRANSITION AND EFFECTIVE DATE

SEC. 501. TRANSITION PROVISIONS.

The Secretary of Labor shall, at the discretion of the Secretary, take such actions as the Secretary determines to be appropriate to provide for the orderly implementation of titles I and III of this Act. The Secretary of Edu-

~~cation shall, at the discretion of the Secretary, take such actions as the Secretary determines to be appropriate to provide for the orderly implementation of titles II and IV 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.~~

SECTION 1. SHORT TITLE.

This Act may be cited as the "Workforce Investment Act Amendments of 2005".

SEC. 2. TABLE OF CONTENTS.

The table of contents of 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

Subtitle A—Definitions

Sec. 101. Definitions.

Subtitle B—Statewide and Local Workforce Investment Systems

Sec. 111. Purpose.
Sec. 112. State workforce investment boards.
Sec. 113. State plan.
Sec. 114. Local workforce investment areas.
Sec. 115. Local workforce investment boards.
Sec. 116. Local plan.
Sec. 117. Establishment of one-stop delivery systems.
Sec. 118. Eligible providers of training services.
Sec. 119. Eligible providers of youth activities.
Sec. 120. Youth activities.
Sec. 121. Adult and dislocated worker employment and training activities.
Sec. 122. Performance accountability system.
Sec. 123. Authorization of appropriations.

Subtitle C—Job Corps

Sec. 131. Job Corps.

Subtitle D—National Programs

Sec. 141. Native American programs.
Sec. 142. Migrant and seasonal farmworker programs.
Sec. 143. Veterans' workforce investment programs.
Sec. 144. Youth challenge grants.
Sec. 145. Technical assistance.
Sec. 146. Demonstration, pilot, multiservice, research, and multistate projects.
Sec. 147. National dislocated worker grants.
Sec. 148. Authorization of appropriations for national activities.

Subtitle E—Administration

Sec. 151. Requirements and restrictions.
Sec. 152. Reports.
Sec. 153. Administrative provisions.
Sec. 154. Use of certain real property.
Sec. 155. General program requirements.

Subtitle F—Incentive Grants

Sec. 161. Incentive grants.

Subtitle G—Conforming Amendments

Sec. 171. Table of contents.
Sec. 172. Conforming amendments.

TITLE II—AMENDMENTS TO THE ADULT EDUCATION AND FAMILY LITERACY ACT

Sec. 201. Short title; purpose.
Sec. 202. Definitions.
Sec. 203. Authorization of appropriations.
Sec. 204. Home schools.
Sec. 205. Reservation of funds; grants to eligible agencies; allotments.
Sec. 206. Performance accountability system.
Sec. 207. State administration.
Sec. 208. State distribution of funds; matching requirement.
Sec. 209. State leadership activities.
Sec. 210. State plan.
Sec. 211. Programs for corrections education and other institutionalized individuals.
Sec. 212. Grants and contracts for eligible providers.
Sec. 213. Local application.
Sec. 214. Local administrative cost limits.
Sec. 215. Administrative provisions.
Sec. 216. National Institute for Literacy.
Sec. 217. National leadership activities.
Sec. 218. Integrated English literacy and civics education.
Sec. 219. Transition.

TITLE III—AMENDMENTS TO OTHER PROVISIONS OF LAW

Sec. 301. Wagner-Peyser Act.

TITLE IV—REHABILITATION ACT AMENDMENTS

Sec. 401. Short title.
Sec. 402. Technical amendments to table of contents.
Sec. 403. Purpose.
Sec. 404. Rehabilitation Services Administration
Sec. 405. Definitions.
Sec. 406. Administration of the Act.
Sec. 407. Reports.
Sec. 408. Carryover.

Subtitle A—Vocational Rehabilitation Services

Sec. 411. Declaration of policy; authorization of appropriations.
Sec. 412. State plans.
Sec. 413. Eligibility and individualized plan for employment.
Sec. 414. Vocational rehabilitation services.
Sec. 415. State rehabilitation council.
Sec. 416. Evaluation standards and performance indicators.
Sec. 417. Monitoring and review.
Sec. 418. State allotments.
Sec. 419. Reservation for expanded transition services.
Sec. 420. Client assistance program.
Sec. 421. Incentive grants.
Sec. 422. Vocational rehabilitation services grants.
Sec. 423. GAO studies.

Subtitle B—Research and Training

Sec. 431. Declaration of purpose.
Sec. 432. Authorization of appropriations.
Sec. 433. National Institute on Disability and Rehabilitation Research.
Sec. 434. Interagency committee.
Sec. 435. Research and other covered activities.
Sec. 436. Rehabilitation Research Advisory Council.
Sec. 437. Definition.

Subtitle C—Professional Development and Special Projects and Demonstrations

Sec. 441. Training.
Sec. 442. Demonstration and training programs.
Sec. 443. Migrant and seasonal farmworkers.
Sec. 444. Recreational programs.

Subtitle D—National Council on Disability

Sec. 451. Authorization of appropriations.

Subtitle E—Rights and Advocacy

Sec. 461. Architectural and Transportation Barriers Compliance Board.
Sec. 462. Protection and advocacy of individual rights.

Subtitle F—Employment Opportunities for Individuals With Disabilities

Sec. 471. Projects with industry.
Sec. 472. Projects with industry authorization of appropriations.
Sec. 473. Services for individuals with significant disabilities authorization of appropriations.

Subtitle G—Independent Living Services and Centers for Independent Living

Sec. 481. State plan.
Sec. 482. Statewide Independent Living Council.
Sec. 483. Independent living services authorization of appropriations.
Sec. 484. Program authorization.
Sec. 485. Grants to centers for independent living in States in which Federal funding exceeds State funding.
Sec. 486. Grants to centers for independent living in States in which State funding equals or exceeds Federal funding.
Sec. 487. Standards and assurances for centers for independent living.
Sec. 488. Centers for independent living authorization of appropriations.
Sec. 489. Independent living services for older individuals who are blind.
Sec. 490. Program of grants.
Sec. 491. Independent living services for older individuals who are blind authorization of appropriations.

Subtitle H—Miscellaneous

Sec. 495. 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 reference shall be considered to be made to a section or other provision of the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.).

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

Subtitle A—Definitions

SEC. 101. DEFINITIONS.

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

(1) by redesignating paragraphs (1) through (4), (5) through (16), (17), (18) through (41), and (42) through (53) as paragraphs (2) through (5), (7) through (18), (20), (23) through (46), and (48) through (59), respectively;

(2) by inserting before paragraph (2) (as redesignated by paragraph (1)) the following:

"(1) ACCRUED EXPENDITURES.—The term 'accrued expenditures' means charges incurred by recipients of funds under this title for a given period requiring the provision of funds for—

"(A) goods or other tangible property received;

"(B) services performed by employees, contractors, subgrantees, subcontractors, and other payees; and

"(C) other amounts becoming owed under programs assisted under this title for which no current services or performance is required, such

as annuities, insurance claims, and other benefit payments.";

(3) in paragraph (2) (as redesignated by paragraph (1)), by striking "Except in sections 127 and 132," and inserting "Except in section 132,";

(4) by striking paragraph (5) (as redesignated by paragraph (1)) and inserting the following:

"(5) BASIC SKILLS DEFICIENT.—The term 'basic skills deficient' means, with respect to an individual, that the individual—

"(A) 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; or

"(B) is unable to compute or solve problems, read, write, or speak English at a level necessary to function on the job, in the individual's family, or in society.";

(5) by inserting after paragraph (5) (as redesignated by paragraph (1)) the following:

"(6) BUSINESS INTERMEDIARY.—The term 'business intermediary' means an entity that brings together various stakeholders with an expertise in an industry or business sector.";

(6) in paragraph (9) (as redesignated by paragraph (1)), by inserting ", including a faith-based organization," after "nonprofit organization";

(7) in paragraph (10) (as redesignated by paragraph (1)), in subparagraph (C), by striking "for not less than 50 percent of the cost of the training." and inserting "for—

"(i) a significant portion of the cost of training as determined by the local board, taking into account the size of the employer and such other factors as the local board determines to be appropriate; and

"(ii) in the case of customized training (as defined in subparagraphs (A) and (B)) with an employer in multiple local areas in the State, a significant portion of the cost of the training, as determined by the Governor, taking into account the size of the employer and such other factors as the Governor determines to be appropriate.";

(8) in paragraph (11) (as redesignated by paragraph (1))—

(A) in subparagraph (A)(ii)(II), by striking "section 134(c)" and inserting "section 121(e)";

(B) in subparagraph (C), by striking "or" after the semicolon;

(C) in subparagraph (D), by striking the period and inserting "; or"; and

(D) by adding at the end the following:

"(E)(i) is the spouse of a member of the Armed Forces on active duty for a period of more than 30 days (as defined in section 101(d)(2) of title 10, United States Code) who has experienced a loss of employment as a direct result of relocation to accommodate a permanent change in duty station of such member; or

"(ii) is the spouse of a member of the Armed Forces on active duty who meets the criteria described in paragraph (12)(B).";

(9) in paragraph (12)(A) (as redesignated by paragraph (1))—

(A) by striking "and" after the semicolon and inserting "or";

(B) by striking "(A)" and inserting "(A)(i)"; and

(C) by adding at the end the following:

"(ii) is the dependent spouse of a member of the Armed Forces on active duty for a period of more than 30 days (as defined in section

101(d)(2) of title 10, United States Code) whose family income is significantly reduced because of a deployment (as defined in section 991(b) of title 10, United States Code, or pursuant to paragraph (4) of such section), a call or order to active duty pursuant to a provision of law referred to in section 101(a)(13)(B) of title 10, United States Code, a permanent change of station, or the service-connected (as defined in section 101(16) of title 38, United States Code) death or disability of the member; and";

(10) in paragraph (14)(A) (as redesignated by paragraph (1)), by striking "section 122(e)(3)" and inserting "section 122";

(11) by inserting after paragraph (18) (as redesignated by paragraph (1)) the following:

"(19) HARD-TO-SERVE POPULATIONS.—The term 'hard-to-serve populations' means populations of individuals who are hard to serve, including displaced homemakers, low-income individuals, Native Americans, individuals with disabilities, older individuals, ex-offenders, homeless individuals, individuals with limited English proficiency, individuals who do not meet the definition of literacy in section 203, individuals facing substantial cultural barriers, migrant and

seasonal farmworkers, individuals 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.), single parents (including single pregnant women), and such other groups as the Governor determines to be hard to serve.";

(12) by inserting after paragraph (20) (as redesignated by paragraph (1)) the following:

"(21) INTEGRATED TRAINING PROGRAM.—The term 'integrated training program' means a program that combines occupational skills training with English language acquisition.

"(22) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given the term in section 101(a), and subparagraphs (A) and (B) of section 102(a)(1), of the Higher Education Act of 1965 (20 U.S.C. 1001(a), 1002(a)(1)).";

(13) in paragraph (30) (as redesignated by paragraph (1))—

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

(B) by inserting after subparagraph (C) the following:

"(D) receives or is eligible to receive a free or reduced price lunch under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.);";

(14) in paragraph (31) (as redesignated by paragraph (1)), by inserting after "fields of work" the following: ", including occupations in computer science and technology and other emerging high-skill occupations,";

(15) in paragraph (35) (as redesignated by paragraph (1)), by inserting ", subject to section 121(b)(1)(C)" after "121(b)(1)";

(16) by striking paragraph (38) (as redesignated by paragraph (1)) and inserting the following:

"(38) OUT-OF-SCHOOL YOUTH.—The term 'out-of-school youth' means an out-of-school youth as defined in section 129(a)(1)(B).";

(17) by inserting after paragraph (46) (as redesignated by paragraph (1)) the following:

"(47) SELF-SUFFICIENCY.—The term 'self-sufficiency' means self-sufficiency within the meaning of subsections (a)(3)(A)(x) and (e)(1)(A)(xii) of section 134.";

(18) in paragraph (49) (as redesignated by paragraph (1)), by striking "clause (iii) or (v) of sec-

tion 136(b)(3)(A)" and inserting "section 136(b)(3)(A)(iii)";

(19) in paragraph (58) (as redesignated by paragraph (1)), by striking "(or as described in section 129(c)(5))" and inserting "(or as described in section 129(a)(2))"; and

(20) in paragraph (59) (as redesignated by paragraph (1)), by striking "established under section 117(h)" and inserting "that may be established under section 117(h)(2)".

Subtitle B—Statewide and Local Workforce Investment Systems

SEC. 111. PURPOSE.

Section 106 (29 U.S.C. 2811) is amended to read as follows:

"SEC. 106. PURPOSES.

"The purposes of this subtitle are the following:

"(1)(A) Primarily, to provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, self-sufficiency, and earnings of participants, and increase occupational skill attainment by participants.

"(B) As a result of the provision of the activities, to improve the quality of the workforce, reduce welfare

dependency, increase self-sufficiency, and enhance the productivity and competitiveness of the Nation.

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

"(3) 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.

"(4) To provide workforce investment systems that are demand-driven and responsive to the needs of all employers, including small employers.

"(5) To provide workforce investment systems that work in all areas of the Nation, including urban and rural areas.

"(6) To allow flexibility to meet State, local, regional, and individual workforce investment needs.

"(7) To recognize and reinforce the vital link between economic development and workforce investment activities.

"(8) To provide for accurate data collection, reporting, and performance measures that are not unduly burdensome.

"(9) To address the ongoing shortage of essential skills in the United States workforce related to both manufacturing and knowledge-based economies to ensure that the United States remains competitive in the global economy.

"(10) To equip workers with higher skills and contribute to lifelong education.

"(11) To eliminate training disincentives for hard-to-serve populations and minority workers, including effectively utilizing community programs, services, and agencies.

"(12) To educate limited English proficient individuals about skills and language so the individuals are employable.

"(13) To increase the employment, retention and earnings of individuals with disabilities.".

SEC. 112. STATE WORKFORCE INVESTMENT BOARDS.

(a) MEMBERSHIP.—

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

(A) in paragraph (1), by striking subparagraph (C) and inserting the following:

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

"(i) are 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, except that—

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

"(II) in the case of the programs authorized under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.), the representative shall be the director of the designated State unit, as defined in section 7 of the Rehabilitation Act of 1973 (29 U.S.C. 705);

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

"(iii) are representatives of business in the State, including small businesses, who—

"(I) are owners of businesses, chief executive or operating officers of businesses, or other business executives or employers with optimum policymaking or hiring authority;

"(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, business trade associations, and local boards;

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

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

"(vi) are such other State agency officials and other representatives 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. 2821(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. 2821(d)) is amended—

(1) in paragraph (1), by striking "development" and inserting "development, implementation, and revision";

(2) in paragraph (2)—

(A) by striking "section 134(c)" and inserting "section 121(e)"; and

(B) in subparagraph (A), by inserting after "section 121(b)" the following: ", including granting the authority for the State employment service under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) to plan and coordinate employment and training activities with local boards";

(3) by striking paragraph (3) and inserting the following:

"(3) reviewing and providing comment on the State plans of all one-stop partner programs, where applicable, in order to provide effective strategic leadership in the development of a high quality, comprehensive statewide workforce investment system, in-

cluding commenting at least once annually on the measures taken pursuant to section 113(b)(3) of the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2323(b)(3)) and title II of this Act;";

(4) by redesignating paragraphs (4) through (9) as paragraphs (5) through (10), respectively;

(5) by inserting after paragraph (3) the following:

"(4) development and review of statewide policies affecting the coordinated provision of services through the one-stop delivery system described in section 121(e) within the State, including—

"(A) the development of objective criteria and procedures for use by local boards in assessing the effectiveness and continuous improvement of one-stop centers under section 121(g);

"(B) the development of guidance for the allocation of one-stop center infrastructure funds under section 121(h)(1)(B);

"(C) the development of—

"(i) statewide policies relating to the appropriate roles and contributions of one-stop partner programs within the one-stop delivery system, including approaches to fa-

cilitating equitable and efficient cost allocation in the one-stop delivery system;

"(ii) statewide strategies for providing effective outreach to individuals, including hard-to-serve populations, and employers who could benefit from services provided through the one-stop delivery system;

"(iii) strategies for technology improvements to facilitate access to services provided through the one-stop delivery system, in remote areas, and for individuals with disabilities, which may be utilized throughout the State; and

"(iv) strategies for the effective coordination of activities between the one-stop delivery system of the State and the State employment service under the Wagner-Peyser Act (29 U.S.C. 49 et seq.);

"(D) identification and dissemination of information on best practices for effective operation of one-stop centers, including use of innovative business outreach, partnerships, and service delivery strategies, including for hard-to-serve populations; and

"(E) conduct of such other matters as may promote statewide objectives for, and enhance the performance of, the one-stop delivery system;";

(6) in paragraph (5) (as redesignated by paragraph (4)), by inserting "and the development of statewide criteria to be used by chief elected officials for the appointment of local boards consistent with section 117" after "section 116";

(7) in paragraph (6) (as redesignated by paragraph (4)), by striking "sections 128(b)(3)(B) and 133(b)(3)(B)" and inserting "sections 128(b)(3) and 133(b)(3)(B)";

(8) in paragraph (9) (as redesignated by paragraph (4))—

(A) by striking "employment statistics system" and inserting "workforce and labor market information system"; and

(B) by striking "and" after the semicolon;

(9) in paragraph (10) (as redesignated by paragraph (4))—

(A) by inserting "section 136(i) and" before "section 503"; and

(B) by striking the period and inserting "; and"; and

(10) by adding at the end the following:

"(11) increasing the availability of skills training, employment opportunities, and career advancement, for hard-to-serve populations.".

(c) ALTERNATIVE ENTITY.—Section 111(e) (29 U.S.C. 2821(e)) is amended—

(1) in paragraph (1), by striking "For" and inserting "Subject to paragraph (3), for"; and

(2) by adding at the end the following:

"(3) FAILURE TO MEET PERFORMANCE MEASURES.—If a State fails to have performed successfully, as defined in section 116(a)(2), the Secretary may require the State to establish a State board in accordance with subsections (a), (b), and (c) in lieu of the alternative entity established under paragraph (1).".

(d) CONFLICT OF INTEREST.—Section 111(f)(1) (29 U.S.C. 2821(f)(1)) is amended by inserting "or participate in action taken" after "vote".

(e) SUNSHINE PROVISION.—Section 111(g) (29 U.S.C. 2821(g)) is amended—

(1) by inserting ", and modifications to the State plan," before "prior"; and

(2) by inserting ", and modifications to the State plan" after "the plan".

(f) AUTHORITY TO HIRE STAFF.—Section 111 (29 U.S.C. 2821) is amended by adding at the end the following:

"(h) AUTHORITY TO HIRE STAFF.—

"(1) IN GENERAL.—The State board may hire staff to assist in carrying out the functions described in subsection (d) using funds allocated under sections 127(b)(1)(C) and 132(b).

"(2) LIMITATION ON RATE.—Funds appropriated under this title shall not be used to pay staff employed by the State board, either as a direct cost or through any proration as an indirect cost, at a rate in excess of the maximum rate payable for a position at GS–15 of the General Schedule as in effect on the date of enactment of the Workforce Investment Act Amendments of 2005.".

SEC. 113. STATE PLAN.

(a) PLANNING CYCLE.—Section 112(a) (29 U.S.C. 2822(a)) is amended—

(1) by inserting ", or a State unified plan as described in section 501," before "that outlines";

(2) by striking "5-year strategy" and inserting "4-year strategy"; and

(3) by adding at the end the following: "At the end of the first 2-year period of the 4-year State plan, the State board shall review and, as needed, amend the 4-year State plan to reflect labor market and economic conditions. In addition, the State shall submit

a modification to the State plan at the end of the first 2-year period of the State plan, which may include redesignation of local areas pursuant to section 116(a) and specification of the levels of performance under sections 136 for the third and fourth years of the plan.".

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

(1) in paragraph (8)(A)—

(A) in clause (ix), by striking "and" after the semicolon; and

(B) by adding at the end the following:

"(xi) programs authorized under title II of the Social Security Act (42 U.S.C. 401 et seq.) (relating to Federal old-age, survivors, and disability insurance benefits), title XVI of such Act (42 U.S.C. 1381 et seq.) (relating to supplemental security income), title XIX of such Act (42 U.S.C. 1396 et seq.) (relating to medicaid), and title XX of such Act (42 U.S.C. 1397 et seq.) (relating to block grants to States for social services), programs authorized under title VII of the Rehabilitation Act of 1973 (29 U.S.C. 796 et seq.), and programs carried out by State agen-

cies relating to mental retardation and developmental disabilities; and";

(2) by striking paragraph (10) and inserting the following:

"(10) a description of how the State will use funds the State received under this subtitle to leverage other Federal, State, local, and private resources, in order to maximize the effectiveness of such resources, expand resources for the provision of education and training services, and expand the participation of businesses, employees, and individuals in the statewide workforce investment system, including a description of incentives and technical assistance the State will provide to local areas for such purposes;";

(3) in paragraph (12)(A), by striking "sections 128(b)(3)(B) and 133(b)(3)(B)" and inserting "sections 128(b)(3) and 133(b)(3)(B)";

(4) in paragraph (14), by striking "section 134(c)" and inserting "section 121(e)";

(5) in paragraph (15), by striking "section 116(a)(5)" and inserting "section 116(a)(4)";

(6) in paragraph (17)—

(A) in subparagraph (A)—

(i) in clause (iii)—

(I) by inserting "local" before "customized training"; and

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

(ii) in clause (iv), by striking "(including displaced homemakers)," and all that follows through "disabilities)" and inserting ", hard-to-serve populations, and individuals training for nontraditional employment"; and

(iii) by adding after clause (iv) the following:

"(v) how the State will serve the employment and training needs of individuals with disabilities, consistent with section 188 and Executive Order 13217 (42 U.S.C. 12131 note; relating to community-based alternatives for individuals with disabilities), including the provision of outreach, intake, the conduct of assessments, service delivery, the development of adjustments to performance measures established under section 136, and the training of staff; and"; and

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

(7) in paragraph (18)(D)—

(A) by striking "youth opportunity grants under section 169" and inserting "youth challenge grants authorized under section 169 and other federally funded youth programs"; and

(B) by striking the period and inserting a semicolon; and

(8) by adding at the end the following:

"(19) a description of how the State will utilize technology to facilitate access to services in remote areas, which may be utilized throughout the State;

"(20) a description of the State strategy for coordinating workforce investment activities and economic development activities, and promoting entrepreneurial skills training and microenterprise services;

"(21) a description of the State strategy and assistance to be provided for ensuring regional cooperation within the State and across State borders as appropriate;

"(22) a description of how the State will use funds the State receives under this subtitle to—

"(A) implement innovative programs and strategies designed to meet the needs of all businesses in the State, including small businesses, which may include incumbent worker training

programs, sectoral and industry cluster strategies, regional skills alliances, career ladder programs, utilization of effective business intermediaries, and other business services and strategies that better engage employers in workforce investment activities and make the statewide workforce investment system more relevant to the needs of State and local businesses, consistent with the objectives of this title; and

"(B) provide incentives and technical assistance to assist local areas in more fully engaging all employers, including small employers, in local workforce investment activities, to make the workforce investment system more relevant to the needs of area businesses, and to better coordinate workforce investment and economic development efforts to contribute to the economic well-being of the local area, as determined appropriate by the local board;

"(23) a description of the State strategy—

"(A) for ensuring cooperation between transportation providers, including public transportation providers, and providers of workforce investment activities; and

"(B) for ensuring coordination among appropriate State agencies and programs to make available skills training, employment services and opportunities, and career advancement activities, that will assist ex-offenders in reentering the workforce;

"(24) a description of how the State will assist local areas in assuring physical and programmatic accessibility for individuals with disabilities at one-stop centers;

"(25) a description of the process and methodology that will be used by the State board to—

"(A) review statewide policies and provide guidance on the coordinated provision of services through the one-stop delivery system described in section 121(e);

"(B) establish, in consultation with chief elected officials and local boards, objective criteria and procedures for use by local boards in periodically assessing the effectiveness, physical and programmatic accessibility, and continuous improvement of one-stop centers and the one-stop delivery system as described in section 121(g); and

"(C) determine—

"(i) one-stop partner program contributions for the costs of the infrastructure of one-stop centers under section 121(h)(2); and

"(ii) the formula for allocating the funds described in section 121(h)(2) to local areas;

"(26) a description of the State strategy for ensuring that activities carried out under this title are placing men and women in jobs, education, or training that lead to comparable pay; and

"(27) a description of the technical assistance available to one-stop operators and providers of training services for strategies to serve hard-to-serve populations and promote placement in nontraditional employment.".

(c) MODIFICATIONS TO PLAN.—Section 112(d) (29 U.S.C. 2822(d)) is amended—

(1) by striking "5-year period" and inserting "4-year period"; and

(2) by adding at the end the following: "In addition, the State shall submit the modifications to the State plan required under subsection (a), under circumstances prescribed by the Secretary that are due

to changes in Federal law that significantly affect elements of the State plan.".

SEC. 114. LOCAL WORKFORCE INVESTMENT AREAS.

(a) DESIGNATION OF AREAS.—

(1) CONSIDERATIONS.—Section 116(a)(1) (29 U.S.C. 2831(a)(1)) is amended—

(A) in subparagraph (A), by striking "paragraphs (2), (3), and (4)" and inserting "paragraphs (2) and (3)"; and

(B) in subparagraph (B), by adding at the end the following:

"(vi) The extent to which such local areas will promote maximum effectiveness 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.—The Governor shall approve a request for designation as a local area that is submitted prior to the submission of the State plan, or of a modification to the State plan relating to area designation, from any area that—

"(i) is a unit of general local government with a population of 500,000 or more, except that after the initial 2-year period following such designation pursuant to this clause that occurs after the date of enactment of the Workforce Investment Act Amendments of 2005, the Governor shall only be required to approve a request for designation from such area if such area—

"(I) performed successfully; and

"(II) sustained fiscal integrity;

"(ii) was a local area under this title for the preceding 2-year period, if such local area—

"(I) performed successfully; and

"(II) sustained fiscal integrity;

"(iii) is served by a rural concentrated employment program grant recipient, except that after the initial 2-year period following any such designation under the initial State plan submitted after the date of enactment of the Workforce Investment Act Amendments of 2005, the Governor shall only be required to approve a request for

designation under this clause for such area if such area—

"(I) performed successfully; and

"(II) sustained fiscal integrity; or

"(iv) was a local area under section 116(a)(2)(C) (as in effect on the day before the date of enactment of the Workforce Investment Act Amendments of 2005), except that after the initial 2-year period following such designation pursuant to this clause that occurs after that date of enactment, the Governor shall only be required to approve a request for designation under this clause for such area if such area—

"(I) performed successfully; and

"(II) sustained fiscal integrity.

"(B) DEFINITIONS.—For purposes of this paragraph:

"(i) PERFORMED SUCCESSFULLY.—The term 'performed successfully', when used with respect to a local area, means the local area performed at 80 percent or more of the adjusted level of performance for core indicators of performance described in section 136(b)(2)(A) for 2 consecutive years.

"(ii) SUSTAINED FISCAL INTEGRITY.—The term 'sustained fiscal integrity', used with respect to an area, means that the Secretary has not made a formal determination during the preceding 2-year period that either the grant recipient or the administrative entity of the area misexpended funds provided under this title due to willful disregard of the requirements of the Act involved, gross negligence, or failure to comply with accepted standards of administration.".

(3) CONFORMING AMENDMENTS.—Section 116(a) (29 U.S.C. 2831(a)) is amended—

(A) by striking paragraph (3);

(B) by redesignating paragraphs (4) and (5) as paragraph (3) and (4), respectively;

(C) in paragraph (3) (as redesignated by subparagraph (B))—

(i) by striking "(including temporary designation)"; and

(ii) by striking "(v)" and inserting "(vi)"; and

(D) in paragraph (4) (as redesignated by subparagraph (B))—

(i) by striking "under paragraph (2) or (3)" and inserting "under paragraph (2)"; and

(ii) by striking the second sentence.

(b) SINGLE LOCAL AREA STATES.—Section 116(b) (29 U.S.C. 2831(b)) is amended to read as follows:

"(b) SINGLE LOCAL AREA STATES.—

"(1) CONTINUATION OF PREVIOUS DESIGNATION.—Notwithstanding subsection (a)(2), the Governor of any State that was a single local area for purposes of this title as of July 1, 2004, may continue to designate the State as a single local area for purposes of this title if the Governor identifies the State as a local area in the State plan under section 112(b)(5).

"(2) REDESIGNATION.—The Governor of a State not described in paragraph (1) may designate the State as a single local area if, prior to the submission of the State plan or modification to such plan so designating the State, no local area meeting the requirements for automatic designation under subsection (a)(2) requests such designation as a separate local area.

"(3) EFFECT ON LOCAL PLAN.—In any case in which a State is designated as a local area pursuant

to this subsection, the local plan prepared under section 118 for the area shall be submitted to the Secretary for approval as part of the State plan under section 112.".

(c) REGIONAL PLANNING.—Section 116(c) (29 U.S.C. 2831(c)) is amended—

(1) by striking paragraph (1) and inserting the following:

"(1) PLANNING.—

"(A) IN GENERAL.—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, after consultation with local boards and chief elected officials, may require the local boards for the designated region to prepare, submit, and obtain approval of a single regional plan that incorporates local plans for each of the local areas in the region, as required under section 118. The State may award regional incentive grants to

the designated regions that meet or exceed the regional performance measures pursuant to section 134(a)(2)(B)(iii).

"(B) TECHNICAL ASSISTANCE.—If the State requires regional planning as provided in subparagraph (A), the State shall provide technical assistance and labor market information to such local areas in the designated regions to assist with such regional planning and subsequent service delivery efforts.";

(2) in paragraph (2), by inserting "information about the skill requirements of existing and emerging industries and industry clusters," after "information about employment opportunities and trends,"; and

(3) in paragraph (3), by adding at the end the following: "Such services may be required to be coordinated with regional economic development services and strategies.".

SEC. 115. LOCAL WORKFORCE INVESTMENT BOARDS.

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

(1) in paragraph (2)(A)—

(A) in clause (i), by striking subclause (II) and inserting the following:

"(II) collectively, represent businesses with employment opportunities that reflect the employment opportunities of the local area, and include representatives of businesses that are in high-growth and emerging industries, and representatives of businesses, including small businesses, in the local area; and";

(B) by striking clause (ii) and inserting the following:

"(ii)(I) a superintendent representing the local school districts involved or another high-level official from such districts;

"(II) the president or highest ranking official of an institution of higher education participating in the workforce investment activities in the local area; and

"(III) an administrator of local entities providing adult education and literacy activities in the local area;";

(C) in clause (iv), by inserting ", hard-to-serve populations," after "disabilities";

(D) in clause (v), by striking "and" at the end; and

(E) by striking clause (vi) and inserting the following:

"(vi) a representative from the State employment service under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) who is serving the local area; and

"(vii) if the local board does not establish or continue a youth council, representatives with experience serving out-of-school youth, particularly out-of-school youth facing barriers to employment; and"; and

(2) by adding at the end the following:

"(6) SPECIAL RULE.—In the case that there are multiple school districts or institutions of higher education serving a local area, the representatives described in subclause (I) or (II) of paragraph (2)(A)(ii), respectively, shall be appointed from among individuals nominated by regional or local educational agencies, institutions, or organizations representing such agencies or institutions.".

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

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

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

(c) CONFORMING AMENDMENT.—Section 117(c)(1)(C) (29 U.S.C. 2832(c)(1)(C)) is amended by striking "section 116(a)(2)(B)" and inserting "section 116(a)(2)(A)(ii)".

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

(1) in paragraph (1), insert after "Governor" the following: ", and shall develop jointly with the head of the State employment service under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) appropriate components of such plan to maximize coordination, improve service delivery, and avoid duplication of services";

(2) in paragraph (2)—

(A) in subparagraph (B)—

(i) by inserting "(except as provided in section 123(b))" after "basis"; and

(ii) by inserting "(where appropriate)" after "youth council"; and

(B) by adding at the end the following:

"(E) CONSUMER CHOICE REQUIREMENTS.—Consistent with sections 122 and paragraphs (3) and (4) of 134(d), the local board shall work to ensure there are sufficient providers of intensive

services and training services serving the local area in a manner that maximizes consumer choice, including providers with expertise in assisting individuals with disabilities.";

(3) in paragraph (3)(B), by striking clause (ii) and inserting the following:

"(ii) STAFF.—

"(I) IN GENERAL.—The local board may hire staff.

"(II) LIMITATION ON RATE.—Funds appropriated under this title shall not be used to pay staff employed by the local board, either as a direct cost or through any proration as an indirect cost, at a rate in excess of the maximum rate payable for a position at GS–15 of the General Schedule, as in effect on the date of enactment of the Workforce Investment Act Amendments of 2005.";

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

(5) in paragraph (6)—

(A) by striking "EMPLOYMENT STATISTICS SYSTEM" and inserting "WORKFORCE AND LABOR MARKET INFORMATION SYSTEM"; and

(B) by striking "employment statistics system" and inserting "workforce and labor market information system";

(6) in paragraph (8)—

(A) by inserting ", including small employers," after "private sector employers"; and

(B) by striking the period and inserting ", taking into account the unique needs of small businesses."; and

(7) by adding at the end the following:

"(9) TECHNOLOGY IMPROVEMENTS.—The local board shall develop strategies for technology improvements to facilitate access to services, in remote areas, for services authorized under this subtitle and carried out in the local area.".

(e) CONFORMING AMENDMENT.—Section 117(f)(2) (29 U.S.C. 2832(f)(2)) is amended by striking "described in section 134(c)".

(f) CONFLICT OF INTEREST.—Section 117(g)(1) (29 U.S.C. 2832(g)(1)) is amended by inserting "or participate in action taken" after "vote".

(g) 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) COUNCILS.—The local board may establish or continue councils to provide information and advice to assist the local board in carrying out activities under this title. Such councils may include—

"(1) a council composed of one-stop partners to advise the local board on the operation of the one-stop delivery system involved;

"(2) a youth council composed of experts and stakeholders in youth programs to advise the local board on youth activities; and

"(3) such other councils as the local board determines are appropriate.".

(h) ALTERNATIVE ENTITY PROVISION.—Section 117(i)(1) (29 U.S.C. 2832(i)(1)) is amended—

(1) in the matter preceding subparagraph (A), by striking "and paragraphs (1) and (2) of subsection (h),";

(2) by striking subparagraph (B) and inserting the following:

"(B) was in existence on August 7, 1998, pursuant to State law; and";

(3) by striking subparagraph (C); and

(4) by redesignating subparagraph (D) as subparagraph (C).

SEC. 116. LOCAL PLAN.

(a) PLANNING CYCLE.—Section 118(a) (29 U.S.C. 2833(a)) is amended—

(1) by striking "5-year" and inserting "4-year"; and

(2) by adding at the end the following: "At the end of the first 2-year period of the 4-year plan, the local board shall review and, as needed, amend the 4-year plan to reflect labor market and economic conditions.".

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

(1) in paragraph (2)—

(A) in subparagraph (A), by striking "and" after the semicolon;

(B) by striking subparagraph (B) and inserting the following:

"(B) a description of how the local board will facilitate access to services provided through the one-stop delivery system involved, in remote areas, including facilitating access through the use of technology; and"; and

(C) by adding at the end the following:

"(C) a description of how the local board will ensure physical and programmatic accessibility for individuals with disabilities at one-stop centers;";

(2) in paragraph (9), by striking "; and" and inserting a semicolon;

(3) by redesignating paragraph (10) as paragraph (16); and

(4) by inserting after paragraph (9) the following:

"(10) a description of how the local board will coordinate workforce investment activities carried out in the local area with economic development activities carried out in the local area, and promote entrepreneurial skills training and microenterprise services;

"(11) a description of the strategies and services that will be initiated in the local area to more fully engage all employers, including small employers, in workforce investment activities, to make the workforce investment system more relevant to the needs of area businesses, and to better coordinate workforce investment and economic development efforts, which may include the implementation of innovative initiatives such as incumbent worker training programs, sectoral and industry cluster strategies, regional skills alliance

initiatives, career ladder programs, utilization of effective business intermediaries, and other business services and strategies designed to meet the needs of area employers and contribute to the economic well-being of the local area, as determined appropriate by the local board, consistent with the objectives of this title;

"(12) a description of how the local board will expand access to education and training services for eligible individuals who are in need of such services through—

"(A) the utilization of programs funded under this title; and

"(B) the increased leveraging of resources other than those provided under this title, including tax credits, private sector-provided training, and other Federal, State, local, and private funds that are brokered through the one-stop centers for training services;

"(13) a description of how the local board will coordinate workforce investment activities carried out in the local area with the provision of transportation, including public transportation, in the local area;

"(14) a description of plans for, assurances concerning, and strategies for maximizing coordination

of services provided by the State employment service under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) and services provided in the local area through the one-stop delivery system described in section 121(e), to improve service delivery and avoid duplication of services;

"(15) a description of how the local board will coordinate workforce investment activities carried out in the local area with other Federal, State, and local area education, job training, and economic development programs and activities; and".

