H. R. 1855

IN THE SENATE OF THE UNITED STATES

July 20, 2010

Received; read twice and referred to the Committee on Health, Education, Labor, and Pensions

AN ACT

To promote industry growth and competitiveness and to improve worker training, retention, and advancement, and for other purposes.

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

1 SECTION 1. SHORT TITLE.

- 2 This Act may be cited as the "Strengthening Employ-
- 3 ment Clusters to Organize Regional Success Act of 2010"
- 4 or the "SECTORS Act of 2010".

5 SEC. 2. INDUSTRY OR SECTOR PARTNERSHIP GRANT.

- 6 (a) AMENDMENT.—Subtitle D of title I of the Work-
- 7 force Investment Act of 1998 (29 U.S.C. 2911 et seq.)
- 8 is amended by inserting after section 171 the following:
- 9 "SEC. 171A. INDUSTRY OR SECTOR PARTNERSHIP GRANT
- 10 **PROGRAM.**
- 11 "(a) Purpose.—It is the purpose of this section to
- 12 promote industry or sector partnerships that lead collabo-
- 13 rative planning, resource alignment, and training efforts
- 14 across multiple firms for a range of workers employed or
- 15 potentially employed by a targeted industry cluster, in
- 16 order to encourage industry growth and competitiveness
- 17 and to improve worker training, retention, and advance-
- 18 ment in targeted industry clusters, including by devel-
- 19 oping—
- 20 "(1) immediate strategies for regions and com-
- 21 munities to fulfill pressing skilled workforce needs;
- 22 "(2) long-term plans to grow targeted industry
- clusters with better training and a more productive
- 24 workforce;

1	"(3) core competencies and competitive advan-
2	tages for regions and communities undergoing struc-
3	tural economic redevelopment; and
4	"(4) cross-firm skill standards, career ladders,
5	job redefinitions, employer practices, and shared
6	training and support capacities that facilitate the
7	advancement of workers at all skill levels.
8	"(b) Definitions.—In this section:
9	"(1) Career ladder.—The term 'career lad-
10	der' means an identified series of positions, work ex-
11	periences, and educational benchmarks or credentials
12	that offer occupational and financial advancement
13	within a specified career field or related fields over
14	time.
15	"(2) Economic self-sufficiency.—The term
16	'economic self-sufficiency' means, with respect to a
17	worker, earning a wage sufficient to support a fam-
18	ily adequately over time, based on factors such as—
19	"(A) family size;
20	"(B) the number and ages of children in
21	the family;
22	"(C) the cost of living in the worker's com-
23	munity; and
24	"(D) other factors that may vary by re-
25	gion.

1	"(3) ELIGIBLE ENTITY.—The term 'eligible en-
2	tity' means—
3	"(A) an industry or sector partnership; or
4	"(B) an eligible State agency.
5	"(4) ELIGIBLE STATE AGENCY.—The term 'eli-
6	gible State agency' means a State agency designated
7	by the Governor of the State in which the State
8	agency is located for the purposes of the grant pro-
9	gram under this section.
10	"(5) High-priority occupation.—The term
11	'high-priority occupation' means an occupation
12	that—
13	"(A) has a significant presence in an in-
14	dustry cluster;
15	"(B) is in demand by employers;
16	"(C) pays family-sustaining wages that en-
17	able workers to achieve economic self-suffi-
18	ciency, or can reasonably be expected to lead to
19	such wages;
20	"(D) has or is in the process of developing
21	a documented career ladder; and
22	"(E) has a significant impact on a region's
23	economic development strategy.
24	"(6) Industry cluster.—The term "industry
25	cluster' means a concentration of interconnected

1	businesses, suppliers, research and development,
2	service providers, and associated institutions in a
3	particular field that are linked by common workforce
4	needs.
5	"(7) Industry or sector partnership.—
6	The term 'industry or sector partnership' means a
7	workforce collaborative that is described as follows:
8	"(A) Required members.—
9	"(i) In general.—A workforce col-
10	laborative that organizes key stakeholders
11	in a targeted industry cluster into a work-
12	ing group that focuses on the workforce
13	needs of the targeted industry cluster and
14	that includes, at the appropriate stage of
15	development of the partnership—
16	"(I) representatives of multiple
17	firms or employers in the targeted in-
18	dustry cluster, including small- and
19	medium-sized employers when prac-
20	ticable;
21	"(II) 1 or more representatives of
22	State labor organizations, central
23	labor coalitions, or other labor organi-
24	zations, except instances where no
25	labor representation exists;

1	"(III) 1 or more representatives
2	of local boards;
3	"(IV) 1 or more representatives
4	of postsecondary educational institu-
5	tions or other training providers; and
6	"(V) 1 or more representatives of
7	State workforce agencies or other en-
8	tities providing employment services.
9	"(ii) Diverse and distinct rep-
10	RESENTATION.—No individual may serve
11	as a member in an industry or sector part-
12	nership for more than 1 of the required
13	categories described in subclauses (I)
14	through (V) of clause (i).
15	"(B) Authorized members.—An indus-
16	try or sector partnership may include represent-
17	atives of—
18	"(i) State or local government;
19	"(ii) State or local economic develop-
20	ment agencies;
21	"(iii) other State or local agencies;
22	"(iv) chambers of commerce;
23	"(v) nonprofit organizations;
24	"(vi) philanthropic organizations;