SEC. 117. ESTABLISHMENT OF ONE-STOP DELIVERY SYSTEMS.

(a) ONE-STOP PARTNERS.—

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

(A) by striking subparagraph (A) and inserting the following:

"(A) ROLES AND RESPONSIBILITIES OF ONE-STOP PARTNERS.—Each entity that carries out a program or activities described in subparagraph (B) shall—

"(i) provide access through the one-stop delivery system to the programs and activities carried out by the entity, including

making the core services described in section 134(d)(2) that are applicable to the program of the entity available at the one-stop centers (in addition to any other appropriate locations);

"(ii) use a portion of the funds available to the program of the entity to maintain the one-stop delivery system, including payment of the infrastructure costs of one-stop centers in accordance with subsection (h);

"(iii) enter into a local memorandum of understanding with the local board relating to the operation of the one-stop system that meets the requirements of subsection (c);

"(iv) participate in the operation of the one-stop system consistent with the terms of the memorandum of understanding, the requirements of this title, and the requirements of the Federal laws authorizing the programs carried out by the entity; and

"(v) provide representation on the State board to the extent provided under section 111.";

(B) in subparagraph (B)—

(i) by striking clause (v);

(ii) by redesignating clauses (vi) through (xii) as clauses (v) through (xi), respectively;

(iii) in clause (x) (as redesignated by clause (ii)), by striking "and" at the end;

(iv) in clause (xi) (as redesignated by clause (ii)), by striking the period and inserting "; and"; and

(v) by adding at the end the following:

"(xii) programs authorized under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), subject to subparagraph (C)."; and

(C) by adding at the end the following:

"(C) DETERMINATION BY THE GOVERNOR.—

"(i) IN GENERAL.—An entity that carries out programs referred to in subparagraph (B)(xii) shall be included in the one-stop partners for the local area, as a required partner, for purposes of this title un-

less the Governor of the State provides the notification described in clause (ii).

"(ii) NOTIFICATION.—The notification referred to in clause (i) is a notification that—

"(I) is made in writing of a determination by the Governor not to include such entity in the one-stop partners described in clause (i); and

"(II) is provided to the Secretary and the Secretary of Health and Human Services.".

(2) ADDITIONAL PARTNERS.—

(A) IN GENERAL.—Section 121(b)(2)(A) (29 U.S.C. 2841(b)(2)(A)) is amended to read as follows:

"(A) IN GENERAL.—With the approval of the local board and chief elected official, in addition to the entities described in paragraph (1), other entities that carry out human resource programs described in subparagraph (B) may be one-stop partners and carry out the responsibilities described in paragraph (1)(A).".

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

amended by striking clauses (i) through (iii) and inserting the following:

"(i) employment and training programs administered by the Social Security Administration, including the Ticket to Work and Self-Sufficiency program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19);

"(ii) employment and training programs carried out by the Small Business Administration;

"(iii) programs authorized under section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4));".

(b) LOCAL MEMORANDUM OF UNDERSTANDING.—Section 121(c)(2)(A) (29 U.S.C. 2841(c)(2)(A)) is amended to read as follows:

"(A) provisions describing—

"(i) the services to be provided through the one-stop delivery system consistent with the requirements of this section, including the manner in which the services will be coordinated through such system;

"(ii) how the costs of such services and the operating costs of such system will be

funded, through cash and in-kind contributions, to provide a stable and equitable funding stream for ongoing one-stop system operations, including the funding of the infrastructure costs of one-stop centers in accordance with subsection (h);

"(iii) methods of referral of individuals between the one-stop operator and the one-stop partners for appropriate services and activities;

"(iv) methods to ensure the needs of hard-to-serve populations are addressed in providing access to services through the one-stop system; and

"(v) the duration of the memorandum of understanding and the procedures for amending the memorandum during the term of the memorandum, and assurances that such memorandum shall be reviewed not less than once every 2-year period to ensure appropriate funding and delivery of services; and".

(c) CONFORMING AMENDMENT.—Section 121(d)(2) (29 U.S.C. 2841(d)(2)) is amended by striking "section 134(c)" and inserting "section 121(e)".

(d) PROVISION OF SERVICES.—

(1) ELIMINATION OF PROVISIONS CONCERNING ESTABLISHED SYSTEMS.—Section 121 (29 U.S.C. 2841) is amended by striking subsection (e).

(2) REDESIGNATION.—Subtitle B of title I is amended—

(A) in section 134 (29 U.S.C. 2864), by redesignating subsection (c) as subsection (e); and

(B) by transferring that subsection (e) so that the subsection appears after subsection (d) of section 121.

(3) ONE-STOP DELIVERY SYSTEMS.—Paragraph (1) of section 121(e) (29 U.S.C. 2841(e)) (as redesignated by paragraph (2)) is amended—

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

(B) in subparagraph (B)—

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

(ii) by striking "individual training accounts" and inserting "career scholarship accounts"; and

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

(C) in subparagraph (C), by striking "subsection (e)" and inserting "section 134(e)";

(D) in subparagraph (D), by striking "section 121(b)" and inserting "subsection (b)"; and

(E) in subparagraph (E), by striking "information described in section 15" and inserting "data, information, and analysis described in section 15(a)".

(e) CONTINUOUS IMPROVEMENT OF ONE-STOP CENTERS.—Section 121 (29 U.S.C. 2841) is amended by adding at the end the following:

"(g) CONTINUOUS IMPROVEMENT OF ONE-STOP CENTERS.—

"(1) IN GENERAL.—The State board, in consultation with chief local elected officials and local boards, shall establish objective criteria and procedures for use by local boards in periodically assessing the effectiveness, physical and programmatic accessibility, and continuous improvement of one-stop centers and the one-stop delivery system.

"(2) CRITERIA.—The procedures and criteria developed under this subsection shall include minimum standards relating to the scope and degree of service coordination achieved by the one-stop delivery system with respect to the programs administered by the one-

stop partners at the one-stop centers, consistent with the guidelines and guidance provided by the Governor and by the State board, in consultation with the chief elected official and local boards, for such partners' participation under subsections (h)(1)(B) and subsection (i), respectively, and such other factors relating to the quality, accessibility, and effectiveness of the one-stop delivery system as the State board determines to be appropriate.

"(3) LOCAL BOARDS.—Consistent with the criteria developed by the State, the local board may develop additional criteria of higher standards to respond to local labor market and demographic conditions and trends.

"(h) FUNDING OF ONE-STOP INFRASTRUCTURE.—

"(1) IN GENERAL.—

"(A) OPTIONS FOR INFRASTRUCTURE FUNDING.—

"(i) LOCAL OPTIONS.—The local board, chief elected officials, and one-stop partners in a local area may choose to fund the costs of the infrastructure of one-stop centers through—

"(I) methods described in the local memorandum of understanding, if, the

local board, chief elected officials, and one-stop partners agree to such methods; or

"(II) the State infrastructure funding mechanism described in paragraph (2).

"(ii) FAILURE TO REACH AGREEMENT ON FUNDING METHODS.—If, as of July 1, 2006, the local board, chief elected officials, and one-stop partners in a local area fail to reach agreement on methods of sufficient funding of the infrastructure costs of one-stop centers, as determined by the local area, the State infrastructure funding mechanism described in paragraph (2) shall be applicable to such local area.

"(B) GUIDANCE FOR INFRASTRUCTURE FUNDING.—In addition to carrying out the requirements relating to the State mechanism for one-stop center infrastructure funding described in paragraph (2), the Governor, after consultation with chief local elected officials, local boards, and the State board, and consistent with the guidelines provided by the State board under subsection (i), shall provide—

"(i) guidelines for State administered one-stop partner programs in determining such programs' contributions to and participation in the one-stop delivery system, including funding for the costs of infrastructure as defined in paragraph (2)(D), negotiated pursuant to the local memorandum of understanding under subsection (c); and

"(ii) guidance to assist local areas in identifying equitable and stable alternative methods of funding of the costs of the infrastructure of one-stop centers in local areas.

"(2) STATE ONE-STOP INFRASTRUCTURE FUNDING.—

"(A) PARTNER CONTRIBUTIONS.—

"(i) IN GENERAL.—Subject to clause (iii), a portion determined under clause (ii) of the Federal funds provided to the State and areas within the State under the Federal laws authorizing the programs described in subsection (b)(1) and administered by one-stop partners for a fiscal year shall be provided to the Governor from such programs to assist in paying the costs of in-

frastructure of one-stop centers in those local areas of the State not funded under the option described in paragraph (1)(A)(i)(I).

"(ii) DETERMINATION OF GOVERNOR.—

*"(I) IN GENERAL.—Subject to subclause (II) and clause (iii), the Governor, after consultation with chief local elected officials, local boards, and the State board, shall determine the portion of funds to be provided under clause (i) by each one-stop partner from each program described in clause (i). In making such determination, the Governor shall calculate the proportionate use of the one-stop centers for the purpose of determining funding contributions pursuant to clause (i)(II) or (ii) of paragraph (1)(A) by each partner, and the costs of administration for purposes not related to one-stop centers for each partner. The Governor shall exclude from such determination the portion of funds and use

of one-stop centers attributable to the programs of one-stop partners for those local areas of the State where the infrastructure of one-stop centers is funded under the option described in paragraph (1)(A)(i)(I).

"(II) SPECIAL RULE.—In a State in which the State constitution places policymaking authority that is independent of the authority of the Governor in an entity or official with respect to the funds provided for adult education and literacy activities authorized under title II and for postsecondary vocational and technical education activities authorized under the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2301 et seq.), or vocational rehabilitation services offered under the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.), the determination described in subclause (I) with respect to the programs authorized under that title and those Acts shall be made by

the chief officer of the entity with such authority in consultation with the Governor.

"(III) APPEAL BY ONE-STOP PARTNERS.—The Governor shall establish a procedure for the one-stop partner administering a program described in subsection (b) to appeal a determination regarding the portion of funds to be contributed under this paragraph on the basis that such determination is inconsistent with the criteria described in the State plan or with the requirements of this paragraph. Such procedure shall ensure prompt resolution of the appeal.

"(iii) LIMITATIONS.—

"(I) PROVISION FROM ADMINISTRATIVE FUNDS.—The funds provided under this paragraph by each one-stop partner shall be provided only from funds available for the costs of administration under the program administered by such partner, and shall be subject to the program limitations with

respect to the portion of funds under such program that may be used for administration.

"(II) CAP ON REQUIRED CONTRIBUTIONS.—

"(aa) WIA FORMULA PROGRAMS AND EMPLOYMENT SERVICE.—The portion of funds required to be contributed under clause (i)(II) or (ii) of paragraph (1)(A) by the programs authorized under chapters 4 and 5 and under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) shall not be in excess of 3 percent of the amount of Federal funds provided to carry out each such program in the State for a fiscal year.

"(bb) OTHER ONE-STOP PARTNERS.—The portion of funds required to be contributed under clause (i)(II) or (ii) of paragraph (1)(A) by a one-stop partner from a program described in subsection (b)(1) other than the programs de-

scribed under item (aa) shall not be in excess of 1½ percent of the amount of Federal funds provided to carry out such program in the State for a fiscal year.

"(cc) SPECIAL RULE.—Notwithstanding items (aa) and (bb), an agreement, including a local memorandum of understanding, entered into prior to the date of enactment of the Workforce Investment Act Amendments of 2005 by an entity regarding contributions under this title that permits the percentages described in such items to be exceeded, may continue to be in effect until terminated by the parties.

"(dd) VOCATIONAL REHABILITATION.—Notwithstanding items (aa) and (bb), an entity administering a program under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) shall not be required to provide, for the

purposes of this paragraph, an amount in excess of—

"(AA) 0.75 percent of the amount provided for such program in the State for the second program year that begins after the date of enactment of the Workforce Investment Act Amendments of 2005;

"(BB) 1.0 percent of the amount provided for such program in the State for the third program year that begins after such date;

"(CC) 1.25 percent of the amount provided for such program in the State for the fourth program year that begins after such date; and

"(DD) 1.5 percent of the amount provided for such program in the State for the fifth and each succeeding

program year that begins after such date.

"(III) FEDERAL DIRECT SPENDING PROGRAMS.—An entity administering a program funded with direct spending as defined in section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900(c)(8)) shall not be required to provide, for purposes of this paragraph, an amount in excess of the amount determined to be equivalent to the cost of the proportionate use of the one-stop centers for such program in the State.

"(IV) NATIVE AMERICAN PROGRAMS.—Native American programs established under section 166 shall not be subject to the provisions of this subsection or subsection (i). The method for determining the appropriate portion of funds to be provided by such Native American programs to pay for the costs of infrastructure of a one-stop center shall be determined as part of

the development of the memorandum of understanding under subsection (c) for the one-stop center and shall be stated in the memorandum.

"(B) ALLOCATION BY GOVERNOR.—From the funds provided under subparagraph (A), the Governor shall allocate the funds to local areas in accordance with the formula established under subparagraph (C) for the purposes of assisting in paying the costs of infrastructure of one-stop centers.

"(C) ALLOCATION FORMULA.—The State board shall develop a formula to be used by the Governor to allocate the funds provided under subparagraph (A) to local areas not funding infrastructure costs under the option described in paragraph (1)(A)(i)(I). The formula shall be based on factors including the number of one-stop centers in a local area, the population served by such centers, the services provided by such centers, and other factors relating to the performance of such centers that the State board determines are appropriate.

"(D) COSTS OF INFRASTRUCTURE.—In this subsection, the term 'costs of infrastructure', used

with respect to a one-stop center, means the non-personnel costs that are necessary for the general operation of the one-stop center, including the rental costs of the facilities, the costs of utilities and maintenance, equipment (including assessment-related products and adaptive technology for individuals with disabilities), and technology to facilitate remote access to the one-stop center's strategic planning activities, and common outreach activities.

"(i) OTHER FUNDS.—

"(1) IN GENERAL.—Subject to the memorandum of understanding described in subsection (c) for the one-stop delivery system involved, in addition to the funds provided to carry out subsection (h), a portion of funds made available under Federal law authorizing the programs described in subsection (b) and administered by one-stop partners, or the noncash resources available under such programs, shall be used to pay the additional costs relating to the operation of the one-stop delivery system that are not paid from the funds provided under subsection (h), as determined in accordance with paragraph (2), to the extent not inconsistent with the Federal law involved. Such costs shall include the costs of the provision of

core services described in section 134(d)(2) applicable to each program and may include common costs that are not paid from the funds provided under subsection (h).

"(2) DETERMINATION AND GUIDANCE.—The method for determining the appropriate portion of funds and noncash resources to be provided by each program under paragraph (1) for a one-stop center shall be determined as part of the development of the memorandum of understanding under subsection (c) for the one-stop center and shall be stated in the memorandum. The State board shall provide guidance to facilitate the determination of an appropriate allocation of the funds and noncash resources in local areas.".

SEC. 118. 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) ELIGIBILITY.—

"(1) IN GENERAL.—The Governor, after consultation with the State board, shall establish criteria and procedures regarding the eligibility of providers of training services described in section 134(d)(4) (re-

ferred to in this section as 'training services') to receive funds provided under section 133(b) for the provision of training services.

"(2) PROVIDERS.—Subject to the provisions of this section, to be eligible to receive the funds provided under section 133(b) for the provision of training services, 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 industry-recognized certification;

"(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.

"(3) INCLUSION IN LIST OF ELIGIBLE PROVIDERS.—A provider described in subparagraph (A) or (C) of paragraph (2) shall comply with the criteria and procedures established under this section to be in-

cluded on the list of eligible providers of training services described in subsection (d)(1). A provider described in paragraph (2)(B) shall be included on the list of eligible providers of training services described in subsection (d)(1) for so long as the provider remains certified by the Department of Labor to carry out the programs described in paragraph (2)(B).

"(b) CRITERIA.—

"(1) IN GENERAL.—The criteria established by the Governor pursuant to subsection (a) shall take into account—

"(A) the performance of providers of training services with respect to the performance measures and other matters for which information is required under paragraph (2) and other appropriate measures of performance outcomes for those participants receiving training services under this subtitle (taking into consideration the characteristics of the population served and relevant economic conditions);

"(B) the need to ensure access to training services throughout the State, including any rural areas;

"(C) the information such providers are required to report to State agencies with respect to

Federal and State programs (other than the program carried out under this subtitle), including one-stop partner programs;

"(D) the requirements for State licensing of providers of training services, and the licensing status of each provider of training services if applicable;

"(E) to the extent practicable, encouraging the use of industry-recognized standards and certification;

"(F) the ability of the providers to offer programs that lead to a degree or an industry-recognized certification;

"(G) the ability to provide training services to hard-to-serve populations, including individuals with disabilities; and

"(H) such other factors as the Governor determines are appropriate to ensure—

"(i) the quality of services provided;

"(ii) the accountability of the providers;

"(iii) that the one-stop centers in the State will ensure that such providers meet the needs of local employers and participants;

"(iv) the informed choice of participants under chapter 5; and

"(v) that the collection of information required is not unduly burdensome or costly to providers.

"(2) INFORMATION.—The criteria established by the Governor shall require that a provider of training services submit appropriate, accurate, and timely information to the State for purposes of carrying out subsection (d), with respect to participants receiving training services under this subtitle in the applicable program, including—

"(A) information on degrees and industry-recognized certifications received by such participants;

"(B) information on costs of attendance for such participants;

"(C) information on the program completion rate for such participants; and

"(D) information on the performance of the provider with respect to the performance measures described in section 136 for such participants (taking into consideration the characteristics of the population served and relevant economic conditions), which may include informa-

tion specifying the percentage of such participants who entered unsubsidized employment in an occupation related to the program.

"(3) RENEWAL.—The criteria established by the Governor shall also provide for biennial review and renewal of eligibility under this section for providers of training services.

"(4) LOCAL CRITERIA.—A local board in the State may establish criteria in addition to the criteria established by the Governor, or may require higher levels of performance than required under the criteria established by the Governor, for purposes of determining the eligibility of providers of training services to receive funds described in subsection (a) to provide the services in the local area involved.

"(5) INFORMATION TO ESTABLISH INITIAL ELIGIBILITY.—

"(A) IN GENERAL.—In an effort to provide the highest-quality training services and responsiveness to new and emerging industries, providers may seek initial eligibility under this section as providers of training services. The criteria established by the Governor shall require that a provider who has not previously been an eligible provider of training services under this

section provide the information described in subparagraph (B).

"(B) INFORMATION.—The provider shall provide verifiable program-specific performance information supporting the provider's ability to serve participants under this subtitle. The information provided under this subparagraph may include information on outcome measures such as job placement and wage increases for individuals participating in the program, information on business partnerships and other factors that indicate high-quality training services, and information on alignment with industries targeted for potential employment opportunities.

"(C) PROVISION.—The provider shall provide the information described in subparagraph (B) to the Governor and the local boards in a manner that will permit the Governor and the local boards to make a decision on inclusion of the provider on the list of eligible providers described in subsection (d).

"(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 provided under section 133(b) for the provision of

training services, and identify the respective roles of the State and local areas in receiving and reviewing the applications and in making determinations of such 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 in choosing employment and training activities under chapter 5 and in choosing providers of training services, the Governor shall ensure that an appropriate list of providers determined to be eligible under this section in the State, accompanied by appropriate information, is provided to the one-stop delivery system in the State. The accompanying information shall consist of information provided by providers described in subparagraphs (A) and (C) of subsection (a)(2) in accordance with subsection (b) (including information on receipt of degrees and industry-recognized certifications, and costs of attendance, for participants receiving training services under this subtitle in applicable programs) and such other information as the Secretary determines is appropriate. The list and the accom-

panying information shall be made available to such participants and to members of the public through the one-stop delivery system in the State.

"(e) ENFORCEMENT.—

"(1) IN GENERAL.—The criteria and procedures established under this section shall provide the following:

"(A) INTENTIONALLY SUPPLYING INACCURATE INFORMATION.—Upon a determination, by an individual or entity specified in the criteria or procedures, that a provider of training services, or individual providing information on behalf of the provider, intentionally supplied inaccurate information under this section, the eligibility of such provider to receive funds under chapter 5 shall be terminated for a period of time that is not less than 2 years.

"(B) SUBSTANTIAL VIOLATIONS.—Upon a determination, by an individual or entity specified in the criteria or procedures, that a provider of training services substantially violated any requirement under this title, the eligibility of such provider to receive funds under the program involved may be terminated, or other appropriate action may be taken.

"(C) REPAYMENT.—A provider of training services whose eligibility is terminated under subparagraph (A) or (B) shall be liable for the repayment of funds received under chapter 5 during a period of noncompliance described in such subparagraph.

"(2) CONSTRUCTION.—Paragraph (1) shall be construed to provide remedies and penalties that supplement, but do not supplant, other civil and criminal remedies and penalties.

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

"(g) OPPORTUNITY TO SUBMIT COMMENTS.—In establishing criteria, procedures, requirements for information, and the list of eligible providers described in subsection (d)(1), the Governor shall provide an opportunity for interested members of the public to make recommendations and submit comments regarding such criteria, procedures, requirements for information, and list.

"(h) TRANSITION PERIOD FOR IMPLEMENTATION.—The requirements of this section shall be implemented not later than December 31, 2006. In order to facilitate early implementation of this section, the Governor may establish

transition procedures under which providers eligible to provide training services under chapter 5 as such chapter was in effect on the day before the date of enactment of the Workforce Investment Act Amendments of 2005 may continue to be eligible to provide such services until December 31, 2006, or until such earlier date as the Governor determines to be appropriate.

"(i) ON-THE-JOB TRAINING, CUSTOMIZED TRAINING, OR INCUMBENT WORKER TRAINING EXCEPTION.—

"(1) IN GENERAL.—Providers of on-the-job training, customized training, or incumbent worker training shall not be subject to the requirements of subsections (a) through (h).

"(2) COLLECTION AND DISSEMINATION OF INFORMATION.—A one-stop operator in a local area shall collect such performance information from providers of on-the-job training, customized training, and incumbent worker training 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.".

SEC. 119. ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.

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

"SEC. 123. ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.

"(a) IN GENERAL.—From the funds allocated under section 128(b) to a local area, the local board for such area shall award grants or contracts on a competitive basis to providers of youth activities identified based on the criteria in the State plan described in section 112 and shall conduct oversight with respect to such providers.

"(b) EXCEPTIONS.—A local board may award grants or contracts on a sole-source basis if such board determines there is an insufficient number of eligible providers of youth activities in the local area involved (such as a rural area) for grants and contracts to be awarded on a competitive basis under subsection (a).".

SEC. 120. YOUTH ACTIVITIES.

(a) STATE ALLOTMENTS.—Section 127 (29 U.S.C. 2852) is amended—

(1) in subsection (a)(1), by striking "opportunity" and inserting "challenge"; and

(2) by striking subsection (b) and inserting the following:

"(b) ALLOTMENT AMONG STATES.—

"(1) YOUTH ACTIVITIES.—

"(A) YOUTH CHALLENGE GRANTS AND YOUTH ACTIVITIES FOR FARMWORKERS AND NATIVE AMERICANS.—

"(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 activities under section 167 (relating to migrant and seasonal farmworker programs) and provide youth challenge grants and other activities under section 169 (relating to youth challenge grants).

"(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.—For a fiscal year described in clause (i), the Secretary shall reserve the greater of $10,000,000 or 4 percent of the portion described in clause (i) for a fiscal year to provide youth activities under section 167. For a fiscal year not described in clause (i), the Secretary shall reserve $10,000,000 of the amount appropriated under section 137(a) to provide youth activities under section 167.

"(iv) YOUTH ACTIVITIES FOR NATIVE AMERICANS.—From the amount appropriated under section 137(a) for each fiscal year that is not reserved under clause (i) or (iii), the Secretary shall reserve not more than 1½ percent of such appropriated amount to provide youth activities under section 166 (relating to Native Americans).

"(B) OUTLYING AREAS.—

"(i) IN GENERAL.—From the amount appropriated under section 137(a) for each

fiscal year that is not reserved under subparagraph (A), the Secretary shall reserve not more than ¼ of 1 percent of the appropriated amount to provide assistance to the outlying areas to carry out youth activities and statewide workforce investment activities.

"(ii) LIMITATION FOR FREELY ASSOCIATED STATES.—

"(I) COMPETITIVE GRANTS.—The Secretary shall use funds described in clause (i) 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) 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.—From the remainder of the amount appropriated under section 137(a) for a fiscal year that exists after the Secretary determines the amounts to be reserved under subparagraphs (A) and (B), the Secretary shall allot to the States—

"(I) an amount of the remainder that is less than or equal to the total amount that was allotted to States for fiscal year 2005 under section 127(b)(1)(C) of this Act (as in effect on the day before the date of enactment of the Workforce Investment Act Amend-

ments of 2005), in accordance with the requirements of such section 127(b)(1)(C); and

"(II) the amount of the remainder, if any, in excess of the amount referred to in subclause (I), in accordance with clause (ii).

"(ii) FORMULA.—Subject to clauses (iii) and (iv), of the amount described in clause (i)(II)—

"(I) 33⅓ percent shall be allotted on the basis of the relative number of individuals in the civilian labor force who are ages 16 through 21 in each State, compared to the total number of individuals in the civilian labor force who are ages 16 through 21 in all States;

"(II) 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; and

"(III) 33⅓ percent shall be allotted on the basis of the relative number of disadvantaged youth who are ages 16 through 21 in each State, compared to the total number of disadvantaged youth who are ages 16 through 21 in all States.

"(iii) MINIMUM AND MAXIMUM PERCENTAGES.—

"(I) MINIMUM PERCENTAGE.—The Secretary shall ensure that no State shall receive an allotment percentage under this subparagraph for a fiscal year that is less than 90 percent of the allotment percentage of the State for the preceding fiscal year.

"(II) MAXIMUM PERCENTAGE.—Subject to subclause (I), the Secretary shall ensure that no State shall receive an allotment percentage under this subparagraph for a fiscal year that is more than 130 percent of the allotment percentage of the 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 subparagraph that is less than the total of—

"(I) 3/10 of 1 percent of $1,000,000,000 of the remainder described in clause (i) for the fiscal year; and

"(II) if the remainder described in clause (i) for the fiscal year exceeds $1,000,000,000, 2/5 of 1 percent of the excess.

"(2) DEFINITIONS.—For the purposes of paragraph (1):

"(A) ALLOTMENT PERCENTAGE.—The term 'allotment percentage', used with respect to fiscal year 2006 or a subsequent fiscal year, means a percentage of the remainder described in paragraph (1)(C)(i) that is received by the State involved through an allotment made under this subsection for the fiscal year. The term, used with respect to fiscal year 2005, 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 Investment Act Amendments of 2005) that is received by the State involved for fiscal year 2005.

"(B) 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.

"(C) FREELY ASSOCIATED STATE.—The term 'Freely Associated State' means the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

"(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.".

(b) REALLOTMENT.—

(1) AMENDMENT.—Section 127(c) (29 U.S.C. 2852(c)) is amended—

(A) by striking paragraph (2) and inserting the following:

"(2) AMOUNT.—The amount available for reallotment for a program year is equal to the amount by which the unexpended balance at the end of the program year prior to the program year for which the determination is made exceeds 30 percent of the total amount of funds available to the State under this section during such prior program year (including amounts allotted to the State in all prior program years that remained available). For purposes of this paragraph, the unexpended balance is the amount that is the difference between—

"(A) the total amount of funds available to the State under this section during the program year prior to the program year for which the determination is made (including amounts allotted to the State in all prior program years that remained available); and

"(B) the accrued expenditures during such prior program year.";

(B) in paragraph (3)—

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

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

(C) by striking paragraph (4) and inserting the following:

"(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."; and

(D) in paragraph (5), by striking "obligation" and inserting "accrued expenditure".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect for the program year that begins after the date of enactment of this Act.

(c) WITHIN STATE ALLOCATIONS.—

(1) RESERVATION FOR STATEWIDE ACTIVITIES.—Section 128(a) (29 U.S.C. 2853(a)) is amended to read as follows:

"(a) RESERVATIONS FOR STATEWIDE 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 activities under section 129(b) or statewide employment and training activities, for adults or dislocated workers, under section 134(a).".

(2) WITHIN STATE ALLOCATION.—Section 128(b) (29 U.S.C. 2853(b)) is amended to read as follows:

"(b) WITHIN STATE ALLOCATIONS.—

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

"(A) a portion equal to not less than 80 percent of such amount shall be allocated by the Governor to local areas in accordance with paragraph (2); and

"(B) a portion equal to not more than 20 percent of such amount may be allocated by the Governor to local areas in accordance with paragraph (3).

"(2) ESTABLISHED FORMULA.—

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

"(i) 33⅓ percent on the basis of the relative number of individuals in the civilian labor force who are ages 16 through 21 in each local area, compared to the total number of individuals in the civilian labor force who are ages 16 through 21 in all local areas in the State;

"(ii) 33⅓ 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; and

"(iii) 33⅓ 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.—

"(i) MINIMUM PERCENTAGE.—The Governor shall ensure that no local area shall receive an allocation percentage under this paragraph for a fiscal year that is less than 90 percent of the allocation percentage of the local area for the preceding fiscal year.

"(ii) MAXIMUM PERCENTAGE.—Subject to clause (i), the Governor shall ensure that no local area shall receive an allocation percentage under this paragraph for a fiscal year that is more than 130 percent of the allocation percentage of the local area for the preceding fiscal year.

"(C) DEFINITIONS.—In this paragraph:

"(i) ALLOCATION PERCENTAGE.—The term 'allocation percentage', used with respect to fiscal year 2006 or a subsequent fiscal year, means a percentage of the portion described in paragraph (1)(A) that is received by the local area involved through an allocation made under this paragraph for the fiscal year. The term, used with respect to fiscal year 2005, 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 2005) that is received by the local area involved for fiscal year 2005.

"(ii) DISADVANTAGED YOUTH.—The term 'disadvantaged youth' means an individual who—

"(I) is age 16 through 21;

"(II) is not a college student or member of the Armed Forces; and

"(III) 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.

"(3) YOUTH DISCRETIONARY ALLOCATION.—The Governor may allocate the portion described in paragraph (1)(B) to local areas where there are a significant number of eligible youth, after consultation with the State board and local boards.

"(4) LOCAL ADMINISTRATIVE COST LIMIT.—

"(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 involved 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.—

(A) AMENDMENT.—Section 128(c) (29 U.S.C. 2853(c)) is amended—

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

(ii) by striking paragraph (2) and inserting the following:

"(2) AMOUNT.—The amount available for reallocation for a program year is equal to the amount by which the unexpended balance at the end of the program year prior to the program year for which the

determination is made exceeds 30 percent of the total amount of funds available to the local area under this section during such prior program year (including amounts allocated to the local area in all prior program years that remained available). For purposes of this paragraph, the unexpended balance is the amount that is the difference between—

"(A) the total amount of funds available to the local area under this section during the program year prior to the program year for which the determination is made (including amounts allocated to the local area in all prior program years that remained available); and

"(B) the accrued expenditures during such prior program year.";

(iii) by amending paragraph (3)—

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

(II) by striking "for the prior program year" the first place it appears and inserting "for the program year for 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

(iv) by striking paragraph (4) and inserting the following:

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

(B) EFFECTIVE DATE.—The amendments made by subparagraph (A) shall take effect for the later of—

(i) the program year that begins after the date of enactment of this Act; or

(ii) program year 2006.

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

"(a) YOUTH PARTICIPANT ELIGIBILITY.—

"(1) ELIGIBILITY.—

"(A) IN GENERAL.—To be eligible to participate in activities carried out under this chapter during any program year an individual

shall, at the time the eligibility determination is made, be an out-of-school youth or an in-school youth.

"(B) OUT-OF-SCHOOL YOUTH.—In this title the term 'out-of-school youth' means an individual who is—

"(i) not younger than age 16 nor older than age 21; and

"(ii) one of the following:

"(I) A school dropout.

"(II) A youth who is within the age for compulsory school attendance, but has not attended school for at least 1 school year calendar quarter.

"(III) A recipient of a secondary school diploma or its equivalent who is—

"(aa) deficient in basic skills, including limited English proficiency;

"(bb) a low-income individual; and

"(cc) not attending any school.

"(IV) Subject to the juvenile or adult justice system or ordered by a court to an alternative school.

"(V) A low-income individual who is pregnant or parenting and not attending any school.

"(VI) A youth who is not attending school or a youth attending an alternative school, who is homeless, a runaway, a foster child, a child eligible for assistance under section 477 of the Social Security Act (42 U.S.C. 677), or in an out-of-home placement.

"(VII) A low-income individual who is not attending school and requires additional assistance to enter or complete an educational program or to secure or hold employment.

"(C) IN-SCHOOL YOUTH.—In this section the term 'in-school youth' means an individual who is—

"(i) not younger than age 14 nor older than age 21;

"(ii) a low-income individual; and

"(iii) one or more of the following:

"(I) Deficient in basic literacy skills, including limited English proficiency.

"(II) Homeless, a runaway, a foster child, a child eligible for assistance under section 477 of the Social Security Act (42 U.S.C. 677), or in an out-of-home placement.

"(III) Pregnant or parenting.

"(IV) An offender (other than an individual described in subparagraph (B)(ii)(IV)).

"(V) An individual who requires additional assistance to complete an educational program or to secure or hold employment.

"(2) EXCEPTION.—Not more than 5 percent of the individuals assisted under this section in each local area, in the case of individuals for whom low income is a requirement for eligibility under this section, may be individuals who are not low income.

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

"(A) IN GENERAL.—For any program year, not more than 60 percent of the funds available

for statewide activities under subsection (b), and not more than 60 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).

"(B) EXCEPTION.—A State that receives a minimum allotment under section 127(b)(1) in accordance with section 127(b)(1)(C)(iv) or under section 132(b)(1) in accordance with section 132(b)(1)(B)(iv)(II) may increase 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 use at least 40 percent of the funds available for activities under subsection (b) or (c) to serve out-of-school youth 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 increased percentage for purposes of subparagraph (A), and the sum-

mary of the eligible youth population analysis; and

"(II) the request is approved by the Secretary.

"(4) CONSISTENCY WITH COMPULSORY SCHOOL ATTENDANCE LAWS.—In providing assistance under this section to an individual who is required to attend school under applicable State compulsory school attendance laws, the priority in providing such assistance shall be for the individual to attend school regularly.".

(e) STATEWIDE 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) shall be used, regardless of whether the funds were allotted to the State under section 127(b)(1)(C) or under paragraph (1)(B) or (2)(B) of section 132(b) for statewide activities, which may include—

"(A) conducting—

"(i) 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;

"(ii) research; and

"(iii) demonstration projects;

"(B) 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 title, and for performance by local areas as described in section 136(i)(2);

"(C) providing technical assistance and capacity building activities 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, the provision of technical assistance to local areas that fail to meet local performance measures described in section 136(c), and the provision of technology to facilitate remote access to services provided through the one-stop delivery system in the State;

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

"(E) carrying out monitoring and oversight of activities carried out under this chapter and chapter 5, which may include a review comparing the services provided to male and female youth;

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

"(G) supporting the development of alternative programs and other activities that enhance the choices available to eligible youth and encourage such youth to reenter secondary education, enroll in postsecondary education and advanced training, and obtain career path employment;

"(H) supporting the provision of core services described in section 134(d)(2) in the one-stop delivery system in the State; and

"(I) supporting financial literacy, including—

"(i) supporting the ability to create household budgets, initiate savings plans, and make strategic investment decisions for education, retirement, home ownership, wealth building, or other savings goals;

"(ii) supporting the ability to manage spending, credit, and debt, including credit card debt, effectively;

"(iii) increasing awareness of the availability and significance of credit reports and credit scores in obtaining credit, the importance of their accuracy (and how to correct inaccuracies), their effect on credit terms, and the effect common financial decisions may have on credit scores;

"(iv) supporting the ability to ascertain fair and favorable credit terms;

"(v) supporting the ability to avoid abusive, predatory, or deceptive credit offers and financial products;

"(vi) supporting the ability to understand, evaluate, and compare financial products, services, and opportunities;

"(vii) supporting the ability to understand resources that are easily accessible and affordable, and that inform and educate an investor as to the investor's rights and avenues of recourse when the investor believes the investor's rights have been vio-

lated by unprofessional conduct of market intermediaries;

"(viii) increasing awareness of the particular financial needs and financial transactions (such as the sending of remittances) of consumers who are targeted in multilingual financial literacy and education programs and improving the development and distribution of multilingual financial literacy and education materials;

"(ix) promoting bringing individuals who lack basic banking services into the financial mainstream by opening and maintaining accounts with financial institutions; and

"(x) improving financial literacy and education through all other related skills, including personal finance and related economic education, with the primary goal of programs not simply to improve knowledge, but rather to improve consumers' financial choices and outcomes.

"(2) LIMITATION.—Not more than 5 percent of the funds allotted to a State under section 127(b)(1)(C) shall be used by the State for adminis-

trative activities carried out under this subsection or section 134(a).

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

(f) LOCAL ELEMENTS AND REQUIREMENTS.—

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

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

(B) in subparagraph (B), by inserting "are directly linked to 1 or more of the performance measures 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 redesignated by clause (i)) the following:

"(i) activities leading to the attainment of a secondary school diploma or its equivalent, or another recognized credential;";

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

(iv) in clause (iii) (as redesignated by clause (i))—

(I) by inserting "instruction based on State academic content and student academic achievement standards established under section 1111 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311)" after "academic"; and

(II) by inserting "that lead to the attainment of recognized credentials" after "learning"; and

(v) by striking clause (v) (as redesignated by clause (i)) and inserting the following:

"(v) effective connections to all employers, including small employers, in sectors of the local and regional labor markets that are 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 "the requirements for a secondary school diploma or its recognized equivalent (including recognized alternative standards for individuals with disabilities) or for another recognized credential, including dropout prevention strategies";

(B) in subparagraph (B), by inserting ", with a priority on exposing youth to technology and nontraditional jobs" before the semicolon;

(C) in subparagraph (F), by striking "during nonschool hours";

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

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

(F) by adding at the end the following:

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

"(L) opportunities to acquire financial literacy skills;

"(M) entrepreneurial skills training and microenterprise services; and

"(N) information about average wages for a range of jobs available in the local area, including technology jobs.".

(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 amended by striking paragraphs (4) and (5).

(5) PROHIBITIONS AND LINKAGES.—Section 129(c) (29 U.S.C. 2854(c)), as amended by paragraph (4), is further amended—

(A) by redesignating paragraphs (6), (7), and (8) as paragraphs (4), (5), and (6), respectively;

(B) in paragraph (4) (as redesignated by subparagraph (A))—

(i) by striking subparagraph (B); and

(ii) by redesignating subparagraph (C) as subparagraph (B); and

(C) in paragraph (5) (as redesignated by subparagraph (A)), by striking "youth councils" and inserting "local boards".

SEC. 121. ADULT AND DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES.

(a) STATE ALLOTMENTS.—

(1) RESERVATIONS.—Section 132(a)(2)(A) (29 U.S.C. 2862 (a)(2)(A)) is amended by striking "national emergency grants, other than under subsection (a)(4), (f), and (g)" and inserting "national dislocated worker grants, other than under paragraph (4) or (5) of subsection (a), subsection (e), and subsection (f)".

(2) ALLOTMENT AMONG STATES.—Section 132(b) (29 U.S.C. 2862(b)) is amended—

(A) in paragraph (1)(A)(ii), by striking "section 127(b)(1)(B)," and all that follows and inserting "section 127(b)(1)(B).";

(B) by striking paragraph (1)(B)(ii) and inserting the following:

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

"(I) 40 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) 25 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 such individuals in all States; and

"(III) 35 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).";

(C) in paragraph (1)(B)—

(i) in clause (iii), by striking "section 116(a)(2)(B)" and inserting "section 116(a)(2)(A)(iii)";

(ii) in clause (iv)—

(I) in subclause (I)—

(aa) by striking "Subject to subclause (IV), the" and inserting "The"; and

(bb) by striking "than the greater of" and all that follows

and inserting "than an amount based on 90 percent of the allotment percentage of the State for the preceding fiscal year.";

(II) in subclause (II), by striking "subclauses (I), (III), and (IV)" and inserting "subclauses (I) and (III)"; and

(III) by striking subclause (IV); and

(iii) in clause (v), by striking subclause (VI); and

(D) in paragraph (2)(A)(ii), by striking "section 127(b)(1)(B)" and all that follows and inserting "section 127(b)(1)(B).".

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

(A) by striking paragraph (2) and inserting the following:

"(2) AMOUNT.—The amount available for reallotment for a program year for programs funded under subsection (b)(1)(B) (relating to adult employment and training) and subsection (b)(2)(B) (relating to dislocated worker employment and training), respectively, is equal to the amount by which the unex-

pended balance at the end of the program year prior to the program year for which the determination is made exceeds 30 percent of the total amount of funds available to the State under subsection (b)(1)(B) or (b)(2)(B), respectively, during such prior program year (including amounts allotted to the State in all prior program years under such provisions that remained available). For purposes of this paragraph, the unexpended balance is the amount that is the difference between—

"(A) the total amount of funds available to the State under subsection (b)(1)(B) or (b)(2)(B), respectively, during the program year prior to the program year for which the determination is made (including amounts allotted to the State in all prior program years under such provisions that remained available); and

"(B) the accrued expenditures from such total amount of funds available under subsection (b)(1)(B) or (b)(2)(B), respectively, during such prior program year.";

(B) in paragraph (3)—

(i) by striking "under this section for such activities for the prior program year" and inserting "under subsection (b)(1)(B)

or (b)(2)(B), as appropriate, for the program year for which the determination is made"; and

(ii) by striking "under this section for such activities for such prior program year" and inserting "under subsection (b)(1)(B) or (b)(2)(B), as appropriate, for such program year";

(C) by striking paragraph (4) and inserting the following:

"(4) ELIGIBILITY.—For purposes of this subsection, an eligible State means—

"(A) with respect to funds allotted under subsection (b)(1)(B), a State that does not have an amount of such funds available for reallotment under paragraph (2) for the program year for which the determination under paragraph (2) is made; and

"(B) with respect to funds allotted under subsection (b)(2)(B), a State that does not have an amount of such funds available for reallotment under paragraph (2) for the program year for which the determination under paragraph (2) is made."; and

(D) in paragraph (5), by striking "obligation" and inserting "accrued expenditure".

(4) EFFECTIVE DATE.—The amendments made by paragraph (3) shall take effect for the later of—

(A) the program year that begins after the date of enactment of this Act; or

(B) program year 2006.

(b) WITHIN STATE ALLOCATIONS.—

(1) ALLOCATION.—Section 133(b)(2)(A)(i) (29 U.S.C. 2863(b)(2)(A)(i)) is amended—

(A) in subclause (I), by striking "33⅓ percent" and inserting "40 percent";

(B) in subclause (II), by striking "33⅓ percent" and inserting "25 percent"; and

(C) in subclause (III), by striking "33⅓ percent" and inserting "35 percent".

(2) TRANSFER AUTHORITY.—Section 133(b)(4) (29 U.S.C. 2863(b)(4)) is amended by striking "20 percent" each place it appears and inserting "45 percent".

(3) REQUIREMENTS.—Clauses (i) and (ii) of section 133(b)(5)(B) (29 U.S.C. 2863(b)(5)(B)) are amended by striking "section 134(c)" and inserting "section 121(e)".

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

(A) in paragraph (1), by inserting ", and under subsection (b)(2)(B) for dislocated worker employment and training activities," after "activities";

(B) by striking paragraph (2) and inserting the following:

"(2) AMOUNT.—The amount available for reallocation for a program year for programs funded under paragraphs (2)(A) and (3) of subsection (b) (relating to adult employment and training) and subsection (b)(2)(B) (relating to dislocated worker employment and training), respectively, is equal to the amount by which the unexpended balance at the end of the program year prior to the program year for which the determination is made exceeds 30 percent of the total amount of funds available to the local area under paragraphs (2)(A) and (3) of subsection (b), or subsection (b)(2)(B), respectively, during such prior program year (including amounts allocated to the local area in all prior program years under such provisions that remained available). For purposes of this paragraph, the unexpended balance is the amount that is the difference between—

"(A) the total amount of funds available to the local area under paragraphs (2)(A) and (3) of subsection (b), or subsection (b)(2)(B), respectively, during the program year prior to the program year for which the determination is made (including amounts allotted to the local area in all prior program years under such provisions that remained available); and

"(B) the accrued expenditures from such total amount of funds available under paragraphs (2)(A) and (3) of subsection (b), or subsection (b)(2)(B), respectively, during such prior program year.";

(C) by striking paragraph (3) and inserting the following:

"(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—

"(A) with respect to amounts that are available for reallocation under paragraph (2) that were allocated under paragraphs (2)(A) or (3) of subsection (b), an amount based on the relative amount allocated to such local area under para-

graphs (2)(A) or (3) of subsection (b), as appropriate, for the program year for which the determination is made, as compared to the total amount allocated to all eligible local areas under paragraphs (2)(A) or (3) of subsection (b), as appropriate, for such program year; and

"(B) with respect to amounts that are available for reallocation under paragraph (2) that were allocated under subsection (b)(2)(B), an amount based on the relative amount allocated to such local area under subsection (b)(2)(B) for the program year for which the determination is made, as compared to the total amount allocated to all eligible local areas under subsection (b)(2)(B) for such program year."; and

(D) by striking paragraph (4) and inserting the following:

"(4) ELIGIBILITY.—For purposes of this subsection, an eligible local area means—

"(A) with respect to funds allocated under paragraphs (2)(A) or (3) of subsection (b), a local area that does not have an amount of such funds available for reallocation under paragraph

(2) for the program year for which the determination under paragraph (2) is made; and

"(B) with respect to funds allocated under subsection (b)(2)(B), a local area that does not have an amount of such funds available for reallocation under paragraph (2) for the program year for which the determination under paragraph (2) is made.".

(5) EFFECTIVE DATE.—The amendments made by paragraph (3) shall take effect for the later of—

(A) the program year that begins after the date of enactment of this Act; or

(B) program year 2006.

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

(1) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—

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

"(A) STATEWIDE RAPID RESPONSE ACTIVITIES.—

"(i) IN GENERAL.—A State shall carry out statewide rapid response activities using funds reserved by a Governor for a State

under section 133(a)(2). Such activities 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 for 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 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 for the local areas.

"(ii) USE OF UNEXPENDED FUNDS.—Funds reserved under section 133(a)(2) to carry out this subparagraph that remain unexpended after the first program year for which such funds were allotted may be used by the Governor to carry out statewide activities authorized under subparagraph (B)

and paragraph (3)(A) in addition to activities under this subparagraph.".

(B) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—Section 134(a)(2) (29 U.S.C. 2864(a)(2)) is amended by striking subparagraph (B) and inserting the following:

"(B) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—Funds reserved by a Governor for a State under sections 128(a)(1) and 133(a)(1) and not used under paragraph (1)(A) (regardless of whether the funds were allotted to the States under section 127(b)(1)(C) or paragraphs (1)(B) or (2)(B) of section 132(b)) shall be used for statewide employment and training activities, including—

"(i) disseminating—

"(I) the State list of eligible providers of training services, including eligible providers of nontraditional training services and eligible providers of apprenticeship programs described in section 122(a)(2)(B);

"(II) information identifying eligible providers of on-the-job training,

customized training, and incumbent worker training;

"(III) information on effective business outreach, partnerships, and services;

"(IV) performance information and information on costs of attendance, as described in subsections (d) and (i) of section 122; and

"(V) information on physical and programmatic accessibility for individuals with disabilities;

"(ii) 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;

"(iii) providing incentive grants to local areas, in accordance with section 136(i);

"(iv) developing strategies for ensuring that activities carried out under this section are placing men and women in jobs, education, and training that lead to comparable pay;

"(v) 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 described in section 136(c), which may include the development and training of staff to provide opportunities for hard-to-serve populations to enter high-wage, high-skilled, and nontraditional occupations;

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

"(vii) carrying out monitoring and oversight of activities carried out under this chapter and chapter 4.".

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

"(A) IN GENERAL.—Funds reserved by a Governor for a State under sections 128(a)(1)

and 133(a)(1) and not used under paragraph (1)(A) or (2)(B) (regardless of whether the funds were allotted to the State under section 127(b)(1)(C) or paragraph (1)(B) or (2)(B) of section 132(b)) may be used to carry out additional statewide employment and training activities, which may include—

"(i) implementing innovative programs and strategies designed to meet the needs of all businesses in the State, including small businesses, which may include incumbent worker training programs, sectoral and industry cluster strategies and partnerships, including regional skills alliances, sectoral skills partnerships (in which representatives of multiple employers for a specific industry sector or group of related occupations, economic development agencies, providers of training services described in subsection (d)(4), labor federations, and other entities that can provide needed supportive services tailored to the needs of workers in that sector or group, for a local area or region, identify gaps between the current and expected demand and supply of

labor and skills in that sector or group for that area or region and develop a strategic skills gap action plan), career ladder programs, micro-enterprise and entrepreneurial training and support programs, utilization of effective business intermediaries, activities to improve linkages between the one-stop delivery system in the State and all employers (including small employers) in the State, and other business services and strategies that better engage employers in workforce investment activities and make the workforce investment system more relevant to the needs of State and local businesses, consistent with the objectives of this title;

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

"(iii) implementing innovative programs for displaced homemakers, which for purposes of this clause 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.);

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

"(v) carrying out activities to facilitate remote access to services, including training services described in subsection (d)(4), provided through a one-stop delivery system, including facilitating access through the use of technology;

"(vi) supporting the provision of core services described in subsection (d)(2) in the one-stop delivery system in the State;

"(vii) coordinating with the child welfare system to facilitate services for children in foster care and those who are eligible for assistance under section 477 of the Social Security Act (42 U.S.C. 677);

"(viii) activities—

"(I) to improve coordination between workforce investment activities carried out within the State involved and economic development activities,

and to promote entrepreneurial skills training and microenterprise services;

"(II) to improve coordination between employment and training assistance, child support services, and assistance provided by State and local agencies carrying out part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.);

"(III) to improve coordination between employment and training assistance and cooperative extension programs carried out by the Department of Agriculture;

"(IV) to improve coordination between employment and training assistance and programs carried out in the local area for individuals with disabilities, including programs carried out by State agencies relating to mental retardation and developmental disabilities, Statewide Independent Living Councils established under section 705 of the Rehabilitation Act of 1973 (29 U.S.C. 796d), and centers for inde-

pendent living defined in section 702 of the Rehabilitation Act of 1973 (29 U.S.C. 796a);

"(V) to develop and disseminate workforce and labor market information;

"(VI) to improve coordination with the corrections system to facilitate provision of training services and employment opportunities that will assist ex-offenders in reentering the workforce; and

"(VII) to promote financial literacy, including carrying out activities described in section 129(b)(1)(I);

"(ix) conducting—

"(I) research; and

"(II) demonstration projects; and

"(x) adopting, calculating, or commissioning a minimum self-sufficiency standard that specifies the income needs of families, by family size, the number and ages of children in the family, and sub-State geographical considerations.".

(2) REQUIRED LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.—

(A) ALLOCATED FUNDS.—Section 134(d)(1)(A) (29 U.S.C. 2864(d)(1)(A)) is amended—

(i) in clause (i), by striking "described in subsection (c)";

(ii) in clause (iii), by striking "and" at the end;

(iii) in clause (iv), by striking the period and inserting a semicolon; and

(iv) by adding at the end the following:

"(v) to designate a dedicated business liaison in the local area who may be funded with funds provided under this title or from other sources to establish and develop relationships and networks with large and small employers and their intermediaries; and

"(vi) in order to improve service delivery to avoid duplication of services and enhance coordination of services, to require the colocation of employment services provided under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) at the one-stop centers.".

(B) CORE SERVICES.—Section 134(d)(2) (29 U.S.C. 2864(d)(2)) is amended—

(i) in the matter preceding subparagraph (A), by striking "paragraph (1)(A)" and inserting "paragraph (1)";

(ii) in subparagraph (C), by inserting "(including literacy, numeracy, and English language proficiency)" after "skill levels";

(iii) by striking subparagraph (D) and inserting the following:

"(D) labor exchange services, including—

"(i) job search and placement assistance and, in appropriate cases, career counseling, including—

"(I) exposure to high wage, high skill jobs; and

"(II) nontraditional employment; and

"(ii) appropriate recruitment and other business services for all employers, including small employers, in the local area, which may include services described in this subsection, including information and referral to specialized business services not tra-

ditionally offered through the one-stop delivery system;";

(iv) in subparagraph (E)(iii)—

(I) by inserting ", career ladders," after "earnings"; and

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

(v) in subparagraph (F)—

(I) by striking "and program cost information"; and

(II) by striking "described in section 123";

(vi) by striking subparagraph (H) and inserting the following:

"(H) provision of accurate information, in formats that are usable and understandable to all one-stop center customers, relating to the availability of supportive services or assistance, including child care, child support, medical or child health assistance under title XIX or XXI of the Social Security Act (42 U.S.C. 1396 et seq. and 1397aa et seq.), benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), the earned income tax credit under section 32 of the Internal Revenue Code of 1986, and assistance under a State program funded under part A of

title IV of the Social Security Act (42 U.S.C. 601 et seq.) and other supportive services and transportation provided through funds made available under such part, available in the local area, and referral to such services or assistance as appropriate;"; and

(vii) in subparagraph (J), by striking "for—" and all that follows through "(ii) programs" and inserting "for programs".

(C) INTENSIVE SERVICES.—Section 134(d)(3) (29 U.S.C. 2864(d)(3)) is amended—

(i) by striking subparagraph (A) and inserting the following:

"(A) IN GENERAL.—

"(i) ELIGIBILITY.—Except as provided in clause (ii), 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) who are unemployed and who, after an interview, evaluation, or

assessment, have been determined by a one-stop operator or one-stop partner to be—

"(aa) unlikely or unable to obtain employment, that leads to self-sufficiency or wages comparable to or higher than previous employment, through core services described in paragraph (2); and

"(bb) in need of intensive services to obtain employment that leads to self-sufficiency or wages comparable to or higher than previous employment; or

"(II) who are employed, but who, after an interview, evaluation, or assessment are determined by a one-stop operator or one-stop partner to be in need of intensive services to obtain or retain employment that leads to self-sufficiency.

"(ii) SPECIAL RULE.—A new interview, evaluation, or assessment of a participant is not required under clause (i) if the one-stop operator or one-stop partner deter-

mines that it is appropriate to use a recent assessment of the participant conducted pursuant to another education or training program."; and

(ii) in subparagraph (C)—

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

(II) by adding at the end the following:

"(vii) Internships and work experience.

"(viii) Literacy activities relating to basic work readiness.

"(ix) Financial literacy services, such as activities described in section 129(b)(1)(I).

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

"(xi) English language acquisition and integrated training programs.".

(D) TRAINING SERVICES.—Section 134(d)(4) (29 U.S.C. 2864(d)(4)) is amended—

(i) by striking subparagraph (A) and inserting the following:

"(A) IN GENERAL.—

"(i) ELIGIBILITY.—Except as provided in clause (ii), 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 training services to adults and dislocated workers, respectively—

"(I) 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—

"(aa) be unlikely or unable to obtain or retain employment, that leads to self-sufficiency or wages comparable to or higher than previous employment, through the intensive services described in paragraph (3);

"(bb) be in need of training services to obtain or retain employment that leads to self-sufficiency or wages comparable to or

higher than previous employment; and

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

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

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

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

"(ii) SPECIAL RULE.—A new interview, evaluation, or assessment of a participant is not required under clause (i) if the one-stop operator or one-stop partner determines that it is appropriate to use a recent assessment of the participant conducted

pursuant to another education or training program.";

(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) in subparagraph (D)—

(I) in clause (viii), by striking "and" after the semicolon;

(II) in clause (ix), by striking the period and inserting "; and"; and

(III) by adding at the end the following:

"(x) English language acquisition and integrated training programs.";

(iv) in subparagraph (F)—

(I) in clause (ii), by striking "referred to in subsection (c), shall make available—" and all that follows and inserting "shall make available a list of eligible providers of training services, and accompanying information, in accordance with section 122(d).";

(II) in the heading of clause (iii), by striking "INDIVIDUAL TRAINING ACCOUNTS" and inserting "CAREER SCHOLARSHIP ACCOUNTS";

(III) in clause (iii)—

(aa) by striking "identifying information" and inserting "accompanying information";

(bb) by striking "clause (ii)(I)" and inserting "clause (ii)"; and

(cc) by striking "an individual training account" and inserting "a career scholarship account"; and

(IV) by adding at the end the following:

"(iv) COORDINATION.—Each local board may, through one-stop centers, coordinate career scholarship accounts with other Federal, State, local, or private job training programs or sources to assist the individual in obtaining training services."; and

(v) in subparagraph (G)—

(I) in the subparagraph heading, by striking "INDIVIDUAL TRAINING ACCOUNTS" and inserting "CAREER SCHOLARSHIP ACCOUNTS";

(II) in clause (i), by striking "individual training accounts" and inserting "career scholarship accounts";

(III) in clause (ii)—

(aa) by striking "an individual training account" and inserting "a career scholarship account";

(bb) in subclause (II), by striking "individual training accounts" and inserting "career scholarship accounts";

(cc) in subclause (II) by striking "or" after the semicolon;

(dd) in subclause (III), by striking "special participant populations that face multiple barriers to employment" and inserting "hard-to-serve populations";

(ee) in subclause (III), by striking the period and inserting '"; or"; and

(ff) by adding at the end the following:

"(IV) the local board determines that it would be most appropriate to award a contract to an institution of higher education in order to facilitate the training of multiple individuals in high-demand occupations, if such contract does not limit customer choice."; and

(IV) in clause (iv)—

(aa) by redesignating subclause (IV) as subclause (V); and

(bb) by inserting after subclause (III) the following:

"(IV) Individuals with disabilities.".

(3) PERMISSIBLE ACTIVITIES.—Section 134(e) (29 U.S.C. 2864(e)) is amended—

(A) by striking the matter preceding paragraph (2) and inserting the following:

"(e) PERMISSIBLE LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.—

"(1) IN GENERAL.—

"(A) 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 the one-stop delivery system involved—

"(i) customized screening and referral of qualified participants in training services described in subsection (d)(4) to employment;

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

"(iii) customer support to enable members of hard-to-serve populations, including individuals with disabilities, to navigate among multiple services and activities for such populations;

"(iv) technical assistance and capacity building for serving individuals with disabilities in local areas, for one-stop opera-

tors, one-stop partners, and eligible providers, including the development and training of staff, the provision of outreach, intake, assessments, and service delivery, and the development of performance measures;

"(v) employment and training assistance provided in coordination with child support enforcement activities of the State and local agencies carrying out part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.);

"(vi) activities to improve coordination between employment and training assistance, child support services, and assistance provided by State and local agencies carrying out part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.);

"(vii) activities to improve coordination between employment and training assistance and cooperative extension programs carried out by the Department of Agriculture;

"(viii) activities to facilitate remote access to services provided through a one-

stop delivery system, including facilitating access through the use of technology;

"(ix) activities—

"(I) to improve coordination between workforce investment activities carried out within the local area involved and economic development activities, and to promote entrepreneurial skills training and microenterprise services; and

"(II) to improve services and linkages between the local workforce investment system including the local one-stop delivery system, and all employers, including small employers in the local area, through services described in this section, including subparagraph (B);

"(x) training programs for displaced homemakers and for individuals training for nontraditional occupations, in conjunction with programs operated in the local area;

"(xi) using a portion of the funds allocated under section 133(b), activities to

carry out business services and strategies that meet the workforce investment needs of local area employers, as determined by the local board, consistent with the local plan under section 118, which services—

"(I) may be provided through effective business intermediaries working in conjunction with the local board, and may also be provided on a fee-for-service basis or through the leveraging of economic development and other resources as determined appropriate by the local board; and

"(II) may include—

"(aa) identifying and disseminating to business, educators, and job seekers, information related to the workforce, economic and community development needs, and opportunities of the local economy;

"(bb) development and delivery of innovative workforce investment services and strategies for area businesses, which may in-

clude sectoral, industry cluster, regional skills alliances, career ladder, skills upgrading, skill standard development and certification, apprenticeship, and other effective initiatives for meeting the workforce investment needs of area employers and workers;

"(cc) participation in seminars and classes offered in partnership with relevant organizations focusing on the workforce-related needs of area employers and job seekers;

"(dd) training consulting, needs analysis, and brokering services for area businesses, including the organization and aggregation of training (which may be paid for with funds other than those provided under this title), for individual employers and coalitions of employers with similar interests, products, or workforce needs;

"(ee) assistance to area employers in the aversion of layoffs and in managing reductions in force in coordination with rapid response activities;

"(ff) the marketing of business services offered under this title, to appropriate area employers, including small and mid-sized employers;

"(gg) information referral on concerns affecting local employers; and

"(hh) other business services and strategies designed to better engage employers in workforce investment activities and to make the workforce investment system more relevant to the workforce investment needs of area businesses, as determined by the local board to be consistent with the objectives of this title;

"(xii) activities to adjust the self-sufficiency standards for local factors, or activi-

ties to adopt, calculate, or commission a self-sufficiency standard that specifies the income needs of families, by family size, the number and ages of children in the family, and sub-State geographical considerations; and

"(xiii) improved coordination between employment and training assistance and programs carried out in the local area for individuals with disabilities, including programs carried out by State agencies relating to mental retardation and developmental disabilities, Statewide Independent Living Councils established under section 705 of the Rehabilitation Act of 1973 (29 U.S.C. 796d), and centers for independent living defined in section 702 of the Rehabilitation Act of 1973 (29 U.S.C. 796a).

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

"(i) 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), may be used to provide, through the one-stop delivery system involved, work support activities designed to assist low-wage workers in retaining and enhancing employment. The one-stop partners shall coordinate the appropriate programs and resources of the partners with the activities and resources provided under this subparagraph.

"(ii) ACTIVITIES.—The activities described in clause (i) may include the provision of activities described in this section through the one-stop delivery system in a manner that enhances the opportunities of such workers to participate in the activities, such as the provision of activities described in this section during nontraditional hours and the provision of onsite child care while such activities are being provided.";

(B) in paragraph (2), by striking the matter preceding subparagraph (A) and inserting the following:

"(2) SUPPORTIVE SERVICES.—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 supportive services to adults and dislocated workers, respectively—"; and

(C) by adding at the end the following:

"(4) INCUMBENT WORKER TRAINING PROGRAMS.—

"(A) IN GENERAL.—The local board may use up to 10 percent of the funds allocated to the local area involved under section 133(b) to pay for the Federal share of the cost of providing training through an incumbent worker training program carried out in accordance with this paragraph. The Governor or State board may make recommendations to the local board regarding incumbent worker training with statewide impact.

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

"(C) EMPLOYER SHARE REQUIRED.—

"(i) IN GENERAL.—Employers participating in the program carried out under this paragraph shall be required to pay the non-Federal share of the costs of providing the training to incumbent workers of the employers. The local board shall establish the non-Federal share of such costs, which may include in-kind contributions. The non-Federal share 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 EMPLOYER SHARE.—The non-Federal share paid by such an employer may include the amount of the wages paid by the employer to a worker while the worker is attending a training program under this paragraph.".

SEC. 122. PERFORMANCE ACCOUNTABILITY SYSTEM.

(a) STATE PERFORMANCE MEASURES.—

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

(A) in clause (i)—

(i) in the matter preceding subclause (I), by striking "and (for participants who are eligible youth age 19 through 21) for youth activities authorized under section 129";

(ii) by striking subclause (III) and inserting the following:

"(III) increases in earnings from unsubsidized employment; and"; and

(iii) in subclause (IV), by striking ", or by participants" and all that follows through "unsubsidized employment"; and

(B) by striking clause (ii) and inserting the following:

"(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) school retention, and attainment of secondary school diplomas or their recognized equivalents and of postsecondary certificates; and

"(III) literacy or numeracy gains.".

(2) ADDITIONAL INDICATORS.—Section 136(b)(2)(C) (29 U.S.C. 2871(b)(2)(C)) is amended to read as follows:

"(C) ADDITIONAL INDICATORS.—A State may identify in the State plan additional indicators for workforce investment activities under this subtitle, including indicators identified in collaboration with State business and industry associations, with employee representatives where applicable, and with local boards, to measure the performance of the workforce investment system in serving the workforce needs of business and industry in the State.".

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

(A) in clause (iii)—

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

(ii) by striking "and the customer satisfaction indicator of performance, for the first 3" and inserting "described in clauses (i) and (ii) of paragraph (2)(A) and the customer satisfaction indicator of performance, for the first 2"; and

(iii) by inserting at the end the following: "Agreements on levels of performance for each of the core indicators of performance for the third and fourth program years covered by the State plan shall be reached prior to the beginning of the third program year covered by the State plan, and incorporated as a modification to the State plan.";

(B) in clause (iv)—

(i) in the matter preceding subclause (I), by striking "or (v)";

(ii) in subclause (II)—

(I) by striking "taking into account" and inserting "and shall ensure that the levels involved are adjusted, using objective statistical methods, based on";

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

(III) by inserting "(such as indicators of poor work history, lack of work experience, lack of educational or occupational skills attainment, dislocation from high-wage and benefit employment, low levels of literacy or English proficiency, disability status, homelessness, ex-offender status, and welfare dependency)" after "program"; and

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

(iii) in subclause (III), by striking the period and inserting "; and"; and

(iv) by adding at the end the following:

"(IV) the extent to which the levels involved will assist the State in meeting the national goals described in clause (v).";

(C) by striking clause (v) and inserting the following:

"(v) ESTABLISHMENT OF NATIONAL GOALS.—In order to promote enhanced performance outcomes on the performance measures and to facilitate the process of reaching agreements with the States under clause (iii) and to measure systemwide performance for the one-stop delivery systems of the States, the Secretary shall establish long-term national goals for the adjusted levels of performance for that systemwide performance to be achieved by the programs assisted under chapters 4 and 5 on the core indicators of performance described in subparagraphs (A) and (B) of subsection (b)(2). Such goals shall be established in accordance with the Government Performance and Results Act of 1993 in consultation with the States and other appropriate parties."; and

(D) in clause (vi)—

(i) by striking "or (v)"; and

(ii) by striking "with the representatives described in subsection (i)" and inserting "with the States and other interested parties".

(b) LOCAL PERFORMANCE MEASURES.—Section 136(c)(3) (29 U.S.C. 2871(c)(3)) is amended—

(1) by striking "shall take into account" and inserting "shall ensure that the levels involved are adjusted, using objective statistical methods, based on";

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

(3) by inserting "(characteristics such as indicators of poor work history, lack of work experience, lack of educational and occupational skills attainment, dislocation from high-wage and benefit employment, low levels of literacy or English proficiency, disability status, homelessness, ex-offender status, and welfare dependency)" after "demographic".

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

(1) in paragraph (1), by adding at the end the following: "In the case of a State or local area that chooses to expend funds for activities under subsection (a)(3)(A)(i) or (e)(1)(A)(xi), respectively, of section 134, the report also shall include the amount of such funds so expended and the percentage that such funds are of the funds available for activities under section 134.";

(2) in paragraph (2)—

(A) in subparagraph (E)—

(i) by striking "(excluding participants who received only self-service and informational activities)"; and

(ii) by striking "and" after the semicolon;

(B) in subparagraph (F)—

(i) by inserting "noncustodial parents with child support obligations, homeless individuals," after "displaced homemakers,"; and

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

(C) by adding at the end the following:

"(G) the number of participants who have received services, other than followup services, authorized under this title;

"(H) the number of participants who have received services, other than followup services, authorized under this title, in the form of core services described in section 134(d)(2), intensive services described in section 134(d)(3), and training services described in section 134(d)(4), respectively;

"(I) the number of participants who have received followup services authorized under this title;

"(J) the cost per participant for services authorized under this title; and

"(K) the amount of adult and dislocated worker funds spent on—

"(i) core, intensive, and training services, respectively; and

"(ii) services provided under subsection (a)(3)(A)(i) or (e)(1)(A)(xi) of section 134, if applicable."; 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 that the information contained in the reports is valid and reliable.".

(d) EVALUATION OF STATE PROGRAMS.—Section 136(e)(3) (29 U.S.C. 2871(e)(3)) is amended by inserting ", including information on promoting self-sufficiency and comparable pay between men and women" after "employers".

(e) SANCTIONS FOR STATE.—Section 136(g)(1)(B) (29 U.S.C. 2871(g)(1)(B)) is amended by striking "If such fail-

ure continues for a second consecutive year" and inserting "If a State performs at less than 80 percent of the adjusted level of performance for core indicators of performance described in subsection (b)(2)(A) for 2 consecutive years".

(f) SANCTIONS FOR LOCAL AREA.—Section 136(h)(2)(A) (29 U.S.C. 2871(h)(2)(A)) is amended—

(1) in the matter preceding clause (i), by striking "If such failure continues for a second consecutive year" and inserting "If a local area performs at less than 80 percent of the adjusted level of performance for core indicators of performance described in subsection (b)(2)(A) for 2 consecutive years";

(2) in clause (ii), by striking "or" after the semicolon;

(3) by redesignating clause (iii) as clause (iv); and

(4) by inserting after clause (ii) the following:

"(iii) redesignate the local area in accordance with section 116(b)(2); or".

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

"(i) INCENTIVE GRANTS FOR LOCAL AREAS.—

"(1) IN GENERAL.—From funds reserved under sections 128(a) and 133(a)(1), the Governor involved

shall award incentive grants to local areas for performance described in paragraph (2).

"(2) BASIS.—The Governor shall award the grants on the basis that the local areas—

"(A) have exceeded the performance measures established under subsection (c)(2) relating to indicators described in subsection (b)(3)(A)(iii); or

"(B) have—

"(i) met the performance measures established under subsection (c)(2) relating to indicators described in subsection (b)(3)(A)(iii); and

"(ii) demonstrated—

"(I) exemplary coordination of one-stop partner programs described in section 121 with statewide economic development or business needs;

"(II) exemplary performance in the one-stop partner programs in the State in serving hard-to-serve populations; or

"(III) effective—

"(aa) coordination of multiple systems for the one-stop

partner programs into a comprehensive workforce investment system, including coordination of employment services under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) and core services under section 134(d)(2);

"(bb) expansion of access to training through the one-stop partner programs, including expansion of access through increased leveraging of resources other than those provided through programs under this title;

"(cc) implementation of coordination activities relating to the one-stop partner programs, through agreements with relevant regional or local agencies and offices, including those responsible for programs under the Adult Education and Family Literacy Act (20 U.S.C. 9201 et seq.) and the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.);

"(dd) regional coordination relating to the one-stop partner programs, with other local boards or local areas;

"(ee) alignment of management information systems to integrate participant information across the one-stop partner programs; or

"(ff) integration of performance information systems and common measures for accountability across the one-stop partner programs.

"(3) USE OF FUNDS.—The funds awarded to a local area under this subsection may be used to carry out activities authorized for local areas in programs carried out under this title, the Adult Education and Family Literacy Act, and the Rehabilitation Act of 1973 (referred to in this subsection as 'workforce and education programs'), and such innovative projects or programs that increase coordination and enhance service to participants in such programs, particularly hard-to-serve populations, as may be approved by the Governor, including—

"(A) activities that support business needs, especially for incumbent workers and enhancing opportunities for retention and advancement;

"(B) activities that support linkages between the workforce and education programs, and secondary, postsecondary, or career and technical education programs, including activities under the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2301 et seq.), the Adult Education and Family Literacy Act (20 U.S.C. 9201 et seq.), and the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.);

"(C) activities that support regional economic development plans that support high-wage, high-skill, or high-demand occupations leading to self-sufficiency;

"(D) activities that coordinate the workforce and education programs with other Federal and State programs related to the workforce and education programs;

"(E) activities that support the development of an integrated performance information system that includes common measures for one-stop partner programs described in section 121;

"(F) activities that align management information systems with integrated performance information across the one-stop partner programs;

"(G) activities that support activities to improve performance in workforce and education programs and program coordination of workforce and education programs; or

"(H) activities that leverage additional training resources, other than those provided through workforce and education programs, for adults and youth.

"(4) TECHNICAL ASSISTANCE.—The Governor shall reserve 4 percent of the funds available for grants under this subsection to provide technical assistance to local areas—

"(A) to replicate best practices for workforce and education programs;

"(B) to develop integrated performance information systems for the one-stop partner programs;

"(C) to strengthen coordination between workforce and education programs, and other education programs; or

"(D) to strengthen regional economic development.".

(h) USE OF CORE MEASURES IN OTHER DEPARTMENT OF LABOR PROGRAMS.—Section 136 (29 U.S.C. 2871) is amended by adding at the end the following:

"(j) USE OF CORE INDICATORS FOR OTHER PROGRAMS.—In addition to the programs carried out under chapters 4 and 5, and consistent with the requirements of the applicable authorizing laws, the Secretary shall use the indicators of performance described in subparagraphs (A) and (B) of subsection (b)(2) to assess the effectiveness of the programs described in clauses (i), (ii), and (vi) of section 121(b)(1)(B) that are carried out by the Secretary.".

(i) PREVIOUS DEFINITIONS OF CORE INDICATORS.—Section 502 (29 U.S.C. 9272) is repealed.

SEC. 123. 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 "such sums as may be necessary for each of fiscal years 2006 through 2011".

(b) ADULT EMPLOYMENT AND TRAINING ACTIVITIES.—Section 137(b) (29 U.S.C. 2872(b)) is amended by striking "such sums as may be necessary for each of fiscal

years 1999 through 2003" and inserting "such sums as may be necessary for each of fiscal years 2006 through 2011".

(c) DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES.—Section 137(c) (29 U.S.C. 2872(c)) is amended by striking "such sums as may be necessary for each of fiscal years 1999 through 2003" and inserting "such sums as may be necessary for each of fiscal years 2006 through 2011".

Subtitle C—Job Corps

SEC. 131. JOB CORPS.

(a) ELIGIBILITY.—Section 144(3) (29 U.S.C. 2884(3)) is amended by adding at the end the following:

"(F) A child eligible for assistance under section 477 of the Social Security Act (42 U.S.C. 677).".

(b) IMPLEMENTATION OF STANDARDS AND PROCEDURES.—Section 145(a)(3) (29 U.S.C. 2885(a)(3)) is amended—

(1) in subparagraph (B), by striking "and" after the semicolon;

(2) in subparagraph (C), by striking the period and inserting "; and"; and

(3) by adding at the end the following:

"(D) child welfare agencies that are responsible for children in foster care and children eli-

gible for assistance under section 477 of the Social Security Act (42 U.S.C. 677).".

(c) 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 at the end the following:

"(3) EMPLOYERS OUTSIDE OF LOCAL AREA.—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.

"(4) SPECIAL RULE FOR SINGLE LOCAL AREA STATES.—In the case of a single local area State designated under section 116(b), the industry council shall include a representative of the State Board.".

(d) INDICATORS OF PERFORMANCE.—Section 159 (29 U.S.C. 2899) is amended—

(1) in subsection (c)—

(A) by striking paragraph (1) and inserting the following:

"(1) PERFORMANCE 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 of performance

for youth activities identified in section 136(b)(2)(A)(ii).";

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

(C) in paragraph (3)—

(i) in the first sentence, by striking "core performance measures, as compared to the expected performance level for each performance measure" and inserting "performance indicators described in paragraph (1), as compared to the expected level of performance established under paragraph (1) for each performance measure"; and

(ii) in the second sentence, by striking "measures" each place it appears and inserting "indicators"; and

(2) in subsection (f)(2), in the first sentence, by striking "core performance measures" and inserting "indicators of performance".

(e) AUTHORIZATION OF APPROPRIATIONS.—Section 161 (29 U.S.C. 2901) is amended by striking "1999 through 2003" and inserting "2006 through 2011".

Subtitle D—National Programs

SEC. 141. NATIVE AMERICAN PROGRAMS.

(a) 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, including the selection of the individual appointed as head of the unit established under paragraph (1).".

(b) ASSISTANCE TO UNIQUE POPULATIONS IN ALASKA AND HAWAII.—Section 166(j) (29 U.S.C. 2911(j)) is amended to read as follows:

"(j) ASSISTANCE TO UNIQUE POPULATIONS IN ALASKA AND HAWAII.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, the Secretary is authorized to provide assistance to the Cook Inlet Tribal Council, Incorporated, and the University of Hawaii at Maui, for the unique populations who reside in Alaska or Hawaii, to improve job training and workforce investment activities.

"(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out

this subsection such sums as may be necessary for each of fiscal years 2006 through 2011.".

(c) PERFORMANCE INDICATORS.—Section 166 (29 U.S.C. 2911) is amended by adding at the end the following:

"(k) PERFORMANCE INDICATORS.—

"(1) DEVELOPMENT OF INDICATORS.—The Secretary, in consultation with the Native American Employment and Training Council, shall develop a set of performance indicators and standards which shall be applicable to programs under this section.

"(2) SPECIAL CONSIDERATIONS.—Such performance indicators and standards shall take into account—

"(A) the purpose of this section as described in subsection (a)(1);

"(B) the needs of the groups served by this section, including the differences in needs among such groups in various geographic service areas; and

"(C) the economic circumstances of the communities served, including differences in circumstances among various geographic service areas.".

SEC. 142. MIGRANT AND SEASONAL FARMWORKER PROGRAMS.

Section 167 (29 U.S.C. 2912) is amended—

(1) in subsection (a), by striking "2" and inserting "2 to 4";

(2) in subsection (b), by inserting "and deliver" after "administer";

(3) in subsection (c)—

(A) in paragraph (1), by striking "2-year" and inserting "4-year";

(B) in paragraph (2)—

(i) in subparagraph (A)—

(I) by inserting "describe the population to be served and" before "identify"; and

(II) by inserting ", including upgraded employment in agriculture" before the semicolon;

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

(iii) in subparagraph (C), by striking the period and inserting a semicolon; and

(iv) by adding at the end the following:

"(D) describe the availability and accessibility of local resources such as supportive services, services provided through one-stop delivery

systems, and education and training services, and how the resources can be made available to the population to be served; and

"(E) describe the plan for providing services under this section, including strategies and systems for outreach, case management, assessment, and delivery through one-stop delivery systems.";

and

(C) by striking paragraph (4) and inserting the following:

"(4) COMPETITION.—The competition for grants made and contracts entered into under this section shall be conducted every 2 to 4 years.";

(4) in subsection (d), by striking "include" and all that follows and inserting "include outreach, employment, training, educational assistance, literary assistance, English language and literacy instruction, pesticide and worker safety training, housing (including permanent housing), supportive services, school dropout prevention activities, followup services for those individuals placed in employment, self-employment and related business or micro-enterprise development or education as needed by eligible individuals and as identified pursuant to the plan required by subsection (c), customized career and technical edu-

cation in occupations that will lead to higher wages, enhanced benefits, and long-term employment in agriculture or another area, and technical assistance to improve coordination of services and implement best practices relating to service delivery through one-stop delivery systems.";

(5) in subsection (f), by striking "take into account the economic circumstances and demographics of eligible migrant and seasonal farmworkers." and inserting "are adjusted based on the economic and demographic barriers to employment of eligible migrant and seasonal farmworkers.";

(6) in subsection (g), by striking "(enacted by the Single Audit Act of 1984)";

(7) in subsection (h)—

(A) by striking paragraph (1) and inserting the following:

"(1) DEPENDENT.—The term 'dependent', used with respect to an eligible migrant or seasonal farmworker, means an individual who—

"(A) was claimed as a dependent on the farmworker's Federal income tax return for the previous year;

"(B) is the spouse of the farmworker; or

"(C) is able to establish—

"(i) a relationship as the farmworker's—

"(I) biological or legally adopted child, grandchild, or great-grandchild;

"(II) foster child;

"(III) stepchild;

"(IV) brother, sister, half-brother, half-sister, stepbrother, or stepsister;

"(V) parent, grandparent, or other direct ancestor (but not foster parent);

"(VI) stepfather or stepmother;

"(VII) uncle or aunt;

"(VIII) niece or nephew; or

"(IX) father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law; and

"(ii) the receipt of over half of the individual's total support from the farmworker's family during the eligibility determination period for the farmworker."; and

(B) in paragraph (4)(A)—

(i) by striking "disadvantaged person" and inserting "low-income individual"; and

(ii) by inserting "and who faces multiple barriers to self-sufficiency" before the semicolon;

(8) by redesignating subsection (h) as subsection (i); and

(9) by inserting before subsection (i) the following:

"(h) FUNDING ALLOCATION.—From the funds appropriated and made available to carry out this section, the Secretary shall reserve not more than 1 percent for discretionary purposes, such as providing technical assistance to eligible entities."

SEC. 143. VETERANS' WORKFORCE INVESTMENT PROGRAMS.

Section 168(a)(3) (29 U.S.C. 2913(a)(3)) is amended—

(1) in subparagraph (A), by inserting ", including services provided by one-stop operators and one-stop partners" before the semicolon; and

(2) in subparagraph (C), by striking "section 134(c)" and inserting "section 121(e)".

SEC. 144. 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(b)(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 competitive 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 subsection to assist eligible youth in acquiring the skills, credentials, and employment experience necessary to achieve the performance outcomes for youth described in section 136.

"(2) ELIGIBLE ENTITY.—In this subsection, the term 'eligible entity' means—

"(A) a State or consortium of States;

"(B) a local board or consortium of local boards;

"(C) a recipient of a grant under section 166 (relating to Native American programs); or

"(D) a public or private entity (including a consortium of such entities) with expertise in the provision of youth activities, applying in partnership with a local board or consortium of local boards.

"(3) 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, and how the eligible entity will collaborate with State and local workforce investment systems established under this title in the provision of such activities;

"(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 State, local, and private resources that will be leveraged to provide the activities described under subparagraph

(A) in addition to funds provided under this subsection, and a description of the extent of the involvement of employers in the activities;

"(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); and

"(E) an assurance that the State board of each State in which the proposed activities are to be carried out had the opportunity to review the application, and including the comments, if any, of the affected State boards on the application, except that this subparagraph shall not apply to an eligible entity described in paragraph (2)(C).

"(4) FACTORS FOR AWARD.—

"(A) IN GENERAL.—In awarding grants under this subsection the Secretary shall consider—

"(i) the quality of the proposed activities;

"(ii) the goals to be achieved;

"(iii) the likelihood of successful implementation;

"(iv) the extent to which the proposed activities are based on proven strategies or the extent to which the proposed activities will expand the base of knowledge relating to the provision of activities for eligible youth;

"(v) the extent of collaboration with the State and local workforce investment systems in carrying out the proposed activities;

"(vi) the extent of employer involvement in the proposed activities;

"(vii) whether there are other Federal and non-Federal funds available for similar activities to the proposed activities, and the additional State, local, and private resources that will be provided to carry out the proposed activities;

"(viii) the quality of the proposed activities in meeting the needs of the eligible youth to be served; and

"(ix) the extent to which the proposed activities will expand on services provided under section 127.

"(B) EQUITABLE GEOGRAPHIC DISTRIBUTION.—In awarding grants under this subsection

the Secretary shall ensure an equitable distribution of such grants across geographically diverse areas.

"(5) USE OF FUNDS.—

"(A) IN GENERAL.—An eligible entity that receives a grant under this subsection shall use the grant funds to carry out activities that are designed to assist eligible 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.

"(B) ACTIVITIES.—The activities carried out pursuant to subparagraph (A) may include the following:

"(i) Training and internships for out-of-school youth in sectors of the economy experiencing, or projected to experience, high growth.

"(ii) Dropout prevention activities for in-school youth.

"(iii) Activities designed to assist special youth populations, such as court-involved youth and youth with disabilities.

"(iv) Activities combining remediation of academic skills, work readiness training,

and work experience, and including linkages to postsecondary education, apprenticeships, and career-ladder employment.

"(v) Activities, including work experience, paid internships, and entrepreneurial training, in areas where there is a migration of youth out of the areas.

"(C) PARTICIPANT ELIGIBILITY.—Youth who are 14 years of age through 21 years of age, as of the time the eligibility determination is made, may be eligible to participate in activities carried out under this subsection.

"(6) GRANT PERIOD.—The Secretary shall make a grant under this subsection for a period of 2 years and may renew the grant, if the eligible entity has performed successfully, for a period of not more than 3 succeeding years.

"(7) MATCHING FUNDS REQUIRED.—The Secretary shall require that an eligible entity that receives a grant under this subsection provide non-Federal matching funds in an amount to be determined by the Secretary that is not less than 10 percent of the cost of activities carried out under the grant. The Secretary may require that such non-Federal matching funds be provided in cash resources, noncash re-

sources, or a combination of cash and noncash resources.

"(8) EVALUATION.—The Secretary shall reserve not more than 3 percent of the funds described in subsection (a)(1) to provide technical assistance to, and conduct evaluations of (using appropriate techniques as described in section 172(c)), the projects funded under this subsection.

"(c) COMPETITIVE FIRST JOBS FOR YOUTH.—

"(1) ELIGIBLE ENTITY.—In this subsection, the term 'eligible entity' means a consortium that—

"(A) shall include—

"(i)(I) a State board; or

"(II) a local board; and

"(ii) a consortium of businesses, including small businesses;

"(B) may include 1 or more—

"(i) local educational agencies;

"(ii) institutions of higher education;

"(iii) business intermediaries;

"(iv) community-based organizations; or

"(v) entities carrying out programs under the Act of August 16, 1937 (commonly known as the 'National Apprentice-

ship Act'; 50 Stat. 664, chapter 663; 29 U.S.C. 50 et seq.); and

"(C) submits an application under paragraph (3).

"(2) AUTHORIZATION.—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, entering, and retaining employment.

"(3) APPLICATIONS.—To be eligible to receive a grant under this subsection, an 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 area to be served, including information demonstrating that the area has—

"(i) high unemployment among individuals ages 16 through 21;

"(ii) high unemployment among youth who are individuals with disabilities; or

"(iii) high job loss;

"(B) a description of the proposed program, including activities, compensation, and expected outcomes;

"(C) an assurance that the participating employers in the proposed program are located in the area to be served, and a demonstration of the commitment of the participating employers to hire individuals who—

"(i) have successfully completed the program; or

"(ii) continue to work in the program;

"(D) demographic information about the targeted populations to be served by the proposed program, including information on gender, age, and race;

"(E) a description of how the proposed program will address the barriers to employment of the targeted populations;

"(F) a description of the manner in which the eligible entity will evaluate the program; and

"(G) a description of the ability of the eligible entity to carry out and expand the program after the expiration of the grant period.

"(4) EQUITABLE DISTRIBUTION TO RURAL AREAS.—In awarding grants under this subsection, the Secretary shall ensure an equitable distribution of such grants to rural areas.

"(5) USE OF FUNDS.—

"(A) IN GENERAL.—An eligible entity that receives a grant under this subsection shall use the grant funds to carry out—

"(i) activities that will assist youth in preparing for, entering, and retaining employment, including the activities described in section 129 for out-of-school youth (as defined in section 129(a));

"(ii) activities designed to strengthen academic skills that would assist—

"(I) in-school youth (as so defined) to be successful in secondary school and continue such participants' education; and

"(II) out-of-school youth (as so defined) to earn a high school diploma or its recognized equivalent, or prepare for postsecondary programs;

"(iii) activities designed to assist youth in economically distressed areas;

"(iv) subsidized employment for not more than 9 months that provides direct experience in a sector that has opportunities for full-time employment;

"(v) career and academic advisement, activities to promote financial literacy and the attainment of entrepreneurial skills, and provision of labor market information on high-skill, high-wage, and nontraditional occupations; and

"(vi) such other activities as the Secretary determines are appropriate to ensure that youth entering the workforce have the skills needed by employers.

"(B) PARTICIPANT ELIGIBILITY.—An individual who is not younger than 16 years of age and not older than 21 years of age, as of the time the eligibility determination is made, who faces barriers to employment, including an individual who is an individual with a disability, may be eligible to participate in activities under this subsection.

"(6) SPECIAL RULE.—An eligible entity that receives a grant under this subsection shall coordinate activities with the designated State agency (as defined in section 7 of the Rehabilitation Act of 1973 (29 U.S.C. 705)) and other appropriate State agencies in the State to be served.

"(7) MATCHING FUNDS REQUIRED.—The Secretary shall require that an eligible entity that receives a grant under this subsection provide non-Federal matching funds in an amount to be determined by the Secretary that is not less than 10 percent of the cost of activities carried out with assistance provided under the grant. The Secretary may require that such non-Federal matching funds be provided in cash resources, noncash resources, or a combination of cash and noncash resources.

"(8) EVALUATIONS.—The Secretary may require that an eligible entity that receives a grant under this subsection participate in an evaluation of activities carried out under this subsection, including an evaluation using the techniques described in section 172(c).".

SEC. 145. TECHNICAL ASSISTANCE.

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

(1) in subsection (a)(1), by—

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

(B) striking "from carrying out activities" and all that follows through the period and inserting "to implement the amendments made by the Workforce Investment Act Amendments of 2005.";

(2) in subsection (a)(2), by adding at the end the following: "The Secretary shall also hire staff qualified to provide the assistance described in paragraph (1).";

(3) in subsection (b)(2), by striking the last sentence and inserting "Such projects shall be administered by the Employment and Training Administration."; and

(4) by adding at the end the following:

"(c) BEST PRACTICES COORDINATION.—The Secretary shall—

"(1) establish a system through which States may share information regarding best practices with regard to the operation of workforce investment activities under this Act;

"(2) evaluate and disseminate information regarding best practices and identify knowledge gaps; and

"(3) commission research under section 171(c) to address knowledge gaps identified under paragraph (2).".

SEC. 146. 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 redesignating subparagraphs (F) through (H) as subparagraphs (G) through (I), respectively;

(C) by striking subparagraphs (A) through (E) and inserting the following:

"(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 for career ladder jobs 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 maximum effectiveness 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 and jobs with wages leading to self-sufficiency;

"(D) projects that focus on collaborations among local boards, institutions of higher education, medical facilities, and other community stakeholders, to promote opportunities for dislocated workers to receive training and related services for employment in the high-demand health care sector;

"(E) computerized, individualized, self-paced training projects targeted to dislocated, disadvantaged, or incumbent workers utilizing equipment and curriculum designed in partnership with industries for employment in the operations, repair, and maintenance of high-tech equipment that is used in integrated systems technology;

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

(D) in subparagraph (H) (as redesignated by subparagraph (B)), by striking "and" after the semicolon; and

(E) by striking subparagraph (I) (as redesignated by subparagraph (B)), and inserting the following:

"(I) projects that provide retention grants, which shall—

"(i) be made to qualified job training programs offering instruction, assessment, or professional coaching, upon placement of a low-income individual trained by the program involved in employment with an employer and retention of the low-income individual in that employment with that employer for a period of 1 year, if that employment provides the low-income individual with an annual salary—

"(I) that is at least $10,000 more than the individual's federally adjusted income for the previous year; and

"(II) that is not less than twice the poverty line applicable to the individual; and

"(ii) be made taking into account the economic benefit received by the Federal Government from the employment and retention of the individual, including the economic benefit from tax revenue and decreased public subsidies;

"(J) targeted innovation projects that improve access to and delivery of employment and training services, with emphasis given to projects that incorporate advanced technologies to facilitate the connection of individuals to the information and tools the individuals need to upgrade skills;

"(K) 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; and

"(L) projects that provide comprehensive education and training services, and support services, in coordination with local boards, for populations in targeted high poverty areas where the greatest barriers to employment exist, including ex-offenders, out-of-school youth, and public assistance recipient populations."; 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) STUDIES AND REPORTS.—

"(i) NET IMPACT STUDIES AND REPORTS.—

"(I) IN GENERAL.—The Secretary, in coordination with the Secretary of Education, shall conduct studies to determine the net impacts of, including best practices of, programs, services, and activities carried out under this title.

"(II) REPORTS.—The Secretary shall prepare and disseminate to the public reports containing the results of the studies conducted under subclause (I).

"(ii) STUDY ON RESOURCES AVAILABLE TO ASSIST OUT-OF-SCHOOL YOUTH.—The Secretary, in coordination with the Secretary of Education, may conduct a study

examining the resources available at the Federal, State, and local levels to assist out-of-school youth in obtaining the skills, credentials, and work experience necessary to become successfully employed, including the availability of funds provided through average daily attendance and other methodologies used by States and local areas to distribute funds.

"(iii) STUDY OF INDUSTRY-BASED CERTIFICATION AND CREDENTIALS.—

"(I) IN GENERAL.—The Secretary shall conduct a study concerning the role and benefits of credentialing and certification to businesses and workers in the economy and the implications of certification to the services provided through the workforce investment system. The study may examine issues such as—

"(aa) the characteristics of successful credentialing and certification systems that serve business and individual needs;

"(bb) the relative proportions of certificates and credentials attained with assistance from the public sector, with private-sector training of new hires or incumbent workers, and by individuals on their own initiative without other assistance, respectively;

"(cc) the return on human capital investments from occupational credentials and industry-based skill certifications, including the extent to which acquisition of such credentials or certificates enhances outcomes such as entry into employment, retention, earnings (including the number and amount of wage increases), career advancement, and layoff aversion;

"(dd) the implications of the effects of skill certifications and credentials to the types and delivery of services provided through the workforce investment system;

"(ee) the role that Federal and State governments play in fostering the development of and disseminating credentials and skill standards; and

"(ff) the use of credentials by businesses to achieve goals for workforce skill upgrading and greater operating efficiency.

"(II) REPORT TO CONGRESS.—The Secretary shall prepare and submit to Congress a report containing the results of the study conducted pursuant to subclause (I). Such report may include any recommendations that the Secretary determines are appropriate to include in such report relating to promoting the acquisition of industry-based certification and credentials, and the appropriate role of the Department of Labor and the workforce investment system in supporting the needs of business and individuals with respect to such certification and credentials.

"(iv) STUDY OF EFFECTIVENESS OF WORKFORCE INVESTMENT SYSTEM IN MEETING BUSINESS NEEDS.—

"(I) IN GENERAL.—Using funds available to carry out this section jointly with funds available to the Secretary of Commerce and Administrator of the Small Business Administration, the Secretary, in coordination with the Secretary of Commerce and the Administrator of the Small Business Administration, may conduct a study of the effectiveness of the workforce investment system in meeting the needs of business, with particular attention to the needs of small business, including in assisting workers to obtain the skills needed to utilize emerging technologies. In conducting the study, the Secretary, in coordination with the Secretary of Commerce and the Administrator of the Small Business Administration, may examine issues such as—

"(aa) methods for identifying the workforce needs of businesses

and how the requirements of small businesses may differ from larger establishments;

"(bb) business satisfaction with the workforce investment system, with particular emphasis on the satisfaction of small businesses;

"(cc) the extent to which business is engaged as a collaborative partner in the workforce investment system, including the extent of business involvement as members of State boards and local boards, and the extent to which such boards and one-stop centers effectively collaborate with business and industry leaders in developing workforce investment strategies, including strategies to identify high growth opportunities;

"(dd) ways in which the workforce investment system addresses changing skill needs of

business that result from changes in technology and work processes;

"(ee) promising practices for serving small businesses;

"(ff) the extent and manner in which the workforce investment system uses technology to serve business and individual needs, and how uses of technology could enhance efficiency and effectiveness in providing services; and

"(gg) the extent to which various segments of the labor force have access to and utilize technology to locate job openings and apply for jobs, and characteristics of individuals utilizing such technology (such as age, gender, race or ethnicity, industry sector, and occupational groups).

"(II) REPORT TO CONGRESS.—The Secretary shall prepare and submit to Congress a report containing the results of the study described in subclause (I). Such report may include

any recommendations the Secretary determines are appropriate to include in such report, including ways to enhance the effectiveness of the workforce investment system in meeting the needs of business for skilled workers.".

(c) ADMINISTRATION.—Section 171(d) (29 U.S.C. 2916(d)) is amended by striking the last sentence and inserting the following: "Such projects shall be administered by the Employment and Training Administration.".

(d) NEXT GENERATION TECHNOLOGIES.—Section 171 (29 U.S.C. 2916) is amended by adding at the end the following:

"(e) SKILL CERTIFICATION PILOT PROJECTS.—

"(1) PILOT PROJECTS.—In accordance with subsection (b) and from funds appropriated pursuant to paragraph (10), the Secretary shall establish and carry out not more than 10 pilot projects to establish a system of industry-validated national certifications of skills, including—

"(A) not more than 8 national certifications of skills in high-technology industries, including biotechnology, telecommunications, highly automated manufacturing (including semiconduc-

tors), nanotechnology, and energy technology; and

"(B) not more than 2 cross-disciplinary national certifications of skills in homeland security technology.

"(2) GRANTS TO ELIGIBLE ENTITIES.—In carrying out the pilot projects, the Secretary shall make grants to eligible entities, for periods of not less than 36 months and not more than 48 months, to carry out the authorized activities described in paragraph (7) with respect to the certifications described in paragraph (1). In awarding grants under this subsection the Secretary shall take into consideration awarding grants to eligible entities from diverse geographic areas, including rural areas.

"(3) ELIGIBLE ENTITIES.—

"(A) DEFINITION OF ELIGIBLE ENTITY.—In this subsection the term 'eligible entity' means an entity that shall work in conjunction with a local board and shall include as a principal participant 1 or more of the following:

"(i) An educational institution, including a 2- or 4-year college, or a technical or vocational school.

"(ii) An advanced technology education center.

"(iii) A local board.

"(iv) A representative of a business in a target industry for the certification involved.

"(v) A representative of an industry association, labor organization, or community development organization.

"(B) HISTORY OF DEMONSTRATED CAPABILITY REQUIRED.—To be eligible to receive a grant under this subsection, an eligible entity shall have a history of demonstrated capability for effective collaboration with industry on workforce investment activities that is consistent with the objectives of this title.

"(4) 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.

"(5) CRITERIA.—The Secretary shall establish criteria, consistent with paragraph (6), for awarding grants under this subsection.

"(6) PRIORITY.—In selecting eligible entities to receive grants under this subsection, the Secretary shall give priority to eligible entities that demonstrate the availability of and ability to provide matching funds from industry or nonprofit sources. Such matching funds may be provided in cash or in kind.

"(7) AUTHORIZED ACTIVITIES.—

"(A) IN GENERAL.—An eligible entity that receives a grant under this subsection shall use the funds made available through the grant—

"(i) to facilitate the establishment of certification requirements for a certification described in paragraph (1) for an industry;

"(ii) to develop and initiate a certification program that includes preparatory courses, course materials, procedures, and examinations, for the certification; and

"(iii) to collect and analyze data related to the program at the program's completion, and to identify best practices (consistent with paragraph (8)) that may be used by State and local workforce investment boards in the future.

"(B) BASIS FOR REQUIREMENTS.—The certification requirements established under the

grant shall be based on applicable skill standards for the industry involved that have been developed by or linked to national centers of excellence under the National Science Foundation's Advanced Technological Education Program. The requirements shall require an individual to demonstrate an identifiable set of competencies relevant to the industry in order to receive certification. The requirements shall be designed to provide evidence of a transferable skill set that allows flexibility and mobility of workers within a high technology industry.

"(C) RELATIONSHIP TO TRAINING AND EDUCATION PROGRAMS.—The eligible entity shall ensure that—

"(i) a training and education program related to competencies for the industry involved, that is flexible in mode and timeframe for delivery and that meets the needs of those seeking the certification, is offered; and

"(ii) the certification program is offered at the completion of the training and education program.

"(D) RELATIONSHIP TO THE ASSOCIATE DEGREE.—The eligible entity shall ensure that the certification program is consistent with the requirements for a 2-year associate degree.

"(E) AVAILABILITY.—The eligible entity shall ensure that the certification program is open to students pursuing associate degrees, employed workers, and displaced workers.

"(8) CONSULTATION.—The Secretary shall consult with the Director of the National Science Foundation to ensure that the pilot projects build on the expertise and information about best practices gained through the implementation of the National Science Foundation's Advanced Technological Education Program.

"(9) CORE COMPONENTS; GUIDELINES; REPORTS.—After collecting and analyzing the data obtained from the pilot programs, the Secretary shall—

"(A) establish the core components of a model high-technology certification program;

"(B) establish guidelines to assure development of a uniform set of standards and policies for such programs;

"(C) prepare and submit a report on the pilot projects to the Committee on Health, Edu-

cation, Labor, and Pensions of the Senate and the Committee on Education and the Workforce of the House of Representatives; and

"(D) make available to the public both the data and the report.

"(10) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts authorized to be appropriated under section 174(b), there is authorized to be appropriated $30,000,000 for fiscal year 2006 to carry out this subsection.".

(e) INTEGRATED WORKFORCE TRAINING PROGRAMS FOR ADULTS WITH LIMITED ENGLISH PROFICIENCY.—Section 171 (29 U.S.C. 2916), as amended by subsection (d), is further amended by adding at the end the following:

"(f) INTEGRATED WORKFORCE TRAINING PROGRAMS FOR ADULTS WITH LIMITED ENGLISH PROFICIENCY.—

"(1) DEFINITIONS.—In this subsection:

"(A) INTEGRATED WORKFORCE TRAINING.—The term 'integrated workforce training' means training that integrates occupational skills training with language acquisition.

"(B) SECRETARY.—The term 'Secretary' means the Secretary of Labor in consultation with the Secretary of Education.

"(2) DEMONSTRATION PROJECT.—In accordance with subsection (b) and from funds appropriated pursuant to paragraph (11), the Secretary shall establish and implement a national demonstration project designed to both analyze and provide data on workforce training programs that integrate English language acquisition and occupational training.

"(3) GRANTS.—

"(A) IN GENERAL.—In carrying out the demonstration project, the Secretary shall make not less than 10 grants, on a competitive basis, to eligible entities to provide the integrated workforce training programs. In awarding grants under this subsection the Secretary shall take into consideration awarding grants to eligible entities from diverse geographic areas, including rural areas.

"(B) PERIODS.—The Secretary shall make the grants for periods of not less than 24 months and not more than 48 months.

"(4) ELIGIBLE ENTITIES.—

"(A) IN GENERAL.—To be eligible to receive a grant under this subsection, an eligible entity shall work in conjunction with a local board and

shall include as a principal participant 1 or more of the following:

"(i) An employer or employer association.

"(ii) A nonprofit provider of English language instruction.

"(iii) A provider of occupational or skills training.

"(iv) A community-based organization.

"(v) An educational institution, including a 2- or 4-year college, or a technical or vocational school.

"(vi) A labor organization.

"(vii) A local board.

"(B) EXPERTISE.—To be eligible to receive a grant under this subsection, an eligible entity shall have proven expertise in—

"(i) serving individuals with limited English proficiency, including individuals with lower levels of oral and written English; and

"(ii) providing workforce programs with training and English language instruction.

"(5) APPLICATIONS.—

"(A) IN GENERAL.—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.

"(B) CONTENTS.—Each application submitted under subparagraph (A) shall—

"(i) contain information, including capability statements, that demonstrates that the eligible entity has the expertise described in paragraph (4)(B); and

"(ii) include an assurance that the program to be assisted shall—

"(I) establish a generalized adult bilingual workforce training and education model that integrates English language acquisition and occupational training, and incorporates the unique linguistic and cultural factors of the participants;

"(II) establish a framework by which the employer, employee, and other relevant members of the eligible entity can create a career development and training plan that assists both the

employer and the employee to meet their long-term needs;

"(III) ensure that the framework established under subclause (II) takes into consideration the knowledge, skills, and abilities of the employee with respect to both the current and economic conditions of the employer and future labor market conditions relevant to the local area; and

"(IV) establish identifiable measures so that the progress of the employee and employer and the relative efficacy of the program can be evaluated and best practices identified.

"(6) CRITERIA.—The Secretary shall establish criteria for awarding grants under this subsection.

"(7) INTEGRATED WORKFORCE TRAINING PROGRAMS.—

"(A) PROGRAM COMPONENTS.—

"(i) REQUIRED COMPONENTS.—Each program that receives funding under this subsection shall—

"(I) test an individual's English language proficiency levels to assess

oral and literacy gains from the beginning and throughout program enrollment;

"(II) combine training specific to a particular occupation or occupational cluster, with—

"(aa) English language instruction, such as instruction through an English as a Second Language program, or an English for Speakers of Other Languages program;

"(bb) basic skills instruction; and

"(cc) supportive services;

"(III) effectively integrate public and private sector entities, including the local workforce investment system and its functions, to achieve the goals of the program; and

"(IV) require matching or in-kind resources from private and nonprofit entities.

"(ii) PERMISSIBLE COMPONENTS.—The program may offer other services, as nec-

essary to promote successful participation and completion, including work-based learning, substance abuse treatment, and mental health services.

"(B) GOAL.—Each program that receives funding under this subsection shall be designed to prepare limited English proficient adults for, and place such adults in employment in, growing industries with identifiable career ladder paths.

"(C) PROGRAM TYPES.—In selecting programs to receive funding under this subsection, the Secretary shall select programs that meet 1 or more of the following criteria:

"(i) A program that—

"(I) serves unemployed, limited English proficient individuals with significant work experience or substantial education but persistently low wages; and

"(II) aims to prepare such individuals for, and place such individuals in, higher paying employment, defined for purposes of this subparagraph as employment that provides at least 75

percent of the median wage in the local area.

"(ii) A program that—

"(I) serves limited English proficient individuals with lower levels of oral and written fluency, who are working but at persistently low wages; and

"(II) aims to prepare such individuals for, and place such individuals in, higher paying employment, through services provided at the worksite, or at a location central to several work sites, during work hours.

"(iii) A program that—

"(I) serves unemployed, limited English proficient individuals with lower levels of oral and written fluency, who have little or no work experience; and

"(II) aims to prepare such individuals for, and place such individuals in, employment through services that include subsidized employment, in ad-

dition to the components required in subparagraph (A)(i).

"(iv) A program that includes funds from private and nonprofit entities.

"(D) PROGRAM APPROACHES.—In selecting programs to receive funding under this subsection, the Secretary shall select programs with different approaches to integrated workforce training, in different contexts, in order to obtain comparative data on multiple approaches to integrated workforce training and English language instruction, to ensure programs are tailored to characteristics of individuals with varying skill levels, and to assess how different curricula work for limited English proficient populations. Such approaches may include—

"(i) bilingual programs in which the workplace language component and the training are conducted in a combination of an individual's native language and English;

"(ii) integrated workforce training programs that combine basic skills, language instruction, and job specific skills training; or

"(iii) sequential programs that provide a progression of skills, language, and training to ensure success upon an individual's completion of the program.

"(8) EVALUATION BY ELIGIBLE ENTITY.—Each eligible entity that receives a grant under this subsection for a program shall carry out a continuous program evaluation and an evaluation specific to the last phase of the program operations.

"(9) EVALUATION BY SECRETARY.—

"(A) IN GENERAL.—The Secretary shall conduct an evaluation of program impacts of the programs funded under the demonstration project, with a random assignment, experimental design impact study done at each worksite at which such a program is carried out.

"(B) DATA COLLECTION AND ANALYSIS.—The Secretary shall collect and analyze the data from the demonstration project to determine program effectiveness, including gains in language proficiency, acquisition of skills, and job advancement for program participants.

"(C) REPORT.—The Secretary shall prepare and submit to the Committee on Health, Education, Labor, and Pensions of the Senate and

the Committee on Education and the Workforce of the House of Representatives, and make available to the public, a report on the demonstration project, including the results of the evaluation.

"(10) TECHNICAL ASSISTANCE.—The Secretary shall provide technical assistance to recipients of grants under this subsection throughout the grant periods.

"(11) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts authorized to be appropriated under section 174(b), there is authorized to be appropriated $10,000,000 for fiscal year 2006 to carry out this subsection.".

(f) COMMUNITY-BASED JOB TRAINING.—Section 171 (29 U.S.C. 2916), as amended by subsection (e), is further amended by adding at the end the following:

"(g) COMMUNITY-BASED JOB TRAINING.—

"(1) DEFINITIONS.—In this subsection:

"(A) COMMUNITY COLLEGE.—The term 'community college' means—

"(i) an institution of higher education, as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001), that provides a 2-year degree that is accept-

able for full credit toward a bachelor's degree; or

"(ii) a tribally controlled college or university, as defined in section 2 of the Tribally Controlled College or University Assistance Act of 1978 (25 U.S.C. 1801).

"(B) ELIGIBLE ENTITY.—The term 'eligible entity' means a community college, a consortium of community colleges, or a consortium composed of a community college and 1 or more institutions of higher education, that shall work with—

"(i) a local board;

"(ii) a business in the qualified industry or an industry association in the qualified industry, as identified in the application of the entity; and

"(iii) an economic development entity.

"(C) INSTITUTION OF HIGHER EDUCATION.—Except as otherwise provided in subparagraph (A)(i), the term 'institution of higher education' has the meaning given the term in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001) and the meaning given the term 'postsecondary vocational institution' in

section 102(a)(1)(B) of such Act (20 U.S.C. 1002(a)(1)(B)).

"(D) QUALIFIED INDUSTRY.—The term 'qualified industry' means an industry or economic sector that is projected to experience significant growth, such as an industry or economic sector that—

"(i) is projected to add substantial numbers of new jobs to the regional economy;

"(ii) has or is projected to have significant impact on the regional economy;

"(iii) impacts or is projected to impact the growth of other industries or economic sectors in the regional economy;

"(iv) is being transformed by technology and innovation requiring new knowledge or skill sets for workers;

"(v) is a new or emerging industry or economic sector that is projected to grow; or

"(vi) requires high skills and has significant labor shortages in the regional economy.

"(2) DEMONSTRATION PROJECT.—In addition to the demonstration projects authorized under sub-

section (b), the Secretary may establish and implement a national demonstration project designed—

"(A) to develop local innovative solutions to the workforce challenges facing high-growth, high-skill industries with labor shortages; and

"(B) to increase employment opportunities for workers in high-growth, high-demand occupations by establishing partnerships among education entities, the State workforce investment systems, and businesses in high-growth, high-skill industries or sectors.

"(3) GRANTS.—In carrying out the national demonstration project authorized under this subsection, the Secretary shall award grants, on a competitive basis, for 2, 3, or 4 years, in accordance with generally applicable Federal requirements, to eligible entities to enable the eligible entities to carry out activities authorized under this subsection.

"(4) 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 eligible entity that will offer training under the grant;

"(B) a justification of the need for discretionary funding under the grant, including the need for external funds to create a program to carry out the activities described in paragraph (6);

"(C) an economic analysis of the local labor market to identify—

"(i) high-growth, high-demand industries;

"(ii) the workforce issues faced by such industries; and

"(iii) potential participants in programs funded under this subsection;

"(D) a description of the qualified industry for which the training will occur, the availability of competencies on which the training will be based, and how the grant will help workers acquire the competencies and skills necessary for employment;

"(E) a description of the involvement of the local board and businesses, including small businesses, in the geographic area where the proposed grant will be implemented;

"(F) performance measures for the grant, including performance measures for the expected

number of individuals to be trained in a qualified industry, the employment and retention rates for such individuals in a qualified industry, and initial earnings and earnings increases for such individuals;

"(G) a description of how the activities funded by the grant will be coordinated with activities provided through the one-stop center in the local area; and

"(H) a description of the local or private resources that will—

"(i) support the activities carried out under this subsection; and

"(ii) enable the entity to carry out and expand such activities after the expiration of the grant.

"(5) FACTORS FOR AWARD OF GRANT.—

"(A) IN GENERAL.—In awarding grants under this subsection, the Secretary shall consider—

"(i) the extent of public and private collaboration, including existing partnerships among qualified industries, the eligible entity, and the public workforce investment system;

"(ii) the extent to which the grant will provide job seekers with high-quality training for employment in high-growth, high-demand occupations;

"(iii) the extent to which the grant will expand the eligible entity and local one-stop center's capacity to be demand-driven and responsive to local economic needs;

"(iv) the extent to which local businesses commit to hire, retain, or advance individuals who receive training through the grant; and

"(v) the extent to which the eligible entity commits to make any newly developed products, such as skill standards, assessments, or industry-recognized training curricula, available for dissemination nationally.

"(B) LEVERAGING OF RESOURCES.—In awarding grants under this subsection, the Secretary shall also consider—

"(i) the extent to which local or private resources will be made available to support the activities carried out under this subsection, taking into account the resources of

the eligible entity and the entity's partners; and

"(ii) the ability of an eligible entity to continue to carry out and expand such activities after the expiration of the grant.

"(C) DISTRIBUTION OF GRANTS.—In awarding grants under this subsection, the Secretary shall ensure an equitable distribution of such grants across diverse industries and geographic areas.

"(6) USE OF FUNDS.—An eligible entity that receives a grant under this subsection—

"(A) shall use the grant funds for—

"(i) the development by the community college that is a part of the eligible entity in collaboration with other partners identified in the application, and, if applicable, other representatives of qualified industries, of rigorous training and education programs leading to an industry-recognized credential or degree and employment in the qualified industry; and

"(ii) training of adults, incumbent workers, dislocated workers, or out-of-school youth in the skills and competencies needed

to obtain or upgrade employment in a qualified industry identified in the eligible entity's application; and

"(B) may use the grant funds for—

"(i) disseminating information on training available for high-growth, high-demand occupations in qualified industries through the one-stop delivery system to prospective participants, businesses, business intermediaries, and community-based organizations in the region, including training available through the grant;

"(ii) referring individuals trained under the grant for employment in qualified industries;

"(iii) enhancing integration of community colleges, training and education with businesses, and the one-stop system to meet the training needs of qualified industries for new and incumbent workers;

"(iv) providing training and relevant job skills to small business owners or operators to facilitate small business development in high-growth, high-skill industries; or

"(v) expanding or creating programs for distance, evening, weekend, modular, or compressed learning opportunities that provide training and relevant job skills for high-growth, high-demand occupations.

"(7) AUTHORITY TO REQUIRE NON-FEDERAL SHARE.—The Secretary may require that recipients of grants under this subsection provide a non-Federal share, from either cash or noncash resources, of the costs of activities carried out under a grant awarded under this subsection.

"(8) PERFORMANCE ACCOUNTABILITY AND EVALUATION.—

"(A) PERFORMANCE ACCOUNTABILITY.—The Secretary shall require an eligible entity that receives a grant under this subsection to submit an interim and final report to the Secretary on the impact on business partners and employment outcomes obtained by individuals receiving training under this subsection using the performance measures identified in the eligible entity's grant application.

"(B) EVALUATION.—The Secretary shall require that an eligible entity that receives a grant under this subsection participate in an evalua-

tion of activities carried out under this subsection, including an evaluation using the techniques described in section 172(c).".

SEC. 147. NATIONAL DISLOCATED WORKER GRANTS.

(a) IN GENERAL.—Section 173 (29 U.S.C. 2918) is amended—

(1) by striking the heading and inserting the following:

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

and

(2) in subsection (a)—

(A) by striking the matter preceding paragraph (1) and inserting the following:

"(a) IN GENERAL.—The Secretary is authorized to award national dislocated worker grants—";

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

(C) in paragraph (3), by striking "and" after the semicolon; and

(D) by striking paragraph (4) and inserting the following:

"(4) to a State or entity (as defined in subsection (b)(1)(B)) to carry out subsection (e), including providing assistance to eligible individuals;

"(5) to a State or entity (as defined in subsection (b)(1)(B)) to carry out subsection (f), including providing assistance to eligible individuals;

"(6) to provide additional assistance to a State board or local board where a higher than average demand for employment and training activities for dislocated members of the Armed Forces, or spouses, as described in section 101(11)(E), of members of the Armed Forces, described in subsection (b)(2)(A)(iv), exceeds State and local resources for providing such services, and where such programs are to be carried out in partnership with the Department of Defense and Department of Veterans Affairs transition assistance programs; and

"(7) to provide assistance to a State for statewide or local use in order to—

"(A) address cases in which there have been worker dislocations across multiple sectors, across multiple businesses within a sector, or across multiple local areas, and such workers remain dislocated;

"(B) meet emerging economic development needs; and

"(C) train eligible individuals who are dislocated workers described in subparagraph (A).

The Secretary shall issue a final decision on an application for a national dislocated worker grant under this subsection not later than 45 calendar days after receipt of the application. The Secretary shall issue a notice of obligation for such a grant not later than 10 days after the award of the grant.".

(b) ADMINISTRATION AND ADDITIONAL ASSISTANCE.—Section 173 (29 U.S.C. 2918) is amended—

(1) by striking subsection (b);

(2) by redesignating subsections (c) through (g) as subsections (b) through (f), respectively;

(3) in paragraph (2) of subsection (b) (as redesignated by paragraph (2))—

(A) in subparagraph (A), in the matter preceding clause (i), by striking "national emergency grant" and inserting "national dislocated worker grant"; and

(B) in subparagraph (C), by striking "national emergency grants" and inserting "national dislocated worker grants";

(4) by striking subsection (d) (as redesignated by paragraph (2)) and inserting the following:

"(d) 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 $20,000,000 to make grants to 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) the amount of the allotment that was made to the State for the program year 2003 under the formula specified in section 132(b)(1)(B) as such section was in effect on July 1, 2003, is greater than

"(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).

"(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 was made to the State for the program year 2003 under the formula specified in section 132(b)(1)(B) as such section was in effect on July 1, 2003; 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).";

(5) in subsection (e) (as redesignated by paragraph (2))—

(A) in paragraph (1), by striking "paragraph (4)(A)" and inserting "paragraph (4)";

(B) in paragraph (2), by striking "subsection (g)" and inserting "subsection (f)";

(C) in paragraph (3)(B), by striking "subsection (a)(4)(A)" and inserting "subsection (a)(4)";

(D) in paragraph (4), by striking "subsection (g)" and inserting "subsection (f)";

(E) in paragraph (5), by striking "subsection (g)" and inserting "subsection (f)"; and

(F) in paragraph (6)—

(i) by striking "subsection (g)" and inserting "subsection (f)"; and

(ii) by striking "subsection (c)(1)(B)" and inserting "subsection (b)(1)(B)"; and

(6) in subsection (f) (as redesignated by paragraph (2))—

(A) in paragraph (1)—

(i) by striking "paragraph (4)(B)" and inserting "paragraph (5)"; and

(ii) by striking "subsection (f)(1)(A)" and inserting "subsection (e)(1)(A)"; and

(B) in paragraph (4)(B), by striking "subsection (a)(4)(B)" and inserting "subsection (a)(5)".

SEC. 148. 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 "2006 through 2011".

(b) RESERVATIONS.—Section 174(b) (29 U.S.C. 2919(b)) is amended to read as follows:

"(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 fiscal years 2006 through 2011.

"(2) RESERVATION.—Of the amount appropriated pursuant to the authorization of appropriations under paragraph (1) for a fiscal year, the Secretary shall, for each of the fiscal years 2006 through

2011, reserve not less than 25 percent for carrying out section 503.".

(c) ASSISTANCE FOR ELIGIBLE WORKERS.—Section 174(c) (29 U.S.C. 2919(c)) is amended—

(1) in paragraphs (1)(A) and (2)(A), by striking "subsection (a)(4)(A)" and inserting "subsection (a)(4)"; and

(2) in paragraphs (1)(B) and (2)(B), by striking "subsection (a)(4)(B)" and inserting "subsection (a)(5)".

Subtitle E—Administration

SEC. 151. REQUIREMENTS AND RESTRICTIONS.

Section 181(e) (29 U.S.C. 2931(e)) is amended by striking "economic development activities,".

SEC. 152. REPORTS.

Section 185(c) (29 U.S.C. 2935(c)) is amended—

(1) in paragraph (2), by striking "and" after the semicolon;

(2) in paragraph (3), by striking the period and inserting "; and"; and

(3) by adding at the end the following:

"(4) shall have the option to submit or disseminate electronically any reports, records, plans, or any other data that are required to be collected or disseminated under this title.".

SEC. 153. ADMINISTRATIVE PROVISIONS.

(a) ANNUAL REPORT.—Section 189(d) (29 U.S.C. 2939(d)) is amended—

(1) in paragraph (3), by striking "and" after the semicolon;

(2) by redesignating paragraph (4) as paragraph (5); and

(3) by inserting after paragraph (3) the following:

"(4) the negotiated levels of performance of the States, the States' requests for adjustments of such levels, and the adjustments of such levels that are made; and".

(b) AVAILABILITY.—Section 189(g)(2) (29 U.S.C. 2939(g)(2)) is amended, in the first sentence—

(1) by striking "Funds" and inserting "Except as otherwise provided in this paragraph, funds"; and

(2) by striking "each State receiving" and inserting "each recipient of".

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

(1) in subparagraph (A)(i), by inserting "the funding of infrastructure costs for one-stop centers," after "local boards,";

(2) in subparagraph (C), by striking "90" and inserting "60"; and

(3) by adding at the end the following:

"(D) EXPEDITED REQUESTS.—The Secretary shall expedite requests for waivers of statutory or regulatory requirements that have been approved for a State pursuant to subparagraph (B), if the requirements of this paragraph have been satisfied.

"(E) SPECIAL RULE.—With respect to any State that has a waiver under this paragraph relating to the transfer authority under section 133(b)(4), and has the waiver in effect on the date of enactment of the Workforce Investment Act Amendments of 2005 or subsequently receives such a waiver, the waiver shall continue to apply for so long as the State meets or exceeds State performance measures relating to the indicators described in section 136(b)(2)(A)(i).".

SEC. 154. USE OF CERTAIN REAL PROPERTY.

Section 193 (29 U.S.C. 2943) is amended to read as follows:

"SEC. 193. TRANSFER OF FEDERAL EQUITY IN STATE EMPLOYMENT SECURITY AGENCY REAL PROPERTY TO THE STATES.

"(a) TRANSFER OF FEDERAL EQUITY.—Notwithstanding any other provision of law, any Federal equity

acquired in real property through grants to States awarded under title III of the Social Security Act (42 U.S.C. 501 et seq.) or under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) is transferred to the States that used the grants for the acquisition of such equity. The portion of any real property that is attributable to the Federal equity transferred under this section shall be used to carry out activities authorized under title III of the Social Security Act or the Wagner-Peyser Act. Any disposition of such real property shall be carried out in accordance with the procedures prescribed by the Secretary and the portion of the proceeds from the disposition of such real property that is attributable to the Federal equity transferred under this section shall be used to carry out activities authorized under title III of the Social Security Act or the Wagner-Peyser Act.

"(b) LIMITATION ON USE.—A State shall not use funds awarded under title III of the Social Security Act or the Wagner-Peyser Act to amortize the costs of real property that is purchased by any State on or after the effective date of this provision.".

SEC. 155. GENERAL PROGRAM REQUIREMENTS.

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

"(14) Funds provided under this title shall not be used to establish or operate stand-alone fee-for-serv-

ice enterprises that compete with private sector employment agencies (as defined in 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 a one-stop service delivery system described in section 121(e).".

Subtitle F—Incentive Grants

SEC. 161. INCENTIVE GRANTS.

Section 503 (20 U.S.C. 9273) is amended—

(1) by striking subsection (a) and inserting the following:

"(a) IN GENERAL.—

"(1) TIMELINE.—

"(A) PRIOR TO JULY 1, 2006.—Prior to July 1, 2006, the Secretary shall award a grant to each State in accordance with the provisions of this section as this section was in effect on July 1, 2003.

"(B) BEGINNING JULY 1, 2006.—Beginning on July 1, 2006, the Secretary shall award incentive grants to States for performance described in paragraph (2), to implement or enhance innovative and coordinated programs as described in paragraph (3), consistent with the

statewide economic, workforce, and educational interests of the State.

"(2) BASIS.—The Secretary shall award the grants on the basis that the States—

"(A) have exceeded the State performance measures established under section 136(b), the performance measures established under section 212(b) of the Adult Education and Family Literacy Act (20 U.S.C. 9212(b)), and the State performance measures established under section 113(b) of the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2323(b)); or

"(B) have—

"(i) met the State performance measures established under section 136(b), the performance measures established under section 212(b) of the Adult Education and Family Literacy Act, and the State performance measures established under section 113(b) of the Carl D. Perkins Vocational and Technical Education Act of 1998; and

"(ii) demonstrated—

"(I) exemplary coordination of one-stop partner programs described in

section 121 with statewide economic development or business needs;

"(II) exemplary performance in the one-stop partner programs in the State in serving hard-to-serve populations; or

"(III) effective—

"(aa) coordination of multiple systems for the one-stop partner programs into a comprehensive workforce investment system, including coordination of employment activities under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) and core services under section 134(d)(2);

"(bb) expansion of access to training through the one-stop partner programs, including expansion of access through increased leveraging of resources other than those provided through programs under title I;

"(cc) implementation of statewide coordination activities

relating to the one-stop partner programs, through agreements with relevant State agencies and offices, including those responsible for programs under the Adult Education and Family Literacy Act (20 U.S.C. 9201 et seq.) and the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.);

"(dd) statewide coordination relating to the one-stop partner programs, through arrangements with local boards or local areas;

"(ee) alignment of management information systems to integrate participant information across the one-stop partner programs; or

"(ff) integration of performance information systems and common measures for accountability across the one-stop partner programs.

"(3) USE OF FUNDS.—The funds awarded to a State under this section may be used to carry out ac-

tivities authorized for States in programs carried out under title I, the Adult Education and Family Literacy Act, and the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2301 et seq.) (referred to in this subsection as 'workforce and education programs'), including demonstration projects, and innovative projects or programs that increase coordination and enhance service to participants in such programs, particularly hard-to-serve populations, including—

"(A) activities that support business needs, especially for incumbent workers and enhancing opportunities for retention and advancement;

"(B) activities that support linkages between the workforce and education programs, and secondary, postsecondary, or career and technical education programs, including activities under the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2301 et seq.), the Adult Education and Family Literacy Act (20 U.S.C. 9201 et seq.), and the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.);

"(C) activities that support statewide economic development plans that support high-

wage, high-skill, or high-demand occupations leading to self-sufficiency;

"(D) activities that coordinate the workforce and education programs with other Federal and State programs related to the workforce and education programs;

"(E) activities that support the development of a statewide integrated performance information system that includes common measures for one-stop partner programs described in section 121;

"(F) activities that align management information systems with integrated performance information across the one-stop partner programs; or

"(G) activities that support local workforce investment boards or areas in improving performance in workforce and education programs and program coordination of workforce and education programs.

"(4) WAIVER.—For States that have developed and implemented a statewide integrated performance information system with common measures, as described in paragraph (3)(E), for the one-stop partner programs, the Secretary may waive for the State such

reporting requirements for the one-stop partner programs as the Secretary has authority or agreement to waive.

"(5) TECHNICAL ASSISTANCE.—The Secretary shall reserve 4 percent of the funds available for grants under this section to provide technical assistance to States—

"(A) to replicate best practices for workforce and education programs;

"(B) to develop integrated performance information systems for the one-stop partner programs;

"(C) to strengthen coordination between workforce and education programs and other education programs; or

"(D) to strengthen economic development.

"(6) DEFINITION.—As used in this subsection, the term 'hard-to-serve populations' has the meaning given the term in section 101.";

(2) in subsection (b)(2)—

(A) in the matter preceding subparagraph (A), by striking "only" and all that follows through "assurances:" and inserting "to ensure that the application contains, and to determine the accuracy of, the following assurances:"; and

(B) by striking subparagraph (C) and inserting the following:

"(C) the State meets the requirements of subparagraph (A) or (B) of subsection (a)(2).";

and

(3) by striking subsection (d).

Subtitle G—Conforming Amendments

SEC. 171. TABLE OF CONTENTS.

Section 1(b) (29 U.S.C. 9201 note) is amended—

(1) by striking the item relating to section 106 and inserting the following:

"Sec. 106. Purposes.";

(2) by striking the item relating to section 123 and inserting the following:

"Sec. 123. Eligible providers of youth activities.";

(3) by striking the item relating to section 169 and inserting the following:

"Sec. 169. Youth challenge grants.";

(4) by striking the item relating to section 173 and inserting the following:

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

(5) by striking the item relating to section 193 and inserting the following:

"Sec. 193. Transfer of Federal equity in State employment security agency real property to the States.";

(6) by inserting after the item relating to section 243 the following:

"Sec. 244. Integrated English literacy and civics education.";

and

(7) by striking the item relating to section 502.

SEC. 172. CONFORMING AMENDMENTS.

(a) TRADE ACT OF 1974.—Section 235 of the Trade Act of 1974 (19 U.S.C. 2295) is amended by striking "section 134(c) of the Workforce Investment Act of 1998 (29 U.S.C. 2864(c))" and inserting "section 121(e) of the Workforce Investment Act of 1998 (29 U.S.C. 2841(e))".

(b) ADULT EDUCATION AND FAMILY LITERACY ACT.—Section 212(b)(3)(A)(vi) of the Adult Education and Family Literacy Act (20 U.S.C. 9212(b)(3)(A)(vi)) is amended by striking "the representatives described in section 136(i)(1)" and inserting "representatives of appropriate Federal agencies, and representatives of States and political subdivisions, business and industry, employees, eligible providers of employment and training activities (as defined in section 101), educators, and participants (as defined in section 101), with expertise regarding workforce investment policies and workforce investment activities (as defined in section 101)".

(c) OLDER AMERICANS ACT OF 1965.—

(1) Subparagraphs (H) and (O) of section 502(b)(1) of the Older Americans Act of 1965 (42

U.S.C. 3056(b)(1)) are amended by striking "section 134(c) of the Workforce Investment Act of 1998 (29 U.S.C. 2864(c))" and inserting "section 121(e) of the Workforce Investment Act of 1998 (29 U.S.C. 2841(e))".

(2) Section 505(c)(1) of the Older Americans Act of 1965 (42 U.S.C. 3056c(c)(1)) is amended by striking "section 134(c) of such Act (29 U.S.C. 2864(c))" and inserting "section 121(e) of such Act (29 U.S.C. 2841(e))".

(3) Section 512(a) of the Older Americans Act of 1965 (42 U.S.C. 3056j(a)) is amended—

(A) by striking "(B)(vi)" and inserting "(B)(v)"; and

(B) by striking "section 134(c) of such Act (29 U.S.C. 2864(c))" and inserting "section 121(e) of such Act (29 U.S.C. 2841(e))".

TITLE II—AMENDMENTS TO THE ADULT EDUCATION AND FAMILY LITERACY ACT

SEC. 201. SHORT TITLE; PURPOSE.

(a) SHORT TITLE.—This title may be cited as the "Adult Education and Family Literacy Act Amendments of 2005".

(b) PURPOSE.—Section 202 of the Adult Education and Family Literacy Act (20 U.S.C. 9201) is amended—

(1) in paragraph (2), by striking "and" after the semicolon;

(2) in paragraph (3), by striking "education." and inserting "education and in the transition to postsecondary education; and"; and

(3) by adding at the end the following:

"(4) assist immigrants and other individuals with limited English proficiency in improving their reading, writing, speaking, and mathematics skills and acquiring an understanding of the American free enterprise system, individual freedom, and the responsibilities of citizenship.".

SEC. 202. DEFINITIONS.

Section 203 of the Adult Education and Family Literacy Act (20 U.S.C. 9202) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by striking "services or instruction below the postsecondary level" and inserting "academic instruction and education services below the postsecondary level that increase an individual's ability to read, write, and speak in English and perform mathematics"; and

(B) by striking subparagraph (C)(i) and inserting the following:

"(i) are basic skills deficient as defined in section 101;";

(2) in paragraph (2), by striking "activities described in section 231(b)" and inserting "programs and services which include reading, writing, speaking, or mathematics skills, workplace literacy activities, family literacy activities, English language acquisition activities, or other activities necessary for the attainment of a secondary school diploma or its State recognized equivalent";

(3) in paragraph (5)—

(A) by inserting "an organization that has demonstrated effectiveness in providing adult education, that may include" after "means";

(B) in subparagraph (B), by striking "of demonstrated effectiveness";

(C) in subparagraph (C), by striking "of demonstrated effectiveness"; and

(D) in subparagraph (I), by inserting "or coalition" after "consortium";

(4) in paragraph (6)—

(A) by striking "LITERACY PROGRAM" and inserting "LANGUAGE ACQUISITION PROGRAM";

(B) by striking "literacy program" and inserting "language acquisition program"; and

(C) by inserting "reading, writing, and speaking" after "competence in";

(5) by striking paragraph (10);

(6) by redesignating paragraphs (7) through (9) and (12) through (18) as paragraphs (8) through (10) and (13) through (19), respectively;

(7) by inserting after paragraph (6) the following:

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

(8) by inserting after paragraph (11) the following:

"(12) LIMITED ENGLISH PROFICIENCY.—The term 'limited English proficiency', when used with respect to an individual, 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.";

(9) by striking paragraph (15), as redesignated by paragraph (6), and inserting the following:

"(15) OUTLYING AREA.—The term 'outlying area' means the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands."; and

(10) by striking paragraph (19), as redesignated by paragraph (6), and inserting the following:

"(19) WORKPLACE LITERACY PROGRAM.—The term 'workplace literacy program' means an educational program designed to improve the productivity of the workforce through the improvement of literacy skills that is offered by an eligible provider in collaboration with an employer or an employee organization at a workplace, at an off-site location, or in a simulated workplace environment.".

SEC. 203. HOME SCHOOLS.

Section 204 of the Adult Education and Family Literacy Act (20 U.S.C. 9203) is amended to read as follows:

"SEC. 204. HOME SCHOOLS.

"Nothing in this title shall be construed to affect home schools, whether 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, family literacy services, or adult education.".

SEC. 204. AUTHORIZATION OF APPROPRIATIONS.

Section 205 of the Adult Education and Family Literacy Act (20 U.S.C. 9204) is amended—

(1) by striking "1999" and inserting "2006"; and

(2) by striking "2003" and inserting "2011".

SEC. 205. RESERVATION OF FUNDS; GRANTS TO ELIGIBLE AGENCIES; ALLOTMENTS.

Section 211 of the Adult Education and Family Literacy Act (20 U.S.C. 9211) is amended—

(1) by striking subsection (a) and inserting the following:

"(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 $10,000,000;

"(2) shall reserve 1.5 percent to carry out section 243 and subsection (f)(4), except that the amount so reserved shall not exceed $8,000,000;

"(3) shall make available, to the Secretary of Labor, 1.72 percent for incentive grants under section 136(i); and

"(4) shall reserve 12 percent of the amount that remains after reserving funds under paragraphs (1), (2) and (3) to carry out section 244.";

(2) in subsection (c)(2)—

(A) by inserting "and the sole agency responsible for administering or supervising policy for adult education and literacy in the Republic of Palau" after "an initial allotment under paragraph (1)";

(B) by inserting "or served by the agency for the Republic of Palau" after "by the eligible agency"; and

(C) by striking "States and outlying areas" and inserting "States, outlying areas, and the Republic of Palau";

(3) in subsection (e)—

(A) in paragraph (1)—

(i) by striking "the Republic of the Marshall Islands, the Federated States of Micronesia, and"; and

(ii) by striking "the Republic of the Marshall Islands, the Federated States of Micronesia, or" and inserting "or"; and

(B) in paragraph (3)—

(i) by striking "the Republic of the Marshall Islands, the Federated States of Micronesia, and"; and

(ii) by striking "2001" and inserting "2007";

(4) by striking subsection (f) and inserting the following:

"(f) HOLD-HARMLESS PROVISIONS.—

"(1) IN GENERAL.—Notwithstanding subsection (c) and subject to paragraph (2), for fiscal year 2005 and each succeeding fiscal year, no eligible agency shall receive an allotment under this section that is less than 90 percent of the allotment the eligible agency received for the preceding fiscal year under this section.

"(2) 100 PERCENT ALLOTMENT.—Notwithstanding paragraphs (1) and (2) of subsection (e), an eligible agency that receives only an initial allotment under subsection (c)(1) (and no additional allotment under subsection (c)(2)) shall receive an allotment

under this section that is equal to 100 percent of the initial allotment under subsection (c)(1).

"(3) RATABLE REDUCTION.—If for any fiscal year the amount available for allotment under this subtitle is insufficient to satisfy the provisions of paragraphs (1) and (2), the Secretary shall ratably reduce the payments to all eligible agencies, as necessary.

"(4) ADDITIONAL ASSISTANCE.—

"(A) IN GENERAL.—From amounts reserved under subsection (a)(2), the Secretary shall make grants to eligible agencies described in subparagraph (B) to enable such agencies to provide activities authorized under chapter 2.

"(B) ELIGIBILITY.—An eligible agency is eligible to receive a grant under this paragraph for a fiscal year if the amount of the allotment such agency receives under this section for the fiscal year is less than the amount such agency would have received for the fiscal year if the allotment formula under this section as in effect on September 30, 2003, were in effect for such year.

"(C) AMOUNT OF GRANT.—The amount of a grant made to an eligible agency under this

paragraph for a fiscal year shall be the difference between—

"(i) the amount of the allotment such agency would have received for the fiscal year if the allotment formula under this section as in effect on September 30, 2003, were in effect for such year; and

"(ii) the amount of the allotment such agency receives under this section for the fiscal year."; and

(5) by adding at the end the following:

"(h) STUDY AND REPORT.—

"(1) STUDY.—The Comptroller General of the United States shall conduct a study concerning the formula described in this section and, in conducting the study, shall at a minimum—

"(A) examine whether the formula results in a distribution of funds that sufficiently serves the entire population of individuals eligible for adult education and literacy activities under this subtitle;

"(B) examine whether the data used to count qualified adults, for purposes of the formula, accurately measure the population of individuals eligible for the activities; and

"(C) develop recommendations for improving the formula so that the formula results in a distribution of funds that better serves that population and the data used to count qualified adults accurately measure that population.

"(2) REPORT.—Not later than 3 years after the date of enactment of the Workforce Investment Act Amendments of 2005, the Comptroller General shall submit to Congress a report containing the results of the study described in paragraph (1).".

SEC. 206. PERFORMANCE ACCOUNTABILITY SYSTEM.

Section 212 of the Adult Education and Family Literacy Act (20 U.S.C. 9212) is amended—

(1) in subsection (b)—

(A) in paragraph (1)(A)(ii), by striking "additional indicators of performance (if any)" and inserting "the employment performance indicators";

(B) by striking paragraph (2) and inserting the following:

"(2) INDICATORS OF PERFORMANCE.—

"(A) CORE INDICATORS OF PERFORMANCE.—An eligible agency shall identify in the State plan individual academic performance in-

dicators that include, at a minimum, the following:

"(i) Measurable 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 or other training programs.

"(iii) Completion of a secondary school diploma, its recognized equivalent, or a recognized alternative standard for individuals with disabilities.

"(B) EMPLOYMENT PERFORMANCE INDICATORS.—

"(i) IN GENERAL.—An eligible agency shall identify in the State plan individual participant employment performance indicators that include, at a minimum, the following:

"(I) Entry into unsubsidized employment.

"(II) Retention in unsubsidized employment 6 months after entry into the employment.

"(III) Increases in earnings from unsubsidized employment.

"(ii) DATA COLLECTION.—The State workforce investment board shall assist the eligible agency in obtaining and using quarterly wage records to collect data for each of the indicators described in clause (i), consistent with applicable Federal and State privacy laws.

"(C) INDICATORS FOR WORKPLACE LITERACY PROGRAMS.—Special accountability measures may be negotiated for workplace literacy programs."; and

(C) in paragraph (3)—

(i) in subparagraph (A)—

(I) in clause (i)(II), by striking "in performance" and inserting "the agency's performance outcomes in an objective, quantifiable, and measurable form";

(II) in clause (ii), by striking "3 program years" and inserting "2 program years";

(III) in clause (iii), by striking "FIRST 3 YEARS" and inserting "FIRST 2 YEARS";

(IV) in clause (iii), by striking "first 3 program years" and inserting "first 2 program years";

(V) in clause (v), by striking "4TH AND 5TH" and inserting "3RD AND 4TH";

(VI) in clause (v), by striking "to the fourth" and inserting "to the third";

(VII) in clause (v), by striking "fourth and fifth" and inserting "third and fourth"; and

(VIII) in clause (vi), by striking "(II)" and inserting "(I)";

(ii) in subparagraph (B)—

(I) by striking the heading and inserting "LEVELS OF EMPLOYMENT PERFORMANCE";

(II) by striking "may" and inserting "shall"; and

(III) by striking "additional" and inserting "employment performance"; and

(iii) by adding at the end the following:

"(C) ALTERNATIVE ASSESSMENT SYSTEMS.—Eligible agencies may approve the use of assessment systems that are not commercially available standardized systems if such systems meet the Standards for Educational and Psychological Testing issued by the Joint Committee on Standards for Educational and Psychological Testing of the American Educational Research Association, the American Psychological Association, and the National Council on Measurement in Education.";

(2) in subsection (c)—

(A) in paragraph (1)—

(i) by inserting ", the Governor, the State legislature, and the State workforce investment board" after "Secretary"; and

(ii) by striking "including" and all that follows through the period and inserting "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) Information on the number or percentage of qualifying adults (as defined in section 211(d)) who are participants in adult education programs under this subtitle and making satisfactory progress toward 1 or more of each of the following:

"(i) Core indicators of performance.

"(ii) Employment performance indicators.

"(iii) Other long-term objectives.

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

"(D) The number of enrollees 16 to 18 years of age who enrolled in adult education not later than 1 year after participating in secondary school education.";

(B) in paragraph (2)(A), by inserting "eligible providers and" after "available to"; and

(C) by adding at the end the following:

"(3) DATA ACCESS.—The report made available under paragraph (2) shall indicate which eligible agencies did not have access to State unemployment insurance wage data in measuring employment performance indicators."; and

(3) by adding at the end the following:

"(d) PROGRAM IMPROVEMENT.—

"(1) IN GENERAL.—If the Secretary determines that an eligible agency did not meet its adjusted levels of performance for the core indicators of performance described in subsection (b)(2)(A) for any program year, the eligible agency shall—

"(A) work with the Secretary to develop and implement a program improvement plan for the 2 program years succeeding the program year in which the eligible agency did not meet its adjusted levels of performance; and

"(B) revise its State plan under section 224, if necessary, to reflect the changes agreed to in the program improvement plan.

"(2) FURTHER ASSISTANCE.—If, after the period described in paragraph (1)(A), the Secretary has provided technical assistance to the eligible agency but determines that the eligible agency did not meet its

adjusted levels of performance for the core indicators of performance described in subsection (b)(2)(A), the Secretary may require the eligible agency to make further revisions to the program improvement plan described in paragraph (1). Such further revisions shall be accompanied by further technical assistance from the Secretary.".

SEC. 207. STATE ADMINISTRATION.

Section 221(1) of the Adult Education and Family Literacy Act (20 U.S.C. 9221(1)) is amended by striking "and implementation" and inserting "implementation, and monitoring".

SEC. 208. STATE DISTRIBUTION OF FUNDS; MATCHING REQUIREMENT.

Section 222 of the Adult Education and Family Literacy Act (20 U.S.C. 9222) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking "82.5" the first place such term appears and inserting "80"; and

(ii) by striking "the 82.5 percent" and inserting "such amount";

(B) in paragraph (2), by striking "not more than 12.5 percent" and inserting "not more than 15 percent"; and

(C) in paragraph (3), by striking "$65,000" and inserting "$75,000"; and

(2) in subsection (b)(1), by striking "equal to" and inserting "that is not less than".

SEC. 209. STATE LEADERSHIP ACTIVITIES.

Section 223 of the Adult Education and Family Literacy Act (20 U.S.C. 9223) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1), by inserting "to develop or enhance the adult education system of the State or outlying area" after "activities";

(B) in paragraph (1), by striking "instruction incorporating" and all that follows through the period and inserting "instruction incorporating the essential components of reading instruction and instruction provided by volunteers or by personnel of a State or outlying area.";

(C) in paragraph (2), by inserting ", including development and dissemination of instructional and programmatic practices based on the most rigorous research available and appropriate, including scientifically based research that is available and appropriate, in reading, writing, speaking, mathematics, English lan-

guage acquisition programs, distance learning, and staff training" after "activities";

(D) in paragraph (5), by striking "monitoring and";

(E) by striking paragraph (6) and inserting the following:

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

(F) by striking paragraph (7) through paragraph (11) and inserting the following:

"(7) Coordination with—

"(A) other partners carrying out activities authorized under this Act; and

"(B) existing support services, such as transportation, child care, mental health services, and other assistance designed to increase rates of enrollment in, and successful completion of, adult education and literacy activities, for adults enrolled in such activities.

"(8) Developing and disseminating curricula, including curricula incorporating the essential components of reading instruction as such components relate to adults.

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

"(10) The development and implementation of a system to assist in the transition from adult basic education to postsecondary education, including linkages with postsecondary educational institutions.

"(11) Integration of literacy and English language instruction with occupational skill training, and promoting linkages with employers.

"(12) Activities to promote workplace literacy programs.

"(13) Activities to promote and complement local outreach initiatives described in section 243(b)(3)(F).

"(14) In cooperation with efforts funded under sections 242 and 243, the development of curriculum frameworks and rigorous content standards that—

"(A) specify what adult learners should know and be able to do in the areas of reading and language arts, mathematics, and English language acquisition; and

"(B) take into consideration the following:

"(i) State academic standards established under section 1111(b) of the Elementary and Secondary Education Act of 1965.

"(ii) The current adult skills and literacy assessments used in the State or outlying area.

"(iii) The core indicators of performance established under section 212(b)(2)(A).

"(iv) Standards and academic requirements for enrollment in non-remedial, for-credit, courses in postsecondary education institutions supported by the State or outlying area.

"(v) Where appropriate, the basic and literacy skill content of occupational and industry skill standards widely used by business and industry in the State or outlying area.

"(15) In cooperation with efforts funded under sections 242 and 243, development and piloting of—

"(A) new assessment tools and strategies that—

"(i) are based on scientifically based research, where available and appropriate; and

"(ii) identify the needs and capture the gains of students at all levels, with particular emphasis on—

"(I) students at the lowest achievement level;

"(II) students who have limited English proficiency; and

"(III) adults with learning disabilities;

"(B) options for improving teacher quality and retention; and

"(C) assistance in converting research into practice.

"(16) The development and implementation of programs and services to meet the needs of adult learners with learning disabilities or limited English proficiency.

"(17) Other activities of statewide significance that promote the purpose of this title."; and

(2) in subsection (c), by striking "being State- or outlying area-imposed" and inserting "being imposed by the State or outlying area".

SEC. 210. STATE PLAN.

Section 224 of the Adult Education and Family Literacy Act (20 U.S.C. 9224) is amended—

(1) in subsection (a)—

(A) by striking the heading and inserting "4-YEAR PLANS"; and

(B) in paragraph (1), by striking "5" and inserting "4";

(2) in subsection (b)—

(A) in paragraph (1), by inserting "and the role of provider and cooperating agencies in preparing the assessment" after "serve";

(B) by striking paragraph (2) and inserting the following:

"(2) a description of how the eligible agency will address the adult education and literacy needs identified under paragraph (1) in each workforce development area of the State, using funds received under this subtitle, as well as other Federal, State, or local funds received in partnership with other agencies for the purpose of adult literacy as applicable;";

(C) in paragraph (3)—

(i) by inserting "and measure" after "evaluate";

(ii) by inserting "and improvement" after "effectiveness"; and

(iii) by striking "212" and inserting "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 subtitle 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 performance)";

(D) by redesignating paragraphs (5) through (12) as paragraphs (6) through (13), respectively;

(E) by inserting after paragraph (4) the following:

"(5) a description of how the eligible agency will improve teacher quality, the professional development of eligible providers, and instruction;";

(F) in paragraph (6) (as redesignated by subparagraph (D)), by striking "who" and all that follows through the semicolon and inserting "that—

"(A) offers flexible schedules and coordinates with necessary Federal, State, and local support services (such as child care, transportation, mental health services, and case management) to enable individuals, including individuals with disabilities or individuals with other special needs, to participate in adult education and literacy activities; and

"(B) attempts 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;";

(G) in paragraph (10) (as redesignated by subparagraph (D)), by striking "plan;" and inserting "plan, which process—

"(A) shall include the State workforce investment board, the Governor, State officials representing public schools, community colleges, welfare agencies, agencies that provide services to individuals with disabilities, other State agencies

that promote or operate adult education and literacy activities, and direct providers of such adult literacy services; and

"(B) may include consultation with the State agency for higher education, institutions responsible for professional development of adult education and literacy education program instructors, institutions of higher education, representatives of business and industry, refugee assistance programs, and community-based organizations (as such term is defined in section 101);";

(H) in paragraph (11) (as redesignated by subparagraph (D))—

(i) by inserting "assess potential population needs and" after "will";

(ii) in subparagraph (A), by striking "students" and inserting "individuals";

(iii) in subparagraph (C), by striking "and" after the semicolon; and

(iv) by adding at the end the following:

"(E) the unemployed; and

"(F) those individuals who are employed, but at levels below self-sufficiency, as defined in section 101;";

(I) in paragraph (12) (as redesignated by subparagraph (D))—

(i) by inserting "and how the plan submitted under this subtitle is coordinated with the plan submitted by the State under title I" after "eligible agency"; and

(ii) by striking "and" after the semicolon;

(J) in paragraph (13) (as redesignated by subparagraph (D)), by striking "231(c)(1)." and inserting "231(c)(1), including—

"(A) how the State will build the capacity of organizations that provide adult education and literacy activities; and

"(B) how the State will increase the participation of business and industry in adult education and literacy activities;"; and

(K) by adding at the end the following:

"(14) a description of how the eligible agency will consult with any State agency responsible for postsecondary education to develop adult education programs and services (including academic skill development and support services) that prepare students to enter postsecondary education upon the attainment

of a secondary school diploma or its recognized equivalent;

"(15) a description of how the eligible agency will consult with the State agency responsible for workforce development to develop adult education programs and services that are designed to prepare students to enter the workforce; and

"(16) a description of how the eligible agency will improve the professional development of eligible providers of adult education and literacy activities.";

(3) in subsection (c), by adding at the end the following: "At the end of the first 2-year period of the 4-year State plan, the eligible agency shall review and, as needed, revise the 4-year State plan."; and

(4) in subsection (d)—

(A) in paragraph (1), by inserting ", the chief State school officer, the State officer responsible for administering community and technical colleges, and the State workforce investment board" after "Governor"; and

(B) in paragraph (2), by striking "comments" and all that follows through the period and inserting "comments regarding the State plan by the Governor, the chief State school officer, the State officer responsible for admin-

istering community and technical colleges, and the State workforce investment board, and any revision to the State plan, are submitted to the Secretary.".

SEC. 211. PROGRAMS FOR CORRECTIONS EDUCATION AND OTHER INSTITUTIONALIZED INDIVIDUALS.

Section 225 of the Adult Education and Family Literacy Act (20 U.S.C. 9225) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking "basic education" and inserting "adult education and literacy activities";

(B) in paragraph (2), by inserting "and" after the semicolon;

(C) by striking paragraph (3); and

(D) by redesignating paragraph (4) as paragraph (3); and

(2) in subsection (d), by striking "DEFINITION OF CRIMINAL OFFENDER.—" and inserting "DEFINITIONS.—In this section:".

SEC. 212. GRANTS AND CONTRACTS FOR ELIGIBLE PROVIDERS.

Section 231 of the Adult Education and Family Literacy Act (20 U.S.C. 9241) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking "workplace literacy services" and inserting "workplace literacy programs"; and

(B) in paragraph (3), by striking "literacy" and inserting "language acquisition"; and

(2) in subsection (e)—

(A) in paragraph (1), by inserting "to be achieved annually on the core indicators of performance and employment performance indicators described in section 212(b)(2)" after "outcomes";

(B) by striking paragraph (3) and inserting the following:

"(3) the commitment of the eligible provider to be responsive to local needs and to serve individuals in the community who were identified by the assessment as most in need of adult literacy services, including individuals who are low-income, have minimal literacy skills, have learning disabilities, or have limited English proficiency;";

(C) in paragraph (4)(B), by striking ", such as" and all that follows through the semicolon and inserting "that include the essential components of reading instruction;";

(D) in paragraph (5), by striking "research" and inserting "the most rigorous research available, including scientifically based research,";

(E) in paragraph (9), by inserting "education, job training, and social service" after "other available";

(F) in paragraph (10)—

(i) by inserting "coordination with Federal, State, and local" after "schedules and"; and

(ii) by striking "and transportation" and inserting ", transportation, mental health services, and case management";

(G) in paragraph (11)—

(i) by inserting "measurable" after "report";

(ii) by striking "eligible agency";

(iii) by inserting "established by the eligible agency" after "performance measures"; and

(iv) by striking "and" after the semicolon;

(H) in paragraph (12), by striking "literacy programs." and inserting "language acqui-

sition programs and civics education programs;"; and

(I) by adding at the end the following:

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

"(14) whether reading, writing, speaking, mathematics, and English language acquisition instruction provided by the eligible provider are based on the best practices derived from the most rigorous research available and appropriate, including scientifically based research that is available and appropriate;

"(15) whether the eligible provider's applications of technology and services to be provided are sufficient to increase the amount and quality of learning and lead to measurable learning gains within specified time periods; and

"(16) the capacity of the eligible provider to serve adult learners with learning disabilities.".

SEC. 213. LOCAL APPLICATION.

Section 232 of the Adult Education and Family Literacy Act (20 U.S.C. 9242) is amended—

(1) in paragraph (1)—

(A) by inserting "consistent with the requirements of this subtitle" after "spent"; and

(B) by striking "and" after the semicolon;

(2) in paragraph (2), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(3) information that addresses each of the considerations required under section 231(e).".

SEC. 214. LOCAL ADMINISTRATIVE COST LIMITS.

Section 233 of the Adult Education and Family Literacy Act (20 U.S.C. 9243) is amended—

(1) in subsection (a)(2)—

(A) by inserting "and professional" after "personnel"; and

(B) by inserting "development of measurable goals in reading, writing, and speaking the English language, and in mathematical computation," after "development,"; and

(2) in subsection (b)—

(A) by inserting "and professional" after "personnel"; and

(B) by inserting "development of measurable goals in reading, writing, and speaking the English language, and in mathematical computation," after "development,".

SEC. 215. ADMINISTRATIVE PROVISIONS.

Section 241(b) of the Adult Education and Family Literacy Act (20 U.S.C. 9251(b)) is amended—

(1) in paragraph (1)(A)—

(A) by striking "adult education and literacy activities" each place the term appears and inserting "activities under this subtitle"; and

(B) by striking "was" and inserting "were"; and

(2) in paragraph (4)—

(A) by inserting "not more than" after "this subsection for"; and

(B) by striking "only".

SEC. 216. NATIONAL INSTITUTE FOR LITERACY.

Section 242 of the Adult Education and Family Literacy Act (20 U.S.C. 9252) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking "literacy" and inserting "effective literacy programs for children, youth, adults, and families";

(B) in paragraph (2), by inserting "and disseminates information on" after "coordinates"; and

(C) by striking paragraph (3)(A) and inserting the following:

"(A) coordinating and participating in the Federal effort to identify and disseminate information on literacy that is derived from scientifically based research, or the most rigorous research available, and effective programs that serve children, youth, adults, and families; and";

(2) by striking subsection (b)(3) and inserting the following:

"(3) RECOMMENDATIONS.—The Interagency Group, in consultation with the National Institute for Literacy Advisory Board (in this section referred to as the 'Board') established under subsection (e), shall plan the goals of the Institute and the implementation of any programs to achieve the goals. The Board may also request a meeting of the Interagency Group to discuss any recommendations the Board may make.";

(3) in subsection (c)—

(A) in paragraph (1)—

(i) in subparagraph (A)—

(I) by striking "to establish" and inserting "to maintain";

(II) in clause (i), by striking "phonemic awareness, systematic phonics, fluency, and reading comprehension" and inserting "the essen-

tial components of reading instruction";

(III) in clause (iii), by striking "and" after the semicolon;

(IV) in clause (iv), by inserting "and" after the semicolon; and

(V) by adding at the end the following:

"(v) a list of local adult education and literacy programs;";

(ii) in subparagraph (C)—

(I) by striking "reliable and replicable research" and inserting "reliable and replicable research as defined by the Institute of Education Sciences"; and

(II) by striking "especially with the Office of Educational Research and Improvement in the Department of Education,";

(iii) in subparagraph (D), by striking "phonemic awareness, systematic phonics, fluency, and reading comprehension based on" and inserting "the essential components of reading instruction and";

(iv) in subparagraph (H), by striking "and" after the semicolon;

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

(vi) by adding at the end the following:

"(J) to work cooperatively with the Department of Education to assist States that are pursuing the implementation of standards-based educational improvements for adults through the dissemination of training, technical assistance, and related support and through the development and dissemination of related standards-based assessment instruments; and

"(K) to identify scientifically based research where available and appropriate, or the most rigorous research available and appropriate, on the effectiveness of instructional practices and organizational strategies relating to literacy programs on the acquisition of skills in reading, writing, English acquisition, and mathematics.";

and

(B) by adding at the end the following:

"(3) COORDINATION.—In identifying the reliable and replicable research the Institute will support, the

Institute shall use standards for research quality that are consistent with those of the Institute of Education Sciences.";

(4) in subsection (e)—

(A) in paragraph (1)(B)—

(i) in clause (i), by striking "literacy programs" and inserting "language acquisition programs";

(ii) in clause (ii), by striking "literacy programs" and inserting "or have participated in or partnered with workplace literacy programs";

(iii) in clause (iv), by inserting ", including adult literacy research" after "research";

(iv) in clause (vi), by striking "and" after the semicolon;

(v) in clause (vii), by striking the period at the end and inserting "; and"; and

(vi) by adding at the end the following:

"(viii) institutions of higher education.";

(B) in paragraph (2)—

(i) in subparagraph (B), by striking "and" after the semicolon;

(ii) in subparagraph (C), by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(D) review the biennial report submitted to Congress pursuant to subsection (k)."; and

(C) in paragraph (5), by striking the second sentence and inserting the following: "A recommendation of the Board may be passed only by a majority of the Board's members present at a meeting for which there is a quorum."; and

(5) in subsection (k)—

(A) by striking "Labor and Human Resources" and inserting "Health, Education, Labor, and Pensions"; and

(B) by striking "The Institute shall submit a report biennially to" and inserting "Not later than 1 year after the date of enactment of the Adult Education and Family Literacy Act Amendments of 2005, and biennially thereafter, the Institute shall submit a report to".

SEC. 217. NATIONAL LEADERSHIP ACTIVITIES.

Section 243 of the Adult Education and Family Literacy Act (20 U.S.C. 9253) is amended to read as follows:

"SEC. 243. NATIONAL LEADERSHIP ACTIVITIES.

"(a) IN GENERAL.—The Secretary shall establish and carry out a program of national leadership activities to enhance the quality of adult education and literacy programs nationwide.

"(b) PERMISSIVE ACTIVITIES.—The national leadership activities described in subsection (a) 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;

"(C) assistance in distance learning and promoting and improving the use of technology in the classroom;

"(D) assistance in developing valid, measurable, and reliable performance data, including

data about employment and employment outcome, and using performance information for the improvement of adult education and literacy programs; and

"(E) assistance to help States, particularly low-performing States, meet the requirements of section 212.

"(2) A program of grants, contracts, or cooperative agreements awarded on a competitive basis to national, regional, or local networks of private nonprofit organizations, public libraries, or institutions of higher education to build the capacity of such networks' members to meet the performance requirements of eligible providers under this title and involve adult learners in program improvement.

"(3) 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, includ-

ing instructional practices using the essential components of reading instruction 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 rigorous research, including scientifically based research where appropriate, on national literacy basic skill acquisition for adult learning, including estimating the number of adults functioning at the lowest levels of literacy proficiency;

"(D)(i) carrying out demonstration programs;

"(ii) disseminating best practices information, including information regarding promising practices resulting from federally funded demonstration programs; and

"(iii) developing and replicating best practices and innovative programs, including—

"(I) the development of models for basic skill certificates;

"(II) the identification of effective strategies for working with adults with learning disabilities and with adults with limited English proficiency;

"(III) integrated basic and workplace skills education programs;

"(IV) coordinated literacy and employment services; and

"(V) postsecondary education transition 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 family literacy programs increase the rate of enrollment in, and successful completion of, such programs; and

"(iv) the extent to which different types of providers measurably improve the skills of participants in adult education and literacy programs;

"(F) supporting efforts aimed at capacity building of programs 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;

"(H) supporting the development of an entity that would produce and distribute technology-based programs and materials for adult education and literacy programs using an interconnection system (as 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;

"(I) determining how participation in adult education and literacy activities prepares individuals for entry into postsecondary education and employment and, in the case of prison-based services, has an effect on recidivism; and

"(J) other activities designed to enhance the quality of adult education and literacy activities nationwide.".

SEC. 218. INTEGRATED ENGLISH LITERACY AND CIVICS EDUCATION.

Chapter 4 of subtitle A of title II (29 U.S.C. 9251 et seq.) is amended by adding at the end the following:

"SEC. 244. INTEGRATED ENGLISH LITERACY AND CIVICS EDUCATION.

"(a) IN GENERAL.—From funds made available under section 211(a)(4) for each fiscal year, the Secretary shall award grants to States, from allotments under subsection (b), for integrated English literacy and civics education.

"(b) ALLOTMENT.—

"(1) IN GENERAL.—Subject to paragraph (2), from amounts made available under section 211(a)(4) for a fiscal year, the Secretary shall allocate—

"(A) 65 percent to the States on the basis of a State's need for integrated English literacy and civics education as determined by calculating each State's share of a 10-year average of the Immigration and Naturalization Service data for immigrants admitted for legal permanent residence for the 10 most recent years; and

"(B) 35 percent to the States on the basis of whether the State experienced growth as measured by the average of the 3 most recent years for which Immigration and Naturalization Service data for immigrants admitted for legal permanent residence are available.

"(2) MINIMUM.—No State shall receive an allotment under paragraph (1) in an amount that is less than $60,000.".

SEC. 219. TRANSITION.

The Secretary shall take such steps as the Secretary determines to be appropriate to provide for the orderly transition to the authority of the Adult Education and Family Literacy Act (as amended by this title) from any authority under provisions of the Adult Education and Family Literacy Act (as such Act was in effect on the day before the date of enactment of the Adult Education and Family Literacy Act Amendments of 2005).

TITLE III—AMENDMENTS TO OTHER PROVISIONS OF LAW

SEC. 301. WAGNER-PEYSER ACT.

(a) CONFORMING AMENDMENT.—Section 2(3) of the Wagner-Peyser Act (29 U.S.C. 49a(3)) is amended by striking "section 134(c)" and inserting "section 121(e)".

(b) COLOCATION.—Section 3 of the Wagner-Peyser Act (29 U.S.C. 49b) is amended by adding at the end the following:

"(d) In order to avoid duplication of services and enhance integration of services, employment services offices in each State shall be colocated with one-stop centers established under title I of the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.).

"(e) The Secretary, in consultation with States, is authorized to assist in the development of national electronic

tools that may be used to improve access to workforce information for individuals through—

"(1) the one-stop delivery systems established under section 121(e) of the Workforce Investment Act of 1998 (29 U.S.C. 2841(e)); and

"(2) such other delivery systems as the Secretary determines to be appropriate.".

(c) COOPERATIVE STATISTICAL PROGRAM.—Section 14 of the Wagner-Peyser Act (29 U.S.C. 49l–1) is amended by striking the section heading and all that follows through "There" and inserting the following:

"SEC. 14. COOPERATIVE STATISTICAL PROGRAM.

"There".

(d) WORKFORCE AND LABOR MARKET INFORMATION SYSTEM.—Section 15 of the Wagner-Peyser Act (29 U.S.C. 49l–2) is amended—

(1) by striking the section heading and inserting the following:

"SEC. 15. WORKFORCE AND LABOR MARKET INFORMATION SYSTEM.";

(2) by striking "employment statistics system" each place it appears and inserting "workforce and labor market information system";

(3) in subsection (a)(1), by striking "of employment statistics";

(4) in subsection (b)—

(A) in paragraph (1)—

(i) by striking "The" and inserting the following:

"(A) STRUCTURE.—The"; and

(ii) by adding at the end the following:

"(B) GRANTS OR COOPERATIVE AGREEMENTS.—

"(i) IN GENERAL.—The Secretary shall carry out the provisions of this section in a timely manner through grants or cooperative agreements with States.

"(ii) DISTRIBUTION OF FUNDS.—With regard to distributing funds appropriated under subsection (g) (relating to workforce and labor market information funding) for fiscal years 2006 through 2011, the Secretary shall continue to distribute the funds to States in the manner in which the Secretary distributed funds to the States under this section for fiscal years 1999 through 2003."; and

(B) in paragraph (2)(E)—

(i) in clause (i), by adding "and" at the end;

(ii) in clause (ii), by striking "; and" and inserting a period; and

(iii) by striking clause (iii);

(5) by striking subsections (c) and (d) and inserting the following:

"(c) TWO-YEAR PLAN.—The Secretary, working through the Commissioner of Labor Statistics, and in cooperation with the States and with the assistance of the Assistant Secretary for Employment and Training and heads of other appropriate Federal agencies, shall prepare a 2-year plan which shall be the mechanism for achieving cooperative management of the nationwide workforce and labor market information system described in subsection (a) and the statewide workforce and labor market information systems that comprise the nationwide system. The plan shall—

"(1) describe the steps the to be taken in the following 2 years to carry out the duties described in subsection (b)(2);

"(2) evaluate the performance of the system and recommend needed improvements, with particular attention to the improvements needed at the State and local levels; and

"(3) describe the involvement of States in the development of the plan, through consultation between

the Secretary and representatives from State agencies in accordance with subsection (d).

"(d) COORDINATION WITH THE STATES.—The Secretary, working though the Commissioner of Labor Statistics and in coordination with the Assistant Secretary for Employment and Training, shall formally consult at least twice annually with representatives of each of the Federal regions of the Department of Labor, elected (pursuant to a process established by the Secretary) by and from the State workforce and labor market information directors affiliated with the State agencies that perform the duties described in subsection (e)(2).";

(6) in subsection (e)—

(A) in paragraph (1)(A), by striking "annual plan" and inserting "plan described in subsection (c)"; and

(B) in paragraph (2)—

(i) in subparagraph (G), by adding "and" at the end;

(ii) by striking subparagraph (H); and

(iii) by redesignating subparagraph (I) as subparagraph (H); and

(7) in subsection (g), by striking "1999 through 2004" and inserting "2006 through 2011".

TITLE IV—REHABILITATION ACT AMENDMENTS

SEC. 401. SHORT TITLE.

This title may be cited as the "Rehabilitation Act Amendments of 2005".

SEC. 402. TECHNICAL AMENDMENTS TO TABLE OF CONTENTS.

(a) EXPANDED TRANSITION SERVICES.—Section 1(b) of the Rehabilitation Act of 1973 is amended by inserting after the item relating to section 110 the following:

"Sec. 110A. Reservation for expanded transition services.".

(b) INCENTIVE GRANTS.—Section 1(b) of the Rehabilitation Act of 1973 is amended by inserting after the item relating to section 112 the following:

"Sec. 113. Incentive grants.".

(c) INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND.—Section 1(b) of the Rehabilitation Act of 1973 is amended by striking the items relating to sections 752 and 753 and inserting the following:

"Sec. 752. Training and technical assistance.
"Sec. 753. Program of grants.
"Sec. 754. Authorization of appropriations.".

SEC. 403. PURPOSE.

Section 2 of the Rehabilitation Act of 1973 (29 U.S.C. 701) is amended—

(1) in subsection (a)—

(A) in paragraph (5), by striking "and" after the semicolon;

(B) in paragraph (6), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(7)(A) a high proportion of youth who are individuals with disabilities is leaving special education without being employed or being enrolled in continuing education; and

"(B) there is a substantial need to support those youth as the youth transition from school to postsecondary life."; and

(2) in subsection (b)—

(A) in paragraph (1)(F), by striking "and" after the semicolon;

(B) in paragraph (2), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(3) to provide opportunities for employers and vocational rehabilitation service providers to provide meaningful input at all levels of government to ensure successful employment of individuals with disabilities.".

SEC. 404. REHABILITATION SERVICES ADMINISTRATION.

Section 3 of the Rehabilitation Act of 1973 (29 U.S.C. 702) is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by inserting after subsection (a) the following:

"(b) The Secretary shall ensure that—

"(1) the Rehabilitation Services Administration has sufficient staff to provide oversight of, conduct auditing of, and provide technical assistance to, the designated State agencies funded under this Act; and

"(2) such staff include individuals who have training in and experience with the provision of vocational rehabilitation services.".

SEC. 405. DEFINITIONS.

Section 7 of the Rehabilitation Act of 1973 (29 U.S.C. 705) is amended—

(1) in paragraph (2)(B)—

(A) in the matter preceding clause (i), by inserting "and literacy services" after "supported employment"; and

(B) in clause (iii), by inserting "and literacy skills" after "educational achievements";

(2) by striking paragraphs (3) and (4) and inserting the following:

"(3) ASSISTIVE TECHNOLOGY DEFINITIONS.—

"(A) ASSISTIVE TECHNOLOGY.—The term 'assistive technology' has the meaning given such term in section 3 of the Assistive Technology Act of 1998 (29 U.S.C. 3002).

"(B) ASSISTIVE TECHNOLOGY DEVICE.—The term 'assistive technology device' has the meaning given such term in section 3 of the Assistive Technology Act of 1998, except that the reference in such section to the term 'individuals with disabilities' shall be deemed to mean more than one individual with a disability as defined in paragraph (20)(A).

"(C) ASSISTIVE TECHNOLOGY SERVICE.—The term 'assistive technology service' has the meaning given such term in section 3 of the Assistive Technology Act of 1998, except that the reference in such section—

"(i) to the term 'individual with a disability' shall be deemed to mean an individual with a disability, as defined in paragraph (20)(A); and

"(ii) to the term 'individuals with disabilities' shall be deemed to mean more than one such individual.";

(3) by inserting after paragraph (6) the following:

"(7) CONSUMER ORGANIZATION.—The term 'consumer organization' means a membership organization, or disability advocacy group, for which a majority of the members of the board of directors of the organization or group are individuals with disabilities or family members of individuals with disabilities.";

(4) in paragraph (17)—

(A) in subparagraph (C), by striking "and" after the semicolon;

(B) in subparagraph (D), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(E)(i) facilitating transitions of—

"(I) youth who are individuals with significant disabilities and have completed individualized education programs under section 614(d) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(d)) to postsecondary life, including employment; and

"(II) individuals with significant disabilities from nursing homes and other institutions, including institutions serving in-

dividuals with cognitive disabilities, to community-based residences; and

"(ii) assisting individuals with significant disabilities at risk of entering institutions to remain in the community.";

(5) by redesignating paragraphs (24) through (28), (29) through (34), (35) through (37), and (38) through (39), as paragraphs (25) through (29), (31) through (36), (38) through (40), and (42) through (43), respectively;

(6) by inserting after paragraph (23) the following:

"(24) LITERACY.—The term 'literacy' has the meaning given the term in section 203 of the Adult Education and Family Literacy Act (20 U.S.C. 9202).";

(7) by inserting after paragraph (29), as redesignated by paragraph (5), the following:

"(30) POST-EMPLOYMENT SERVICE.—The term 'post-employment' service means a service identified in section 103(a) that is—

"(A) provided subsequent to the achievement of an employment outcome; and

"(B) necessary for an individual to maintain, regain, or advance in employment, con-

sistent with the individual's strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.";

(8) by inserting after paragraph (36), as redesignated by paragraph (5), the following:

"(37) STUDENT WITH A DISABILITY.—

"(A) IN GENERAL.—The term 'student with a disability' means an individual with a disability who attends an elementary school or secondary school and who—

"(i) is not younger than 16 years of age;

"(ii) is not older than 22 years of age;

"(iii) has been determined to be eligible under section 102(a) for assistance under title I; and

"(iv)(I) is eligible for, and receiving, special education or related services under part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.); or

"(II) is an individual with a disability, for purposes of section 504.

"(B) STUDENTS WITH DISABILITIES.—The term 'students with disabilities' means more than 1 student with a disability.";

(9) in paragraph (38)(A)(ii), as redesignated by paragraph (5), by striking "paragraph (36)(C)" and inserting "paragraph (39)(C)"; and

(10) by inserting after paragraph (40), as redesignated by paragraph (5), the following:

"(41) TRANSITION SERVICES EXPANSION YEAR.—The term 'transition services expansion year' means—

"(A) the first fiscal year for which the amount appropriated under section 100(b) exceeds the amount appropriated under section 100(b) for fiscal year 2006 by not less than $100,000,000; and

"(B) each fiscal year subsequent to that first fiscal year.".

SEC. 406. ADMINISTRATION OF THE ACT.

Section 12(a)(1) of the Rehabilitation Act of 1973 (29 U.S.C. 709(a)(1)) is amended—

(1) by inserting "(A)" after "(1)"; and

(2) by adding at the end the following:

"(B) provide technical assistance to the designated State units on developing successful partnerships with local and multi-State businesses in an effort to employ individuals with disabilities; and

"(C) provide technical assistance on developing self-employment opportunities and outcomes for individuals with disabilities;".

SEC. 407. REPORTS.

Section 13 of the Rehabilitation Act of 1973 (29 U.S.C. 710) is amended by adding at the end the following:

"(d)(1)(A) The Commissioner shall ensure that the reports, information, and data described in subparagraph (B) will be posted in a timely manner on the website of the Department of Education, in order to inform the public about the administration and performance of programs in each State under this Act.

"(B) The reports, information, and data referred to in subparagraph (A) shall consist of—

"(i) reports submitted by a designated State unit under this Act;

"(ii) accountability information (including State performance information relating to evaluation standards and performance indicators under section 106 and State performance information relating to State performance measures under section 136 of the Workforce Investment Act of 1998 (29 U.S.C. 2871)) submitted by a designated State unit under this Act or submitted by a State to the Secretary of Labor under subsection (d) of such section 136;

"(iii) data collected from each designated State unit under this Act with the approval of the Office of Management and Budget; and

"(iv) monitoring reports conducted under this Act.

"(C) The Commissioner shall maintain, and post on the website, a listing of the reports, information, and data required to be submitted by designated State units under this Act.

"(D) The Commissioner shall post on the website, or establish links on the website to, evaluations, studies, and audits, including evaluations, studies, and audits conducted by agencies of the Federal Government, concerning programs carried out under this Act.

"(E) The Commissioner shall maintain on the website a list of the designated State units and shall establish links on the website to websites maintained by those units.

"(2) The Commissioner shall maintain public use read-only access to the State and aggregated reports and analyzed data filed and maintained on the Rehabilitation Services Administration management information system or a similar system maintained by the Department of Education.".

SEC. 408. CARRYOVER.

Section 19 of the Rehabilitation Act of 1973 (29 U.S.C. 716) is amended—

(1) in subsection (a)(1)—

(A) by inserting "(except for the client assistance program funded under section 112)" after "any grant program under part B of title I";

(B) by striking ", section 509 (except as provided in section 509(b))";

(C) by striking "or C"; and

(D) by striking "752(b)" and inserting "753(b)"; and

(2) by adding at the end the following:

"(c) CLIENT ASSISTANCE PROGRAM; PROTECTION AND ADVOCACY OF INDIVIDUAL RIGHTS.—

"(1) APPROPRIATED AMOUNTS.—Notwithstanding any other provision of law, any funds appropriated for a fiscal year to carry out a grant program under section 112 or 509 (except as provided in section 509(b)), including any funds reallotted under such grant program, that are not obligated and expended by recipients prior to the beginning of the succeeding fiscal year shall remain available for obligation and expenditure by such recipients during such succeeding fiscal year.

"(2) PROGRAM INCOME.—Notwithstanding any other provision of law, any amounts of program income received by recipients under a grant program under section 112 or 509 in a fiscal year that are not obligated and expended by recipients prior to the beginning of the succeeding fiscal year, shall remain available until expended.".

Subtitle A—Vocational Rehabilitation Services

SEC. 411. DECLARATION OF POLICY; AUTHORIZATION OF APPROPRIATIONS.

Section 100(b)(1) of the Rehabilitation Act of 1973 (29 U.S.C. 720(b)(1)) is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2006 through 2011".

SEC. 412. STATE PLANS.

(a) IN GENERAL.—Section 101(a) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)) is amended—

(1) in paragraph (2), by adding at the end the following:

"(D) STATE AGENCY FOR REIMBURSEMENT PURPOSES.—A governing body of an Indian tribe that receives a grant under section 121 shall be considered, for purposes of the cost reimbursement provisions—

"(i) in section 222(d)(1) of the Social Security Act (42 U.S.C. 422(d)(1)), to be a State; and

"(ii) in subsections (d) and (e) of section 1615 of the Social Security Act (42 U.S.C. 1382d), to be a State agency described in subsection (d) of that section.";

(2) in paragraph (6)(B), by striking "to employ and advance in employment" and inserting "to recruit, employ, and advance in employment";

(3) in paragraph (7)(A)(v), by striking subclause (I) and inserting the following:

"(I) a system for the continuing education of rehabilitation professionals and paraprofessionals within the designated State unit, particularly with respect to rehabilitation technology, including training implemented in coordination with State programs carried out under section 4 of the Assistive Technology Act of 1998 (29 U.S.C. 3003); and";

(4) in paragraph (10)—

(A) in subparagraph (B), by striking "annual reporting on the eligible individuals receiv-

ing the services, on those specific data elements described in section 136(d)(2) of the Workforce Investment Act of 1998" and inserting "annual reporting of information on eligible individuals receiving the services that is needed to assess performance on the core indicators of performance described in section 136(b)(2)(A)(i) of the Workforce Investment Act of 1998 (29 U.S.C. 2871(b)(2)(A)(i))";

(B) in subparagraph (C), by striking clauses (iii) and (iv) and inserting the following:

"(iii) the number of applicants and eligible recipients, including the number of individuals with significant disabilities, who exited the program carried out under this title and the number of such individuals who achieved employment outcomes after receiving vocational rehabilitation services; and

"(iv) the number of individuals who received vocational rehabilitation services who entered and retained employment and the earnings of such individuals, as such entry, retention, and earnings are defined for purposes of the core indicators of per-

formance described in section 136(b)(2)(A)(i) of the Workforce Investment Act of 1998 (29 U.S.C. 2871(b)(2)(A)(i)).";

and

(C) in subparagraph (E)(ii), by striking "in meeting" and all that follows through the period and inserting "in meeting the standards and indicators established pursuant to section 106.";

(5) in paragraph (11)—

(A) by striking subparagraph (C) and inserting the following:

"(C) INTERAGENCY COOPERATION WITH OTHER AGENCIES.—The State plan shall include descriptions of interagency cooperation with, and utilization of the services and facilities of, Federal, State, and local agencies and programs, including the State programs carried out under section 4 of the Assistive Technology Act of 1998 (29 U.S.C. 3003), programs carried out by the Under Secretary for Rural Development of the Department of Agriculture, and State use contracting programs, to the extent that such agencies and programs are not carrying out activities

through the statewide workforce investment system.";

(B) by striking subparagraph (D)(ii) and inserting the following:

"(ii) transition planning by personnel of the designated State agency and the State educational agency that will facilitate the development and completion of the individualized education programs under section 614(d) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(d)) and, as appropriate, the development and completion of the individualized plan for employment, in order to achieve post-school employment outcomes of students with disabilities;"; and

(C) by adding at the end the following:

"(G) COORDINATION WITH ASSISTIVE TECHNOLOGY PROGRAMS.—The State plan shall include an assurance that the designated State unit, and the lead agency and implementing agency (if any) designated by the Governor of the State under section 4 of the Assistive Technology Act of 1998 (29 U.S.C. 3003), have developed working relationships and will enter into

agreements for the coordination of their activities, including the referral of individuals with disabilities to programs and activities described in that section.

"(H) COORDINATION WITH TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM.—The State plan shall include an assurance that the designated State unit will coordinate activities with any other State agency that is functioning as an employment network under the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19).";

(6) in paragraph (15)—

(A) in subparagraph (A)—

(i) in clause (i)—

(I) in subclause (II), by striking "and" after the semicolon;

(II) in subclause (III), by inserting "and" after the semicolon; and

(III) by adding at the end the following:

"(IV) for purposes of addressing needs in a transition services expansion year, students with disabilities,

including their need for transition services;";

(ii) by redesignating clauses (ii) and (iii) as clauses (iii) and (iv), respectively; and

(iii) by inserting after clause (i) the following:

"(ii) include an assessment of the needs of individuals with disabilities for transition services provided under this Act, and coordinated with transition services provided under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.), and an assessment as to whether the transition services provided under those Acts meet the needs of individuals with disabilities;"; and

(B) in subparagraph (D)—

(i) by redesignating clauses (iii), (iv), and (v) as clauses (iv), (v), and (vi), respectively; and

(ii) by inserting after clause (ii) the following:

"(iii) for use in a transition services expansion year, the methods to be used to

improve and expand vocational rehabilitation services for students with disabilities, including the coordination of services designed to facilitate the transition of such students from the receipt of educational services in school to postsecondary life, including the receipt of vocational rehabilitation services under this title, postsecondary education, or employment;";

(7) in paragraph (20)—

(A) by redesignating subparagraph (B) as subparagraph (C);

(B) by inserting after subparagraph (A) the following:

"(B) INFORMATION ON ASSISTANCE FOR BENEFICIARIES OF ASSISTANCE UNDER TITLE II OR XVI OF THE SOCIAL SECURITY ACT.—The State plan shall include an assurance that the designated State agency will make available to individuals entitled to benefits under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq., 1381 et seq.) on the basis of a disability or blindness—

"(i) information on the availability of benefits and medical assistance authorized

under the State medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) or under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.), and medical assistance authorized under other federally funded programs;

"(ii) information on the availability of assistance through benefits planning and assistance programs authorized under section 1149 of the Social Security Act (42 U.S.C. 1320b–20) and services provided by the State protection and advocacy system and authorized under section 1150 of the Social Security Act (42 U.S.C. 1320b–21); and

"(iii) in the case of individuals who are also eligible for a ticket under the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19), general information regarding the options for using the ticket and information on how to contact a program manager of the Ticket to Work and Self-Sufficiency Program to ob-

tain information on approved employment networks, on providers for the benefits planning and assistance programs described in subparagraph (B) in the State, and on the services provided by the State protection and advocacy system and described in subparagraph (B).''; and

(C) in subparagraph (C)(ii), as redesignated by subparagraph (A)—

(i) in subclause (II), by inserting '', to the maximum extent possible,'' after ''point of contact''; and

(ii) in subclause (III), by striking ''or regain'' and inserting ''regain, or advance in''; and

(8) by adding at the end the following:

''(25) SERVICES FOR STUDENTS WITH DISABILITIES.—The State plan for a transition services expansion year shall provide an assurance satisfactory to the Secretary that the State—

''(A) has developed and shall implement, in each transition services expansion year, strategies to address the needs identified in the assessment described in paragraph (15), and achieve the goals and priorities identified by the State,

to improve and expand vocational rehabilitation services for students with disabilities on a statewide basis in accordance with paragraph (15); and

"(B) in each transition services expansion year—

"(i) shall not use more than 5 percent of the funds reserved under section 110A and available for this subparagraph, to pay for administrative costs; and

"(ii) shall use the remaining funds to carry out programs or activities designed to improve and expand vocational rehabilitation services for students with disabilities, through partnerships described in subparagraph (C), that—

"(I) 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, at a minimum, those services specified in the interagency agreement required in paragraph (11)(D);

"(II) improve the achievement of post-school goals of students with disabilities through the provision of transition services, including improving the achievement through participation (as appropriate when vocational goals are discussed) in meetings regarding individualized education programs developed under section 614 of the Individuals with Disabilities Education Act (20 U.S.C. 1414);

"(III) provide vocational guidance, career exploration services, and job search skills and strategies and technical assistance to students with disabilities;

"(IV) support the provision of training and technical assistance to local educational agency personnel responsible for the planning and provision of services to students with disabilities; and

"(V) support outreach activities to students with disabilities who are eligi-

ble for, and need, services under this title; and

"(C) in each transition services expansion year, shall ensure that the funds described in subparagraph (B)(ii) are awarded only to partnerships that—

"(i) shall include local vocational rehabilitation services providers and local educational agencies; and

"(ii) may include (or may have linkages with)—

"(I) other agencies such as employment, social service, and health organizations, that contribute funds for the provision of vocational rehabilitation services described in subparagraph (B)(ii) for eligible students with disabilities; and

"(II) businesses and business-led intermediaries.".

(b) CONSTRUCTION.—Section 101 of the Rehabilitation Act of 1973 (29 U.S.C. 721) is amended by adding at the end the following:

"(c) CONSTRUCTION.—

"(1) DEFINITIONS.—In this subsection, the terms 'child with a disability', 'free appropriate public education', 'related services', and 'special education' have the meanings given the terms in section 602 of the Individuals with Disabilities Education Act (20 U.S.C. 1401).

"(2) OBLIGATION TO PROVIDE OR PAY FOR TRANSITION SERVICES.—Nothing in this part shall be construed to reduce the obligation of a local educational agency or any other agency to provide or pay for any transition services that are also considered special education or related services and that are necessary for ensuring a free appropriate public education to children with disabilities within the State involved.".

SEC. 413. ELIGIBILITY AND INDIVIDUALIZED PLAN FOR EMPLOYMENT.

Section 102 of the Rehabilitation Act of 1973 (29 U.S.C. 722) is amended—

(1) in subsection (b)—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking the semicolon at the end and inserting ", including a listing of all the community resources (including resources from consumer organizations (including advocacy organi-

zations)), to the maximum extent possible, to assist in the development of such individual's individualized plan for employment to enable the individual to make informed and effective choices in developing the individualized plan for employment;"; and

(ii) in subparagraph (D)—

(I) in clause (i), by striking "and" after the semicolon;

(II) in clause (ii), by striking the period at the end and inserting a semicolon; and

(III) by adding at the end the following:

"(iii) for individuals entitled to benefits under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq., 1381 et seq.) on the basis of a disability or blindness—

"(I) information on the availability of benefits and medical assistance authorized under the State medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) or under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.), and

medical assistance authorized under other federally funded programs;

"(II) information on the availability of assistance through benefits planning and assistance programs authorized under section 1149 of the Social Security Act (42 U.S.C. 1320b–20) and services provided by the State protection and advocacy system and authorized under section 1150 of the Social Security Act (42 U.S.C. 1320b–21); and

"(III) in the case of individuals who are also eligible for a ticket under the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19), general information regarding the options for using the ticket and information on how to contact a program manager of the Ticket to Work and Self-Sufficiency Program to obtain information on approved employment networks, on providers for the benefits planning and assistance programs described in subparagraph (B) in the State, and on the services provided by the State protection

and advocacy system and described in subparagraph (B).";

(B) in paragraph (2)(E)—

(i) in clause (i)(II), by striking "and" after the semicolon;

(ii) in clause (ii), by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(iii) amended, as necessary, to include the post-employment services and service providers that are necessary for the individual to maintain, regain, or advance in employment, consistent with the individual's strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice."; and

(C) in paragraph (3)—

(i) in subparagraph (B)(i)(I), by striking "and personal assistance services" and all that follows and inserting "mentoring services, and personal assistance services, including training in the management of such services, and referrals described in section 103(a)(3) to the device reutilization

programs and device demonstrations described in subparagraphs (B) and (D) of section 4(e)(2) of the Assistive Technology Act of 1998 (42 U.S.C. 3003(e)(2)) through agreements developed under section 101(a)(11)(G); and";

(ii) in subparagraph (F)(ii), by striking "and" after the semicolon;

(iii) in subparagraph (G), by striking the period at the end and inserting "; and"; and

(iv) by adding at the end the following:

"(H) for an individual who is receiving assistance from an employment network under the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19), a list of the services that are listed in the individual work plan that the individual developed with the employment network under subsection (g) of that section."; and

(2) in subsection (c)(7), by inserting "that take into consideration the informed choice of the individual" after "plan development".

SEC. 414. VOCATIONAL REHABILITATION SERVICES.

Section 103 of the Rehabilitation Act of 1973 (29 U.S.C. 723) is amended—

(1) in subsection (a)—

(A) in paragraph (5), by inserting "literacy services," after "vocational adjustment services,";

(B) by striking paragraph (15) and inserting the following:

"(15) transition services for students with disabilities, that facilitate the transition from school to postsecondary life (including employment through the achievement of the employment outcome identified in the individualized plan for employment), including, in a transition services expansion year, services described in subclauses (I) through (III) of section 101(a)(25)(B)(ii);";

(C) in paragraph (17), by striking "and" after the semicolon;

(D) in paragraph (18), by striking the period at the end and inserting "; and"; and

(E) by adding at the end the following:

"(19) mentoring services."; and

(2) in subsection (b), by striking paragraph (6) and inserting the following:

"(6)(A)(i) Consultation and technical assistance services to assist State and local educational agencies

in planning for the transition of students with disabilities from school to postsecondary life, including employment.

"(ii) In a transition services expansion year, training and technical assistance described in section 101(a)(25)(B)(ii)(IV).

"(B) In a transition services expansion year, services for groups of individuals with disabilities who meet the requirements of clauses (i), (ii), and (iv) of section 7(37)(A), including services described in subclauses (I), (II), (III), and (V) of section 101(a)(25)(B)(ii), to assist in the transition from school to postsecondary life, including employment.".

SEC. 415. STATE REHABILITATION COUNCIL.

Section 105 of the Rehabilitation Act of 1973 (29 U.S.C. 725) is amended—

(1) in subsection (b)—

(A) in paragraph (1)(A)—

(i) by striking clause (ix) and inserting the following:

"(ix) in a State in which one or more projects provide services under section 121, at least one representative of the directors of the projects;";

(ii) in clause (x), by striking the "and" after the semicolon;

(iii) in clause (xi), by striking the period at the end and inserting "; and"; and

(iv) by adding at the end the following:

"(xii) the director of the State's comprehensive statewide program of technology-related assistance funded under section 4 of the Assistive Technology Act of 1998 (29 U.S.C. 3003)."; and

(B) by striking paragraph (5) and inserting the following:

"(5) CHAIRPERSON.—The Council shall select a chairperson from among the voting membership of the Council."; and

(2) in subsection (c)(6), by inserting before the semicolon the following: "and with the activities of entities carrying out programs under the Assistive Technology Act of 1998 (29 U.S.C. 3001 et seq.)".

SEC. 416. EVALUATION STANDARDS AND PERFORMANCE INDICATORS.

Section 106 of the Rehabilitation Act of 1973 (29 U.S.C. 726) is amended—

(1) in subsection (a), by striking paragraph (1)(C) and all that follows through paragraph (2) and inserting the following:

"(2) MEASURES.—The standards and indicators shall include outcome and related measures of program performance that include measures of the program's performance with respect to the transition from school to postsecondary life, including employment, and achievement of the postsecondary vocational goals, of students with disabilities served under the program."; and

(2) in subsection (b)(2)(B)(i), by striking ", if necessary" and all that follows through the semicolon and inserting ", if the State has not improved its performance to acceptable levels, as determined by the Commissioner, direct the State to make further revisions to the plan to improve performance, which may include revising the plan to allocate a higher proportion of the State's resources for services to individuals with disabilities if the State agency's spending on such services is low in comparison to spending on such services by comparable agencies in other States;".

SEC. 417. MONITORING AND REVIEW.

Section 107(b)(1) of the Rehabilitation Act of 1973 (29 U.S.C. 727(b)(1)) is amended by inserting before the semicolon the following: ", including—

"(A) consulting with the Department of Labor, the Small Business Administration, other appropriate Federal agencies, and businesses or business-led intermediaries; and

"(B) based on information obtained through the consultations, providing technical assistance that improves that quality by enabling designated State units to develop successful partnerships with local and multi-State businesses in an effort to employ individuals with disabilities, and technical assistance on developing self-employment opportunities and improving employment outcomes for individuals with disabilities".

SEC. 418. STATE ALLOTMENTS.

Section 110 of the Rehabilitation Act of 1973 (29 U.S.C. 730) is amended—

(1) by striking subsection (b) and inserting the following:

"(b)(1) Not later than 45 days prior to the end of the fiscal year, the Commissioner shall determine, after reasonable opportunity for the submission to the Commissioner of comments by the State agency administering or super-

vising the program established under this title, that any amount from the 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)(A) As soon as practicable but not later than the end of the fiscal year, the Commissioner shall reallot the amount available under paragraph (1) to other States, consistent with subparagraphs (B) and (C), for carrying out the purposes of this title to the extent the Commissioner 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.

"(B)(i) The Commissioner shall reallot a portion of the amount available under paragraph (1) for a fiscal year to each State whose allotment under subsection (a) for such fiscal year is less than such State's allotment under subsection (a) for the immediately preceding fiscal year adjusted by the percentage change in the funds available for subsection (a) from the immediately preceding fiscal year.

"(ii)(I) A State that is eligible to receive a reallotment under clause (i) shall receive a portion for a fiscal year from the amount available for reallotment under paragraph (1) that is equal to the difference between—

"(aa) the amount such State was allotted under subsection (a) for such fiscal year; and

"(bb) the amount such State was allotted under subsection (a) for the immediately preceding fiscal year adjusted by the percentage change in the funds available for subsection (a) from the immediately preceding fiscal year.

"(II) If the amount available for reallotment under paragraph (1) is insufficient to provide each State eligible to receive a reallotment with the portion described in subclause (I), the amount reallotted to each eligible State shall be determined by the Commissioner.

"(C) If there are funds remaining after each State eligible to receive a reallotment under subparagraph (B)(i) receives the portion described in subparagraph (B)(ii), the Commissioner shall reallot the remaining funds among the States requesting a reallotment.

"(3) The Commissioner shall reallot an amount to a State under this subsection only if the 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.

"(4) For the purposes of this part, any amount made available to a State for any fiscal year pursuant to this subsection shall be regarded as an increase of such State's

allotment (as determined under the preceding provisions of this section) for such year."; and

(2) by striking subsection (c)(2) and inserting the following:

"(2)(A) In this paragraph:

"(i) The term 'appropriated amount' means the amount appropriated under section 100(b)(1) for allotment under this section.

"(ii) The term 'covered year' means a fiscal year—

"(I) that begins after September 30, 2005; and

"(II) for which the appropriated amount exceeds the total of—

"(aa) the appropriated amount for the preceding fiscal year; and

"(bb) 0.075 percent of the appropriated amount for the preceding fiscal year.

"(B) For each covered year, the sum referred to in paragraph (1) shall be, as determined by the Secretary—

"(i) not more than 1.5 percent of the appropriated amount for the covered year; and

"(ii) not less than the total of the sum reserved under this subsection for the preceding fiscal year and

0.1 percent of the appropriated amount for the covered year, subject to clause (i).

"(C) For each fiscal year that is not a covered year, the sum referred to in paragraph (1) shall be, as determined by the Secretary—

"(i) not more than 1.5 percent of the appropriated amount for the fiscal year; and

"(ii) not less than the sum reserved under this subsection for the preceding fiscal year, subject to clause (i).".

SEC. 419. RESERVATION FOR EXPANDED TRANSITION SERVICES.

The Rehabilitation Act of 1973 is amended by inserting after section 110 (29 U.S.C. 730) the following:

"SEC. 110A. RESERVATION FOR EXPANDED TRANSITION SERVICES.

"(a) RESERVATION.—From the State allotment under section 110 in a transition services expansion year, each State shall reserve an amount calculated by the Commissioner under subsection (b) to carry out programs and activities under sections 101(a)(25)(B) and 103(b)(6).

"(b) CALCULATION.—The Commissioner shall calculate the amount to be reserved for such programs and activities for a fiscal year by each State by multiplying $50,000,000 by the percentage determined by dividing—

"(1) the amount allotted to that State under section 110 for the prior fiscal year; by

"(2) the total amount allotted to all States under section 110 for that prior fiscal year.".

SEC. 420. CLIENT ASSISTANCE PROGRAM.

Section 112 of the Rehabilitation Act of 1973 (29 U.S.C. 732) is amended—

(1) in subsection (a)—

(A) in the first sentence, by striking "States" and inserting "agencies designated under subsection (c)"; and

(B) in the second sentence, by striking "State" and inserting "State in which the program is located";

(2) in subsection (b), by striking "the State has in effect not later than October 1, 1984, a client assistance program which" and inserting "the State has designated under subsection (c) an agency that";

(3) in subsection (e)—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking "The Secretary" and all that follows through the period and inserting the following: "After reserving funds under subparagraphs (E) and (F), the Secretary shall

allot the remainder of the sums appropriated for each fiscal year under this section among the agencies designated under subsection (c) within the States (referred to individually in this subsection as a 'designated agency') on the basis of relative population of each State, except that no such agency shall receive less than $50,000.";

(ii) in subparagraph (B), by inserting "the designated agencies located in" after "each to";

(iii) in subparagraph (D)(i)—

(I) by inserting "the designated agencies located in" after "$100,000 for"; and

(II) by inserting "the designated agencies located in" after "$45,000 for"; and

(iv) by adding at the end the following:

"(E)(i) For any fiscal year for which the amount appropriated to carry out this section equals or exceeds $13,000,000, the Secretary shall reserve funds appropriated under this section to make a grant to the protection and advocacy system serving the American Indian Consortium

to provide client assistance services in accordance with this section. The amount of such a grant shall be the same amount as is provided to a territory under subparagraph (B), as increased under clauses (i) and (ii) of subparagraph (D).

"(ii) In this subparagraph:

"(I) The term 'American Indian Consortium' has the meaning given the term in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act of 2000 (42 U.S.C. 15002).

"(II) The term 'protection and advocacy system' means a protection and advocacy system established under subtitle C of title I of the Developmental Disabilities Assistance and Bill of Rights Act of 2000 (42 U.S.C. 15041 et seq.).

"(F) For any fiscal year for which the amount appropriated to carry out this section equals or exceeds $14,000,000, the Secretary shall reserve not less than 1.8 percent and not more than 2.2 percent of such amount to provide a grant for training and technical assistance for the programs established under this section. Such training and technical assistance shall be coordinated with activities provided under section 509(c)(1)(A).''; and

(B) in paragraph (2)—

(i) by striking "State" each place such term appears and inserting "designated agency"; and

(ii) by striking "States" each place such term appears and inserting "designated agencies";

(4) in subsection (f), by striking "State" and inserting "agency designated under subsection (c)";

(5) in subsection (g)(1), by striking "State" and inserting "State in which the program is located"; and

(6) in subsection (h), by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2006 through 2011".

SEC. 421. INCENTIVE GRANTS.

Part B of title I of the Rehabilitation Act of 1973 (29 U.S.C. 730 et seq.) is amended by adding at the end the following:

"SEC. 113. INCENTIVE GRANTS.

"(a) AUTHORITY.—The Commissioner is authorized to make incentive grants to States that, based on the criteria established under subsection (b)(1), demonstrate—

"(1) a high level of performance; or

"(2) a significantly improved level of performance in a reporting period as compared to the previous reporting period or periods.

"(b) CRITERIA.—

"(1) ESTABLISHMENT.—Not later than 180 days after the date of enactment of this section, the Commissioner shall establish, and publish in the Federal Register, criteria for making grant awards under subsection (a).

"(2) DEVELOPMENT AND EVALUATION STANDARDS.—The criteria established under paragraph (1) shall—

"(A) be developed with input from designated State agencies and other vocational rehabilitation stakeholders, including vocational rehabilitation consumers and consumer organizations (including advocacy organizations); and

"(B) be based upon the evaluation standards and performance indicators established under section 106 and other performance-related measures that the Commissioner determines to be appropriate.

"(c) USE OF FUNDS.—A State that receives a grant under subsection (a) shall use the grant funds for any ap-

proved activities in the State's State plan submitted under section 101.

"(d) NO NON-FEDERAL SHARE REQUIREMENT.—The provisions of sections 101(a)(3) and 111(a)(2) shall not apply to this section.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of fiscal years 2006 through 2011.".

SEC. 422. VOCATIONAL REHABILITATION SERVICES GRANTS.

Section 121 of the Rehabilitation Act of 1973 (29 U.S.C. 741) is amended—

(1) in subsection (a), in the first sentence, by inserting ", consistent with such individuals' strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice, so that such individuals may prepare for, and engage in, gainful employment" before the period at the end; and

(2) in subsection (b)—

(A) in paragraph (1)—

(i) in subparagraph (B), by striking "and" after the semicolon;

(ii) in subparagraph (C), by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(D) contains assurances that—

"(i) all decisions affecting eligibility for vocational rehabilitation services, the nature and scope of available services, and the provision of such services, will be made by a representative of the tribal vocational rehabilitation program; and

"(ii) such decisions will not be delegated to another agency or individual.";

(B) in paragraph (3), by striking the first sentence and inserting the following: "An application approved under this part that complies with the program requirements set forth in the regulations promulgated to carry out this part shall be effective for 5 years and shall be renewed for additional 5-year periods if the Commissioner determines that the grant recipient demonstrated acceptable past performance and the grant recipient submits a plan, including a proposed budget, to the Commissioner that the Com-

missioner approves that identifies future performance criteria, goals, and objectives.''; and

(C) by striking paragraph (4) and inserting the following:

''(4) In allocating funds under this part, the Secretary shall give priority to paying the continuation costs of projects in existence on the date of the allocation and may provide for increases in funding for such projects that the Secretary determines to be necessary.''.

SEC. 423. GAO STUDIES.

(a) STUDY ON TITLE I AND TICKET TO WORK.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study on the interaction of programs carried out under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) with the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19), including the impact of the interaction on beneficiaries, community rehabilitation programs (as defined in section 7 of the Rehabilitation Act of 1973 (29 U.S.C. 705)), and State vocational rehabilitation agencies.

(2) CONDUCT OF STUDY.—In conducting the study under paragraph (1), the Comptroller General of the United States shall consult with all types of

participants in the Ticket to Work and Self-Sufficiency Program, including the Social Security Administration, the Rehabilitation Services Administration, ticketholders, designated State agencies, entities carrying out such community rehabilitation programs (including employment networks and nonemployment networks), protection and advocacy agencies, MAXIMUS, and organizations representing the interests of ticketholders.

(3) REPORT TO CONGRESS.—Not later than 18 months after the date of enactment of this Act, the Comptroller General of the United States shall submit the study conducted pursuant to this subsection to the appropriate committees of Congress.

(b) STUDY ON THE ALLOTMENT FORMULA.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study on the relationship between the State allotment formula under section 110 of the Rehabilitation Act of 1973 (29 U.S.C. 730) and the ability of States to provide vocational rehabilitation services in accordance with the States' State plans under section 101 of such Act (29 U.S.C. 721).

(2) CONDUCT OF STUDY.—In conducting the study under paragraph (1), the Comptroller General

of the United States shall consult with appropriate entities.

(3) REPORT TO CONGRESS.—Not later than 12 months after the date of enactment of this Act, the Comptroller General of the United States shall submit the study conducted pursuant to this subsection to the appropriate committees of Congress.

Subtitle B—Research and Training

SEC. 431. DECLARATION OF PURPOSE.

Section 200(3) of the Rehabilitation Act of 1973 (29 U.S.C. 760(3)) is amended by inserting ", in a timely and efficient manner," before "through".

SEC. 432. AUTHORIZATION OF APPROPRIATIONS.

Section 201 of the Rehabilitation Act of 1973 (29 U.S.C. 761) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2006 through 2011"; and

(B) in paragraph (2), by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2006 through 2011"; and

(2) by adding at the end the following:

"(c) Of the sums appropriated under subsection (a)(1) for a fiscal year, the Secretary may reserve not more than

$200,000 for activities related to convening a national assistive technology summit under section 202(b)(6).".

SEC. 433. NATIONAL INSTITUTE ON DISABILITY AND REHABILITATION RESEARCH.

Section 202 of the Rehabilitation Act of 1973 (29 U.S.C. 762) is amended—

(1) in subsection (b)—

(A) in paragraph (6), by inserting before the semicolon the following: ", including convening a national assistive technology summit, to be held at or in conjunction with a national conference relating to assistive technology with respect to all categories of disabilities"; and

(B) in paragraph (10), by striking "and telecommuting" and inserting ", supported employment, and telecommuting";

(2) in subsection (f)(1)—

(A) by striking "Federal employees" and inserting "Department of Education employees"; and

(B) by adding at the end the following: "The peer review panel shall include a director of a designated State unit. Such panel shall include a member of the covered school community (for an activity resulting in educational mate-

rials or a product to be used in a covered school), a member of the business community (for an activity resulting in a product to be used in an employment activity), an assistive technology developer or manufacturer (for an activity relating to assistive technology), or an accessible electronic and information technology vendor or manufacturer (for an activity relating to accessible electronic and information technology).";

(3) by redesignating subsections (i), (j), and (k) as subsections (j), (k), and (l), respectively;

(4) by inserting after subsection (h) the following:

"(i)(1) The Director, with the assistance of the Rehabilitation Research Advisory Council established under section 205, shall determine if entities that receive financial assistance under this title are complying with the applicable requirements of this Act and achieving measurable goals, described in section 204(d)(2), that are consistent with the requirements of the programs under which the entities received the financial assistance.

"(2) To assist the Director in carrying out the responsibilities described in paragraph (1), the Director shall require recipients of financial assistance under this title to submit relevant information to evaluate program outcomes

with respect to the measurable goals described in section 204(d)(2).''; and

(5) by adding at the end the following:

''(m)(1) Not later than December 31 of each year, the Director shall prepare, and submit to the Secretary, the Committee on Education and the Workforce of the House of Representatives, and the Committee on Health, Education, Labor, and Pensions of the Senate, a report on the activities funded under this title.

''(2) Such report shall include—

''(A) a compilation and summary of the information provided by recipients of financial assistance for such activities under this title; and

''(B) a summary of the applications for financial assistance received under this title and the progress of the recipients of financial assistance in achieving the measurable goals described in section 204(d)(2).

''(n)(1) If the Director determines that an entity that receives financial assistance under this title fails to comply with the applicable requirements of this Act, or to make progress toward achieving the measurable goals described in section 204(d)(2), with respect to the covered activities involved, the Director shall assist the entity through tech-

nical assistance or other means, within 90 days after such determination, to develop a corrective action plan.

"(2) If the entity fails to develop and comply with a corrective action plan described in paragraph (1) during a fiscal year, the entity shall be subject to 1 of the following corrective actions selected by the Director:

"(A) Partial or complete termination of financial assistance for the covered activities, until the entity develops and complies with such a plan.

"(B) Ineligibility to receive financial assistance for such covered activities for the following year.

"(3) The Secretary shall establish appeals procedures for entities described in paragraph (1) that the Secretary determines fail to comply with the applicable requirements of this Act, or to make progress toward achieving the measurable goals.

"(4) As part of the annual report required under subsection (m), the Secretary shall describe each action taken by the Secretary under paragraph (1) or (2) and the outcomes of such action.".

SEC. 434. INTERAGENCY COMMITTEE.

Section 203 of the Rehabilitation Act of 1973 (29 U.S.C. 763) is amended—

(1) in subsection (a)(1), by striking "and the Director of the National Science Foundation" and in-

serting "the Director of the National Science Foundation, the Secretary of Commerce, and the Administrator of the Small Business Administration"; and

(2) in subsection (b)(2)—

(A) in subparagraph (D), by striking "and" after the semicolon;

(B) in subparagraph (E), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(F) conduct a study, on the assistive technology industry, for which the Committee shall—

"(i) determine the number of individuals who use assistive technology and the scope of the technologies they use;

"(ii) separately identify categories of assistive technology companies by the disability group served, and the type of product or service provided, categorized by—

"(I) size (small, medium, and large) of the companies;

"(II) capitalization of the companies;

"(III) region in which the companies are located; and

"(IV) products or services produced by the companies;

"(iii) compile aggregate data on revenues and unit sales of such companies, including information on international sales, for a recent reporting period, categorized by institution or user type acquiring the products or services, disability for which the products or services are used, and industry segment for the companies;

"(iv) identify platform availability and usage, for those products and services that are electronic and information technology-related;

"(v) identify the types of clients of the companies, such as Government, school, business, private payor, and charitable clients, and funding sources for the clients; and

"(vi) specify geographic segments for the companies, to determine whether there are significant distinctions in industry opportunities on the basis of geography, other than distinctions related to population.".

SEC. 435. RESEARCH AND OTHER COVERED ACTIVITIES.

Section 204 of the Rehabilitation Act of 1973 (29 U.S.C. 764) is amended—

(1) in subsection (a)—

(A) in paragraph (2)(B)—

(i) in clause (vi), by striking "and" after the semicolon;

(ii) in clause (vii), by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(viii) studies, analyses, and other activities affecting employment outcomes, including self-employment and telecommuting, of individuals with disabilities."; and

(B) by adding at the end the following:

"(3) In carrying out this section, the Director shall emphasize covered activities that are collaborations between—

"(A) for-profit companies working in the assistive technology, rehabilitative engineering, or information technology fields; and

"(B) States or public or private agencies and organizations.

"(4) In carrying out this section, the Director shall emphasize covered activities that include plans for—

"(A) dissemination of educational materials, research results, or findings, conclusions, and recommendations resulting from covered activities; or

"(B) the commercialization of marketable products resulting from the covered activities.";

(2) in subsection (b)—

(A) in paragraph (1), by striking "(18)" each place it appears and inserting "(19)";

(B) in paragraph (2)—

(i) in subparagraph (A)(i), by striking "rehabilitation services or" and inserting "rehabilitation services, developers or providers of assistive technology devices, assistive technology services, or information technology devices or services, or providers of";

(ii) in subparagraph (B)—

(I) in clause (i), by inserting "improve the evaluation process for determining the assistive technology needs of individuals with disabilities,"after "conditions,";

(II) in clause (ii), by inserting "and assistive technology services" before the semicolon; and

(III) in clause (iii), by inserting ", assistive technology services personnel," before "and other";

(iii) in subparagraph (C)—

(I) in clause (i), by inserting ", including research on assistive technology devices, assistive technology services, and accessible electronic and information technology devices" before the semicolon; and

(II) in clause (iii), by inserting ", including the use of assistive technology devices and accessible electronic and information technology devices in employment" before the semicolon;

(iv) in subparagraph (D), by inserting ", including training to provide knowledge about assistive technology devices, assistive technology services, and accessible electronic and information technology devices and services," after "personnel"; and

(v) in subparagraph (G)(i), by inserting ", assistive technology-related, and accessible electronic and information technology-related" before "courses";

(C) in paragraph (3)—

(i) in subparagraph (D)(ii), by adding at the end the following: "Each such Center conducting an activity relating to assistive

technology or relating to accessible electronic and information technology shall include in the committee an assistive technology developer or manufacturer, or an accessible electronic and information technology vendor or manufacturer, respectively. Each such Center conducting an activity resulting in educational materials or a product to be used in a covered school, or resulting in a product to be used in an employment activity, shall include in the committee a member of the covered school community, or a member of the business community, respectively.''; and

(ii) in subparagraph (G)(ii) by inserting ''the success of any commercialized product researched or developed through the Center,'' after ''disabilities,'';

(D) in paragraph (8), by inserting ''the Department of Commerce, the Small Business Administration, the Department of Labor,'' before ''other Federal agencies,'';

(E) in paragraph (13), in the matter preceding subparagraph (A), by striking ''employment needs of individuals with disabilities'' and

inserting "employment needs, opportunities, and outcomes, including needs, opportunities, and outcomes relating to self-employment, supported employment, and telecommuting, of individuals with disabilities, including older individuals with disabilities, and students with disabilities who are transitioning from school to postsecondary life, including employment"; and

(F) by adding at the end the following:

"(19) Research grants may be used to provide for research and demonstration projects that—

"(A) explore methods and practices for promoting access to electronic commerce activities for individuals with disabilities; and

"(B) will—

"(i) ensure dissemination of research findings;

"(ii) provide encouragement and support for initiatives and new approaches by companies engaged in electronic commerce activities; and

"(iii) result in the establishment and maintenance of close working relationships between the disability, research, and business communities.";

(3) in subsection (c)(2), by striking "$500,000" and inserting "$750,000"; and

(4) by adding at the end the following:

"(d)(1) In awarding grants, contracts, or other financial assistance under this title, the Director shall award the financial assistance on a competitive basis.

"(2)(A) To be eligible to receive financial assistance described in paragraph (1) for a covered activity, an entity shall submit an application to the Director at such time, in such manner, and containing such information as the Director may require.

"(B) The application shall include information describing—

"(i) measurable goals, and a timeline and specific plan for meeting the goals, that the applicant has set for addressing priorities related to—

"(I) commercialization of a marketable product (including a marketable curriculum or research) resulting from the covered activity;

"(II) in the case of a covered activity relating to technology, technology transfer;

"(III) in the case of research, dissemination of research results to, as applicable, Government entities, individuals with disabilities, covered schools, the business community, the assistive

technology community, and the accessible electronic and information technology community; and

"(IV) other matters as required by the Director; and

"(ii) information describing how the applicant will quantifiably measure the goals to determine whether the goals have been accomplished.

"(3)(A) In the case of an application for financial assistance under this title to carry out a covered activity that results in the development of a marketable product, the application shall also include a commercialization and dissemination plan, containing commercialization and marketing strategies for the product involved, and strategies for disseminating information about the product. The financial assistance shall not be used to carry out the commercialization and marketing strategies.

"(B) In the case of any other application for financial assistance to carry out a covered activity under this title, the application shall also include a dissemination plan, containing strategies for disseminating educational materials, research results, or findings, conclusions, and recommendations, resulting from the covered activity.".

SEC. 436. REHABILITATION RESEARCH ADVISORY COUNCIL.

Section 205 of the Rehabilitation Act of 1973 (29 U.S.C. 765) is amended—

(1) in subsection (a), by inserting "at least" before "12"; and

(2) in subsection (c), by inserting after "rehabilitation researchers," the following: "the directors of community rehabilitation programs, the business community (and shall include a representative of the small business community) that has experience with the system of vocational rehabilitation services carried out under this Act and with hiring individuals with disabilities, the community of assistive technology developers and manufacturers, the community of information technology vendors and manufacturers, the community of entities carrying out programs under the Assistive Technology Act of 1998 (29 U.S.C. 3001 et seq.), the community of covered school professionals,".

SEC. 437. DEFINITION.

Title II of the Rehabilitation Act of 1973 (29 U.S.C. 760 et seq.) is amended by adding at the end the following:

"SEC. 206. DEFINITION.

"In this title, the term 'covered school' means an elementary school or secondary school (as such terms are defined in section 9101 of the Elementary and Secondary

Education Act of 1965 (20 U.S.C. 7801)) or an institution of higher education.".

Subtitle C—Professional Development and Special Projects and Demonstrations

SEC. 441. TRAINING.

Section 302 of the Rehabilitation Act of 1973 (29 U.S.C. 772) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) in subparagraph (F), by striking the "and" after the semicolon;

(ii) in subparagraph (G), by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(H) personnel trained in providing assistive technology services."; and

(B) in paragraph (4)(B), by striking "section 134(c)" and inserting "section 121(e)";

(2) in subsection (b)(1)(B)(i), by striking "or prosthetics and orthotics" and inserting "prosthetics and orthotics, rehabilitation teaching for the blind, or orientation and mobility instruction"; and

(3) in subsection (i), by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2006 through 2011".

SEC. 442. DEMONSTRATION AND TRAINING PROGRAMS.

Section 303 of the Rehabilitation Act of 1973 (29 U.S.C. 773) is amended—

(1) in subsection (b)(5)(A)(i), by striking "special projects" and inserting "not less than 2 special projects";

(2) by redesignating subsections (c), (d), and (e) as subsections (h), (i), and (j), respectively;

(3) by inserting after subsection (b) the following:

"(c) DEMONSTRATION PROJECTS FOR EMPLOYMENT OF STUDENTS WITH INTELLECTUAL DISABILITIES OR MENTAL ILLNESS.—

"(1) PURPOSE.—The purpose of this subsection is to support model demonstration projects to provide supported and competitive employment experiences for students with intellectual disabilities or students with mental illness, and training for personnel that work with students described in this paragraph, to enable the students to gain employment skills and experience that will promote effective transitions from school to postsecondary life, including employment.

"(2) AWARDS AUTHORIZED.—

"(A) COMPETITIVE AWARDS AUTHORIZED.—The Secretary may award grants, contracts, and cooperative agreements, on a competitive basis, to eligible organizations described in paragraph (3), to enable the organizations to carry out demonstration projects described in paragraph (1).

"(B) DURATION.—The Secretary shall award grants, contracts, and cooperative agreements under this subsection for periods of 3 to 5 years.

"(3) ELIGIBLE ORGANIZATIONS.—To be eligible to receive a grant, contract, or cooperative agreement under this subsection, an organization shall—

"(A) have expertise in providing employment and support services for individuals with intellectual disabilities or individuals with mental illness;

"(B) have a proven track record in successfully running supported employment programs;

"(C) provide employment services that are exclusively integrated community-based supported employment services;

"(D) have expertise in creating natural supports for employment;

"(E) have expertise in providing computer training for the targeted population for the project involved; and

"(F) have experience operating mentoring programs for the target population in middle and high schools for at least a decade in diverse communities throughout the Nation.

"(4) APPLICATIONS.—Each organization desiring to receive a grant, contract, or cooperative agreement under this subsection shall submit an application to the Secretary at such time, in such manner, and including such information as the Secretary may require. Each application shall include—

"(A) a description of how the organization plans to carry out the activities authorized in this subsection through a demonstration project;

"(B) a description of how the organization will evaluate the project;

"(C) a description of how the organization will disseminate information about the activities and the impact of the activities on the lives of students served by the project; and

"(D) a description of how the organization will coordinate activities with any other relevant service providers in the locality where the organization is based, including federally supported independent living centers.

"(5) AUTHORIZED ACTIVITIES.—An organization that receives a grant, contract, or cooperative agreement under this subsection shall use the funds made available through the grant, contract, or cooperative agreement to carry out 1 or more of the following activities for individuals, ages 14 through 21, who are students with intellectual disabilities or students with mental illness:

"(A) PROVIDING SUPPORTED AND COMPETITIVE EMPLOYMENT EXPERIENCES.—The development of innovative and effective supported and competitive employment experiences after school, on weekends, and in the summer, utilizing natural supports that lead to competitive high-paying jobs.

"(B) PROVIDING TRAINING TO SCHOOL AND TRANSITION PERSONNEL.—The development and deployment of experts to work with transition programs (including personnel working with students on transition) so that personnel from the

programs develop skills needed to train students with intellectual disabilities or students with mental illness to be successful in competitive employment in a range of settings, including office settings. The training shall include training for the personnel in providing instruction to students in computer skills, office skills, interview etiquette, and appropriate social behavior required for successful long-term employment in professional environments.

"(6) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection $5,000,000 for fiscal year 2006 and such sums as may be necessary for fiscal years 2007 through 2011.

"(d) DEMONSTRATION PROJECT FOR EMPLOYMENT OF INDIVIDUALS WHO ARE DEAF AND LOW FUNCTIONING.—

"(1) PURPOSE.—The purpose of this subsection is to support a model demonstration project to provide training and employment and support services for individuals who are deaf and low functioning to enable them to gain employment skills that will allow them to become employed and economically self-sufficient.

"(2) DEFINITION.—

"(A) IN GENERAL.—In this subsection, the term 'individual who is deaf and low functioning' means an individual who has been deaf from birth or very early childhood, reads at or below the second grade level, has little or no intelligible speech, and lacks a secondary school diploma or its recognized equivalent.

"(B) SECONDARY DISABILITIES.—Such term may include an individual with a secondary disability.

"(3) GRANTS AUTHORIZED.—

"(A) COMPETITIVE GRANTS AUTHORIZED.—The Secretary may award grants to State agencies, other public agencies or organizations, or not-for-profit organizations with expertise in providing training and employment and support services for individuals who are deaf and low functioning to support model demonstration projects.

"(B) DURATION.—Grants under this subsection shall be awarded for a period not to exceed 5 years.

"(4) AUTHORIZED ACTIVITIES.—

"(A) DEVELOPING A COMPREHENSIVE TRAINING PROGRAM.—Each grant recipient

under this subsection shall develop an innovative, comprehensive training program for individuals who are deaf and low functioning that can be implemented at multiple training locations through such means as distance learning and use of advanced technology, as appropriate. Such training program shall be developed to maximize the potential for replication of the program by other training providers.

"(B) IMPLEMENTATION.—Each grant recipient under this subsection shall implement the comprehensive training program developed under subparagraph (A) as soon as feasible. Such training shall provide instruction on the job and the social skills necessary for successful long-term employment of individuals who are deaf and low functioning.

"(C) ESTABLISHING A POST-TRAINING PROGRAM OF EMPLOYMENT AND SUPPORT SERVICES.—Each grant recipient under this subsection shall implement employment and support services to assist individuals who complete the training program under subparagraph (A) in securing employment and transitioning to the

workplace, for a period of not less than 90 days subsequent to placement in the employment.

"(5) APPLICATIONS.—Each entity desiring to receive a grant under this subsection for a model demonstration project shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require including—

"(A) a description of how the applicant plans to address the activities authorized under this subsection;

"(B) a description of the evaluation plan to be used in the model demonstration project;

"(C) a description of how the applicant will disseminate information about the training program developed and the results of the project; and

"(D) a description of how the entity will coordinate activities with any other relevant service providers or entities providing training and employment and support services for individuals who are deaf and low functioning.

"(6) MANDATED EVALUATION AND DISSEMINATION ACTIVITIES.—

"(A) ANNUAL REPORT.—Not later than 2 years after the date on which a grant under this subsection is awarded and annually thereafter, the grant recipient shall submit to the Commissioner a report containing information on—

"(i) the number of individuals who are participating in the demonstration project funded under this subsection;

"(ii) the employment and other skills being taught in the project;

"(iii) the number of individuals participating in the project that are placed in employment;

"(iv) the job sites in which those individuals are placed and the type of jobs the individuals are placed in; and

"(v) the number of individuals who have dropped out of the project and the reasons for their terminating participation in the project.

"(B) EVALUATION OF THE PROJECT.—Each grant recipient under this subsection shall implement the evaluation plan approved in its application for determining the results of the project

within the timeframe specified in, and following the provisions of, the approved application.

"(C) PARTICIPANT EVALUATION PROCESS; FINAL EVALUATION.—In the final year of the project, the grant recipient will prepare and submit to the Commissioner a final evaluation report of the results of the model demonstration project containing—

"(i) information on—

"(I) the number of individuals who participated in the demonstration project;

"(II) the number of those individuals that are placed in employment;

"(III) the job sites in which those individuals were placed and the type of jobs the individuals were placed in;

"(IV) the number of those individuals who have dropped out of the project and the reasons for their terminating participation in the project; and

"(V) the number of those individuals who participated in the project and who remain employed as of 2

months prior to the date on which the final report is submitted to the Secretary;

"(ii) a written analysis of the project, including both the strengths and weaknesses of the project, to assist other entities in replicating the training program developed through the project; and

"(iii) such other information as the Secretary determines appropriate.

"(D) DISSEMINATION.—Not later than 5 years after the date on which a grant is awarded under this subsection, the evaluation report containing results of activities funded by such grant shall be disseminated to designated State agencies, school systems providing instruction to students who are individuals who are deaf and low functioning, supported employment providers, postsecondary vocational training programs, employers, the Social Security Administration, and other interested parties.

"(7) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection, $5,000,000 for fiscal year 2006 and

such sums as may be necessary for each of fiscal years 2007 through 2011.

"(e) TRAINING AND TECHNICAL ASSISTANCE CENTER TO PROMOTE HIGH-QUALITY EMPLOYMENT OUTCOMES FOR INDIVIDUALS RECEIVING SERVICES FROM DESIGNATED STATE AGENCIES.—

"(1) IN GENERAL.—The Commissioner shall award a grant, contract, or cooperative agreement to an entity to support a training and technical assistance program that—

"(A) responds to State-specific information requests concerning high-quality employment outcomes, from designated State agencies funded under title I, including—

"(i) requests for information on the expansion of self-employment, business ownership, and business development opportunities, and other types of entrepreneurial employment opportunities for individuals with disabilities;

"(ii) requests for information on the expansion and improvement of transition services to facilitate the transition of students with disabilities from school to postsecondary life, including employment;

"(iii) requests for examples of policies, practices, procedures, or regulations, that have enhanced or may enhance access to funding for assistive technology devices and assistive technology services for individuals with disabilities;

"(iv) requests for information on effective approaches to enhance informed choice and a consumer-directed State vocational rehabilitation system;

"(v) requests for assistance developing corrective action plans;

"(vi) requests for assistance in developing and implementing effective data collection and reporting systems that measure the outcomes of the vocational rehabilitation services, and preparing reports for the Commissioner as described in section 106(b)(1); and

"(vii) requests for information on effective approaches that enhance employment outcomes for individuals with disabilities, including conducting outreach and forming partnerships with business and industry; and

"(B) provides State-specific, regional, and national training and technical assistance concerning vocational rehabilitation services and related information to designated State agencies, including—

"(i) facilitating onsite and electronic information sharing using state-of-the-art Internet technologies such as real-time online discussions, multipoint video conferencing, and web-based audio/video broadcasts, on emerging topics that affect vocational rehabilitation programs authorized under title I;

"(ii) enabling the designated State agencies to coordinate training and data collection efforts with one-stop centers established under section 121(e) of the Workforce Investment Act of 1998 (29 U.S.C. 2841(e));

"(iii) enabling the designated State agencies to provide information on how the vocational rehabilitation programs authorized under title I can provide technical assistance to the one-stop centers on making programs offered through the centers phys-

ically and programmatically accessible to individuals with disabilities;

"(iv) sharing evidence-based and promising practices among the vocational rehabilitation programs;

"(v) maintaining an accessible website that includes links to—

"(I) the vocational rehabilitation programs;

"(II) appropriate Federal departments and agencies, and private associations;

"(III) State assistive technology device and assistive technology service demonstration programs, device loan programs, device reutilization programs, alternative financing systems, or State financing activities, operated through, or independently of, comprehensive statewide programs of technology-related assistance carried out under section 4 of the Assistive Technology Act of 1998 (29 U.S.C. 3003), telework programs, and other programs

that provide sources of funding for assistive technology devices; and

"(IV) various programs, including programs with tax credits, available to employers for hiring or accommodating employees who are individuals with disabilities;

"(vi) enhancing employment outcomes for individuals with mental illness and individuals with cognitive disabilities;

"(vii) convening experts from the vocational rehabilitation programs to discuss and make recommendations with regard to the employment of individuals with disabilities and national emerging issues of importance to individuals with vocational rehabilitation needs;

"(viii) enabling the designated State agencies to provide practical information on effective approaches for business and industry to use in employing individuals with disabilities, including provision of reasonable accommodations;

"(ix) providing information on other emerging issues concerning the delivery of

publicly funded employment and training services and supports to assist individuals with disabilities to enter the workforce, achieve improved employment outcomes, and become economically self-sufficient; and

"(x) carrying out such other activities as the Secretary may require.

"(2) ELIGIBLE ENTITIES.—To be eligible to receive a grant, contract, or cooperative agreement under this subsection, an entity shall have (or agree to award a grant or contract to an entity that has)—

"(A) experience and expertise in administering vocational rehabilitation services;

"(B) documented experience with and knowledge about self-employment, business ownership, business development, and other types of entrepreneurial employment opportunities and outcomes for individuals with disabilities, providing transition services for students with disabilities, and assistive technology; and

"(C) the expertise necessary to identify the additional data elements needed to provide comprehensive reporting of activities and outcomes of the vocational rehabilitation programs author-

ized under title I, and experience in utilizing data to provide annual reports.

"(3) COLLABORATION.—In developing and providing training and technical assistance under this subsection, a recipient of a grant, contract, or cooperative agreement under this subsection shall collaborate with other organizations, in particular—

"(A) agencies carrying out vocational rehabilitation programs under title I and national organizations representing such programs;

"(B) organizations representing individuals with disabilities;

"(C) organizations representing State officials and agencies engaged in the delivery of assistive technology;

"(D) relevant employees from Federal departments and agencies, other than the Department of Education;

"(E) representatives of businesses;

"(F) individuals with disabilities who use assistive technology and understand the barriers to the acquisition of such technology and assistive technology services; and

"(G) family members, guardians, advocates, and authorized representatives of such individuals.

"(f) ACCESS TO TELEWORK.—

"(1) DEFINITION OF TELEWORK.—In this subsection, the term 'telework' means work from home and other telework sites with the assistance of a computer and with reasonable accommodations, including the necessary equipment to facilitate successful work from home and other telework sites.

"(2) AUTHORIZATION OF PROGRAM.—The Commissioner is authorized to make grants to States and governing bodies of Indian tribes located on Federal and State reservations (and consortia of such governing bodies) to pay for the Federal share of the cost of establishing or expanding a telework program.

"(3) APPLICATION.—A State or Indian tribe that desires to receive a grant under this subsection shall submit an application to the Commissioner at such time, in such manner, and containing such information as the Commissioner may require.

"(4) USE OF FUNDS.—

"(A) IN GENERAL.—A State or Indian tribe that receives a grant under this subsection shall establish or expand a telework program that

shall provide assistance through loans or other alternative financing mechanisms to individuals with disabilities. The State or Indian tribe shall provide the assistance through the program to enable such individuals to purchase computers or other equipment, including adaptive equipment, to facilitate access to employment and enhance employment outcomes by providing the individual with the opportunity—

"(i) to work from home or other telework sites so that such individuals are able to telework; or

"(ii) to become self-employed on a full-time or part-time basis from home or other telework sites.

"(B) DEVELOPMENT OF TELEWORK OPPORTUNITIES AND BUSINESS PLANS.—A State or Indian tribe that receives a grant under this subsection may use not more than 10 percent of the grant award to develop telework opportunities with employers and assist in the development of business plans for individuals with disabilities interested in self-employment, before such individuals apply for assistance through the telework program.

"(C) SELF EMPLOYMENT.—A State or Indian tribe that receives a grant under this subsection shall enter into cooperative agreements with small business development centers for the development of business plans as described in section 103(a)(13) for individuals described in subparagraph (B), and provide assurances that the State or Indian tribe will, through plans to achieve self-support, vocational rehabilitation services, or other means, identify ways for the individuals described in subparagraph (B) to pay for the development of business plans, before such individuals apply for assistance through the telework program.

"(D) DEFINITIONS.—In this paragraph:

"(i) PLAN TO ACHIEVE SELF-SUPPORT.—The term 'plan to achieve self-support' means a plan described in sections 416.1180 through 416.1182 of title 20, Code of Federal Regulations (or any corresponding similar regulation or ruling).

"(ii) SMALL BUSINESS DEVELOPMENT CENTER.—The term 'small business development center' means a center established

under section 21 of the Small Business Act (15 U.S.C. 648).

"(5) FEDERAL SHARE.—The Federal share of the cost of establishing or expanding a telework program under this section shall be 90 percent of the cost.

"(6) EXISTING GRANT RECIPIENTS.—An entity that receives a grant under the Access to Telework Fund Program under subsection (b) for a fiscal year may use the funds made available through that grant for that fiscal year in accordance with this subsection rather than subsection (b).

"(7) ANNUAL REPORT.—

"(A) IN GENERAL.—A State or Indian tribe that receives a grant under this subsection shall prepare and submit an annual report to the Commissioner.

"(B) CONTENTS.—The report under subparagraph (A) shall include the following:

"(i) Information on the characteristics of each individual with a disability that receives assistance through a loan or other alternative financing mechanism under the program, including information about the individual such as the following:

"(I) Age.

"(II) Employment status at the time of application for assistance through a loan or other alternative financing mechanism under this subsection.

"(III) Whether the individual attempted to secure financial support from other sources to enable the individual to telework and, if so, a description of such sources.

"(IV) Whether the individual is working and, if so, whether the individual teleworks, the occupation in which the individual is working, the hourly salary the individual receives, and the hourly salary of the individual prior to receiving assistance through a loan or other alternative financing mechanism under the program.

"(V) Whether the individual has repaid assistance from the loan or other alternative financing mechanism received under the program, is in repayment status, is delinquent on repayments, or has defaulted on the as-

sistance from the loan or other alternative financing mechanism.

"(ii) An analysis of the individuals with disabilities that have benefited from the program.

"(iii) Any other information that the Commissioner may require.

"(g) GRANTS FOR DISABILITY CAREER PATHWAYS PROGRAM.—

"(1) DEFINITIONS.—In this subsection:

"(A) CENTER FOR INDEPENDENT LIVING.—The term 'center for independent living' means a center for independent living funded under subtitle C of title VII.

"(B) COVERED INSTITUTION.—The term 'covered institution' means—

"(i) a secondary school; and

"(ii) in the discretion of the eligible consortium involved, an institution of higher education.

"(C) ELIGIBLE CONSORTIUM.—The term 'eligible consortium' means a consortium described in paragraph (3)(A).

"(D) SECONDARY SCHOOL.—The term 'secondary school' has the meaning given the term

in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

"(2) PURPOSE OF PROGRAM.—The Commissioner may establish a Disability Career Pathways program, through which the Commissioner may make grants, for periods of not more than 5 years, to institutions of higher education that establish eligible consortia, to enable the consortia to develop and carry out training and education related to disability studies and leadership development. The consortia shall provide the training and education for the purpose of providing career pathways for students at a covered institution, in fields pertinent to individuals with disabilities, and particularly pertinent to the employment of individuals with disabilities.

"(3) APPLICATION.—To be eligible to receive a grant under this subsection on behalf of a consortium, an institution of higher education shall submit an application to the Commissioner at such time, in such manner, and containing such information as the Commissioner may require, including information demonstrating—

"(A) that the institution of higher education has established a consortium of members that represent—

"(i) the institution of higher education;

"(ii) a community college;

"(iii) a secondary school;

"(iv) a center for independent living;

"(v) a designated State agency;

"(vi) a one-stop center established under section 121(e) of the Workforce Investment Act of 1998 (29 U.S.C. 2841(e)); and

"(vii) the local business community;

"(B) the collaborative working relationships between the institution of higher education and the other members of the consortium, and describing the activities that each member shall undertake; and

"(C) the capacity and expertise of the institution of higher education—

"(i) to coordinate training and education related to disability studies and leadership development with educational institutions and disability-related organizations; and

"(ii) to conduct such training and education effectively.

"(4) DISTRIBUTION OF GRANTS.—In making grants under this subsection, the Commissioner shall ensure that the grants shall be distributed for a geographically diverse set of eligible consortia throughout all regions.

"(5) MANDATORY USES OF FUNDS.—An institution of higher education that receives a grant under this subsection on behalf of a consortium shall ensure that the consortium shall use the grant funds to—

"(A) encourage interest in, enhance awareness and understanding of, and provide educational opportunities in, disability-related fields, and encourage leadership development among students served by a covered institution, including such students who are individuals with disabilities;

"(B) enable the students at a covered institution to gain practical skills and identify work experience opportunities, including opportunities developed by the consortium in conjunction with the private sector, that benefit individuals with disabilities;

"(C) develop postsecondary school career pathways leading to gainful employment, the attainment of an associate or baccalaureate degree,

or the completion of further coursework or a further degree, in a disability-related field;

"(D) offer credit-bearing, college-level coursework in a disability-related field to qualified students served by a covered institution; and

"(E) ensure faculty and staff employed by the members of the consortium are available to—

"(i) students at a covered institution for educational and career advising; and

"(ii) teachers and staff of a covered institution for disability-related training.

"(6) PERMISSIBLE USES OF FUNDS.—An institution of higher education that receives a grant under this subsection on behalf of a consortium may permit the consortium to use the grant funds to develop or adapt disabilities studies curricula, including curricula with distance learning opportunities, for use at covered institutions, to encourage students served by such covered institutions to enter careers in disability-related fields.

"(7) CONSULTATION.—The consortium shall consult with appropriate agencies that serve or assist individuals with disabilities, and the parents, family members, guardians, advocates, or authorized representatives of the individuals, located in the jurisdic-

tion served by the consortium, concerning the program of education and training carried out by the consortium.

"(8) REVIEWS.—

"(A) ADVISORY COMMITTEE.—For an institution of higher education to be eligible to receive a grant under this subsection on behalf of a consortium, the consortium shall have an advisory committee that consists of members that represent the interests of individuals with disabilities, including—

"(i) a professional in the field of vocational rehabilitation;

"(ii) an individual with a disability or a family member of such an individual; and

"(iii) a representative of each type of entity or community represented on the consortium.

"(B) QUARTERLY REVIEWS.—The advisory committee shall meet at least once during each calendar quarter to conduct a review of the program of education and training carried out by the consortium. The committee shall directly advise the governing board of the institution of

higher education in the consortium about the views and recommendations of the advisory committee resulting from the review.

"(9) ACCOUNTABILITY.—Every 2 years, the Commissioner shall—

"(A) using information collected from the reviews required in paragraph (8), assess the effectiveness of the Disability Career Pathways program carried out under this subsection, including assessing how many individuals were served by each eligible consortium and how many of those individuals received postsecondary education, or entered into employment, in a disability-related field; and

"(B) prepare and submit to Congress a report containing the results of the assessments described in subparagraph (A).''; and

(4) in subsection (j), as redesignated by paragraph (2)—

(A) by striking "There" and inserting the following:

"(1) IN GENERAL.—There'';

(B) in paragraph (1), as designated by subparagraph (A)—

(i) by striking "this section" and inserting "this section (other than subsections (c) and (d))"; and

(ii) by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2006 through 2011"; and

(C) by adding at the end the following:

"(2) RESERVATIONS.—Of the sums appropriated under paragraph (1) for a fiscal year, the Secretary may reserve—

"(A) not more than $500,000 to carry out subsection (e);

"(B) not more than $5,000,000 to carry out subsection (f); and

"(C) not more than $5,000,000 to carry out subsection (g).".

SEC. 443. MIGRANT AND SEASONAL FARMWORKERS.

Section 304(b) of the Rehabilitation Act of 1973 (29 U.S.C. 774(b)) is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2006 through 2011".

SEC. 444. RECREATIONAL PROGRAMS.

Section 305 of the Rehabilitation Act of 1973 (29 U.S.C. 775) is amended—

(1) in subsection (a)(1)(B), by striking "construction of facilities for aquatic rehabilitation therapy,"; and

(2) in subsection (b), by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2006 through 2011".

Subtitle D—National Council on Disability

SEC. 451. AUTHORIZATION OF APPROPRIATIONS.

Section 405 of the Rehabilitation Act of 1973 (29 U.S.C. 785) is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2006 through 2011".

Subtitle E—Rights and Advocacy

SEC. 461. ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD.

Section 502(j) of the Rehabilitation Act of 1973 (29 U.S.C. 792(j)) is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2006 through 2011".

SEC. 462. PROTECTION AND ADVOCACY OF INDIVIDUAL RIGHTS.

Section 509 of the Rehabilitation Act of 1973 (29 U.S.C. 794e) is amended—

(1) in subsection (c)(1)(A), by inserting "a grant for" after "to provide";

(2) in subsection (g)(2), by striking "was paid" and inserting "was paid, except that program income generated from the amount paid to an eligible system shall remain available to such system until expended";

(3) in subsection (l), by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2006 through 2011";

(4) by redesignating subsections (l) and (m) as subsections (m) and (n), respectively; and

(5) by inserting after subsection (k) the following:

"(l) SYSTEM AUTHORITY.—For purposes of serving persons eligible for services under this section, an eligible system shall have the same general authorities, including access to records, as the system is afforded under subtitle C of title I of the Developmental Disabilities Assistance and Bill of Rights Act of 2000 (29 U.S.C. 796c et seq.), as determined by the Secretary.".

Subtitle F—Employment Opportunities for Individuals With Disabilities

SEC. 471. PROJECTS WITH INDUSTRY.

Section 611(a) of the Rehabilitation Act of 1973 (29 U.S.C. 795(a)) is amended—

(1) in paragraph (1), by inserting ", locally and nationally" before the period at the end; and

(2) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by inserting "local and national" before "Projects With Industry"; and

(B) in subparagraph (A)—

(i) in clause (iii), by striking "and" after the semicolon;

(ii) in clause (iv), by inserting "and" after the semicolon; and

(iii) by adding at the end the following:

"(v) coordinate activities with the Job Corps center industry councils established under section 154 of the Workforce Investment Act of 1998 (29 U.S.C. 2894);".

SEC. 472. PROJECTS WITH INDUSTRY AUTHORIZATION OF APPROPRIATIONS.

Section 612 of the Rehabilitation Act of 1973 (29 U.S.C. 795a) is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2006 through 2011".

SEC. 473. SERVICES FOR INDIVIDUALS WITH SIGNIFICANT DISABILITIES AUTHORIZATION OF APPROPRIATIONS.

Section 628 of the Rehabilitation Act of 1973 (29 U.S.C. 795n) is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2006 through 2011".

Subtitle G—Independent Living Services and Centers for Independent Living

SEC. 481. STATE PLAN.

Section 704 of the Rehabilitation Act of 1973 (29 U.S.C. 796c) is amended by adding at the end the following:

"(o) PROMOTING FULL ACCESS TO COMMUNITY LIFE.—

"(1) IN GENERAL.—The plan shall describe how the State will provide independent living services that promote full access to community life for individuals with significant disabilities.

"(2) SERVICES.—The services shall include, as appropriate—

"(A) facilitating transitions of—

"(i) youth who are individuals with significant disabilities and have completed individualized education programs under section 614(d) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(d)) to postsecondary life, including employment; and

"(ii) individuals with significant disabilities from nursing homes and other institutions, including institutions serving individuals with cognitive disabilities, to community-based residences;

"(B) assisting individuals with significant disabilities at risk of entering institutions to remain in the community; and

"(C) promoting home ownership among individuals with significant disabilities.".

SEC. 482. STATEWIDE INDEPENDENT LIVING COUNCIL.

(a) ESTABLISHMENT.—Section 705(a) of the Rehabilitation Act of 1973 (29 U.S.C. 796d(a)) is amended by striking the second sentence and inserting the following: "The Council shall not be established as an entity within a State

agency, and shall not provide independent living services directly to individuals with significant disabilities or manage such services.".

(b) COMPOSITION.—Section 705(b) of the Rehabilitation Act of 1973 (29 U.S.C. 796d(b)) is amended—

(1) in paragraph (2), by striking subparagraph (C) and inserting the following:

"(C) in a State in which 1 or more projects provide services under section 121, not less than 1 representative of the directors of the projects."; and

(2) by striking paragraph (5) and inserting the following:

"(5) CHAIRPERSON.—The Council shall select a chairperson from among the voting membership of the Council.".

(c) DUTIES.—Section 705(c) of the Rehabilitation Act of 1973 (29 U.S.C. 796d(c)) is amended—

(1) by redesignating paragraphs (1) through (5) as subparagraphs (A) through (E), respectively, and aligning the margins of those subparagraphs with the margins of subparagraph (E) of subsection (b)(3);

(2) by striking "(c)" and all that follows through "shall—" and inserting the following:

"(c) FUNCTIONS.—

"(1) DUTIES.—The Council shall—"; and

(3) by adding at the end the following:

"(2) AUTHORITIES.—The Council may, consistent with the State plan described in section 704, unless prohibited by State law—

"(A) provide advice and assistance to the designated State unit regarding the performance of its responsibilities under this title;

"(B) facilitate the improvement and coordination of services provided to individuals with disabilities by centers for independent living, the designated State unit, other Government agencies, and community organizations;

"(C) conduct resource development activities to obtain funding from public and private resources to support the activities described in this subsection or to support the provision of independent living services by centers for independent living; and

"(D) perform such other functions, consistent with the purpose of this chapter and comparable to other functions described in this subsection, as the Council determines to be appropriate.".

SEC. 483. INDEPENDENT LIVING SERVICES AUTHORIZATION OF APPROPRIATIONS.

Section 714 of the Rehabilitation Act of 1973 (29 U.S.C. 796e–3) is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2006 through 2011".

SEC. 484. PROGRAM AUTHORIZATION.

Section 721 of the Rehabilitation Act of 1973 (29 U.S.C. 796f) is amended—

(1) by striking subsection (c) and inserting the following:

"(c) ALLOTMENTS TO STATES.—

"(1) DEFINITIONS.—In this subsection:

"(A) ADDITIONAL APPROPRIATION.—The term 'additional appropriation' means the amount (if any) by which the appropriation for a fiscal year exceeds the total of—

"(i) the amount reserved under subsection (b) for that fiscal year; and

"(ii) the appropriation for fiscal year 2005.

"(B) APPROPRIATION.—The term 'appropriation' means the amount appropriated to carry out this part.

"(C) BASE APPROPRIATION.—The term 'base appropriation' means the portion of the ap-

propriation for a fiscal year that is equal to the lesser of—

"(i) an amount equal to 100 percent of the appropriation, minus the amount reserved under subsection (b) for that fiscal year; or

"(ii) the appropriation for fiscal year 2005.

"(2) ALLOTMENTS TO STATES FROM BASE APPROPRIATION.—After the reservation required by subsection (b) has been made, the Commissioner shall allot to each State whose State plan has been approved under section 706 an amount that bears the same ratio to the base appropriation as the amount the State received under this subsection for fiscal year 2005 bears to the total amount that all States received under this subsection for fiscal year 2005.

"(3) ALLOTMENTS TO STATES OF ADDITIONAL APPROPRIATION.—From any additional appropriation for each fiscal year, the Commissioner shall allot to each State whose State plan has been approved under section 706 an amount equal to the sum of—

"(A) an amount that bears the same ratio to 50 percent of the additional appropriation as

the population of the State bears to the population of all States; and

"(B) 1/56 of 50 percent of the additional appropriation."; and

(2) by adding at the end the following:

"(e) CARRYOVER AUTHORITY.—Notwithstanding any other provision of law—

"(1) any funds appropriated for a fiscal year to carry out a grant program under section 722 or 723, that are not obligated and expended by recipients prior to the beginning of the succeeding fiscal year shall remain available for obligation and expenditure by such recipients during that succeeding fiscal year and the subsequent fiscal year; and

"(2) any amounts of program income received by recipients under a grant program under section 722 or 723 in a fiscal year, that are not obligated and expended by recipients prior to the beginning of the succeeding fiscal year, shall remain available for obligation and expenditure by such recipients during that succeeding fiscal year and the subsequent fiscal year.".

SEC. 485. GRANTS TO CENTERS FOR INDEPENDENT LIVING IN STATES IN WHICH FEDERAL FUNDING EXCEEDS STATE FUNDING.

Section 722(c) of the Rehabilitation Act of 1973 (29 U.S.C. 796f–1(c)) is amended—

(1) by striking "grants" and inserting "grants for a fiscal year"; and

(2) by striking "by September 30, 1997" and inserting "for the preceding fiscal year".

SEC. 486. GRANTS TO CENTERS FOR INDEPENDENT LIVING IN STATES IN WHICH STATE FUNDING EQUALS OR EXCEEDS FEDERAL FUNDING.

Section 723(c) of the Rehabilitation Act of 1973 (29 U.S.C. 796f–2(c)) is amended—

(1) by striking "grants" and inserting "grants for a fiscal year"; and

(2) by striking "by September 30, 1997" and inserting "for the preceding fiscal year".

SEC. 487. STANDARDS AND ASSURANCES FOR CENTERS FOR INDEPENDENT LIVING.

Section 725(b) of the Rehabilitation Act of 1973 (29 U.S.C. 796f–4(b)) is amended by adding at the end the following:

"(8) PROMOTING FULL ACCESS TO COMMUNITY LIFE.—

"(A) IN GENERAL.—The center shall provide independent living services that promote full access to community life for individuals with significant disabilities.

"(B) SERVICES.—The services shall include, as appropriate—

"(i) facilitating transitions of—

"(I) youth who are individuals with significant disabilities and have completed individualized education programs under section 614(d) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(d)) to post-secondary life, including employment; and

"(II) individuals with significant disabilities from nursing homes and other institutions, including institutions serving individuals with cognitive disabilities, to community-based residences;

"(ii) assisting individuals with significant disabilities at risk of entering institutions to remain in the community; and

"(iii) promoting home ownership among individuals with significant disabilities.".

SEC. 488. CENTERS FOR INDEPENDENT LIVING AUTHORIZATION OF APPROPRIATIONS.

Section 727 of the Rehabilitation Act of 1973 (29 U.S.C. 796f–6) is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2006 through 2011".

SEC. 489. INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND.

Chapter 2 of title VII of the Rehabilitation Act of 1973 (29 U.S.C. 796j et seq.) is amended—

(1) by redesignating sections 752 and 753 as sections 753 and 754, respectively; and

(2) by inserting after section 751 the following:

"SEC. 752. TRAINING AND TECHNICAL ASSISTANCE.

"(a) GRANTS; CONTRACTS; OTHER ARRANGEMENTS.—For any fiscal year for which the funds appropriated to carry out this chapter exceed the funds appropriated to carry out this chapter for fiscal year 2005, the Commissioner shall first reserve from such excess, to provide training and technical assistance to designated State agencies for such fiscal year, not less than 1.8 percent, and not more

than 2 percent, of the funds appropriated to carry out this chapter for the fiscal year involved.

"(b) ALLOCATION.—From the funds reserved under subsection (a), the Commissioner shall make grants to, and enter into contracts and other arrangements with, entities that demonstrate expertise in the provision of services to older individuals who are blind to provide training and technical assistance with respect to planning, developing, conducting, administering, and evaluating independent living programs for older individuals who are blind.

"(c) FUNDING PRIORITIES.—The Commissioner shall conduct a survey of designated State agencies that receive grants under section 753 regarding training and technical assistance needs in order to determine funding priorities for grants, contracts, and other arrangements under this section.

"(d) REVIEW.—To be eligible to receive a grant or enter into a contract or other arrangement under this section, an entity shall submit an application to the Commissioner at such time, in such manner, containing a proposal to provide such training and technical assistance, and containing such additional information as the Commissioner may require.

"(e) PROHIBITION ON COMBINED FUNDS.—No funds reserved by the Commissioner under this section 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 reserved funds are separately identified in the agreement for such grant or payment and are used for the purposes of this chapter.''.

SEC. 490. PROGRAM OF GRANTS.

Section 753 of the Rehabilitation Act of 1973, as redesignated by section 489, is amended—

(1) by striking subsection (h);

(2) by redesignating subsections (i) and (j) as subsections (h) and (i), respectively;

(3) in subsection (b), by striking ''section 753'' and inserting ''section 754'';

(4) in subsection (c)—

(A) in paragraph (1), by striking ''section 753'' and inserting ''section 754''; and

(B) in paragraph (2)—

(i) by striking ''subsection (j)'' and inserting ''subsection (i)''; and

(ii) by striking ''subsection (i)'' and inserting ''subsection (h)'';

(5) in subsection (g), by inserting '', or contracts with,'' after ''grants to'';

(6) in subsection (h), as redesignated by paragraph (2)—

(A) in paragraph (1), by striking "subsection (j)(4)" and inserting "subsection (i)(4)"; and

(B) in paragraph (2)—

(i) in subparagraph (A)(vi), by adding "and" after the semicolon;

(ii) in subparagraph (B)(ii)(III), by striking "; and" and inserting a period; and

(iii) by striking subparagraph (C); and

(7) in subsection (i), as redesignated by paragraph (2)—

(A) by striking paragraph (2) and inserting the following:

"(2) MINIMUM ALLOTMENT.—

"(A) STATES.—In the case of any of the several States, the District of Columbia, or the Commonwealth of Puerto Rico, the amount referred to in paragraph (1)(A) for a fiscal year is the greater of—

"(i) $350,000;

"(ii) an amount equal to the amount the State, the District of Columbia, or the Commonwealth of Puerto Rico received to carry out this chapter for fiscal year 2005; or

"(iii) an amount equal to ⅓ of 1 percent of the amount appropriated under section 754, and not reserved under section 752, for the fiscal year and available for allotments under subsection (a).

"(B) CERTAIN TERRITORIES.—In the case of Guam, American Samoa, the United States Virgin Islands, or the Commonwealth of the Northern Mariana Islands, the amount referred to in paragraph (1)(A) for a fiscal year is $60,000.";

(B) in paragraph (3)(A), by striking "section 753" and inserting "section 754, and not reserved under section 752,"; and

(C) in paragraph (4)(B)(i), by striking "subsection (i)" and inserting "subsection (h)".

SEC. 491. INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND AUTHORIZATION OF APPROPRIATIONS.

Section 754 of the Rehabilitation Act of 1973, as redesignated by section 489, is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2006 through 2011".

Subtitle H—Miscellaneous

SEC. 495. 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 "2006 through 2011".

(b) HELEN KELLER NATIONAL CENTER FEDERAL ENDOWMENT FUND.—The first sentence of section 208(h) of the Helen Keller National Center Act (29 U.S.C. 1907(h)) is amended by striking "1999 through 2003" and inserting "2006 through 2011".

TITLE V—TRANSITION AND EFFECTIVE DATE

SEC. 501. TRANSITION PROVISIONS.

The Secretary of Labor shall, at the discretion of the Secretary, take such actions as the Secretary determines to be appropriate to provide for the orderly implementation of titles I and III of this Act. The Secretary of Education

shall, at the discretion of the Secretary, take such actions as the Secretary determines to be appropriate to provide for the orderly implementation of titles II and IV 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.

Calendar No. 203

109TH CONGRESS
1ST SESSION

S. 1021

[Report No. 109–134]

A BILL

To reauthorize the Workforce Investment Act of 1998, and for other purposes.

SEPTEMBER 7, 2005

Reported with an amendment