1	"(vii) economic development organiza-
2	tions;
3	"(viii) industry associations; and
4	"(ix) other organizations, as deter-
5	mined necessary by the members com-
6	prising the industry or sector partnership.
7	"(8) Targeted industry cluster.—The
8	term 'targeted industry cluster' means an industry
9	cluster that has—
10	"(A) economic impact in a local or regional
11	area, such as advanced manufacturing, clean
12	energy technology, and health care;
13	"(B) immediate workforce development
14	needs, such as advanced manufacturing, clean
15	energy, technology, and health care; and
16	"(C) documented career opportunities.
17	"(c) Grants Authorized.—
18	"(1) In general.—From amounts appro-
19	priated to carry out this section, the Secretary shall
20	award, on a competitive basis, grants described in
21	paragraph (3) to eligible entities to enable the eligi-
22	ble entities to plan and implement, respectively, the
23	eligible entities' strategic objectives in accordance
24	with subsection $(d)(2)(D)$.
25	"(2) Maximum amount.—

1	"(A) Implementation grants.—An im-
2	plementation grant awarded under paragraph
3	(3)(A) may not exceed a total of \$2,500,000 for
4	a 3-year period.
5	"(B) RENEWAL GRANTS.—A renewal grant
6	awarded under paragraph (3)(C) may not ex-
7	ceed a total of \$1,500,000 for a 3-year period.
8	"(3) Implementation and renewal
9	GRANTS.—
10	"(A) IN GENERAL.—The Secretary may
11	award an implementation grant under this sec-
12	tion to an eligible entity that has established, or
13	is in the process of establishing, an industry or
14	sector partnership.
15	"(B) Duration.—An implementation
16	grant shall be for a duration of not more than
17	3 years, and may be renewed in accordance
18	with subparagraph (C).
19	"(C) Renewal.—The Secretary may
20	renew an implementation grant for not more
21	than 3 years. A renewal of such grant shall be
22	subject to the requirements of this section, ex-
23	cept that the Secretary shall—
24	"(i) prioritize renewals to eligible enti-
25	ties that can demonstrate the long-term

1	sustainability of an industry or sector part-
2	nership funded under this section; and
3	"(ii) require assurances that the eligi-
4	ble entity will leverage, in accordance with
5	subparagraph (D)(ii), each year of the
6	grant period, additional funding sources
7	for the non-Federal share of the grant
8	which shall—
9	"(I) be in an amount greater
10	than—
11	"(aa) the non-Federal share
12	requirement described in sub-
13	paragraph (D)(i)(III); and
14	"(bb) for the second and
15	third year of the grant period,
16	the non-Federal share amount
17	the eligible entity provided for
18	the preceding year of the grant;
19	and
20	"(II) include at least a 50 per-
21	cent cash match from the State, the
22	industry cluster, or some combination
23	thereof, of the eligible entity.
24	"(D) Federal and non-federal
25	SHARE —

1	"(i) Federal share.—Except as
2	provided in subparagraph (C)(ii) and
3	clause (iii) of this subparagraph, the Fed-
4	eral share of a grant under this section
5	shall be—
6	"(I) 90 percent of the costs of
7	the activities described in subsection
8	(f), in the first year of the grant;
9	"(II) 80 percent of such costs in
10	the second year of the grant; and
11	"(III) 70 percent of such costs in
12	the third year of the grant.
13	"(ii) Non-federal.—The non-Fed-
14	eral share of a grant under this section
15	may be in cash or in-kind, and may come
16	from State, local, philanthropic, private, or
17	other sources.
18	"(iii) Exception.—The Secretary
19	may require the Federal share of a grant
20	under this section to be 100 percent if an
21	eligible entity receiving such grant is lo-
22	cated in a State or local area that is re-
23	ceiving a national emergency grant under
24	section 173.

"(4) FISCAL AGENT.—Each eligible entity receiving a grant under this section that is an industry or sector partnership shall designate an entity in the partnership as the fiscal agent for purposes of this grant.

"(5) USE OF GRANT FUNDS DURING GRANT PE-RIODS.—An eligible entity receiving grant funds under a grant under this section shall expend grant funds or obligate grant funds to be expended by the last day of the grant period.

"(d) Application Process.—

"(1) IDENTIFICATION OF A TARGETED INDUSTRY CLUSTER.—In order to qualify for a grant under this section, an eligible entity shall identify a targeted industry cluster that could benefit from such grant by—

"(A) working with businesses, industry associations and organizations, labor organizations, State boards, local boards, economic development agencies, and other organizations that the eligible entity determines necessary, to identify an appropriate targeted industry cluster based on criteria that include, at a minimum—

1	"(i) data showing the competitiveness
2	of the industry cluster;
3	"(ii) the importance of the industry
4	cluster to the economic development of the
5	area served by the eligible entity, including
6	estimation of jobs created or preserved;
7	"(iii) the identification of supply and
8	distribution chains within the industry
9	cluster; and
10	"(iv) research studies on industry
11	clusters; and
12	"(B) working with appropriate employment
13	agencies, workforce investment boards, eco-
14	nomic development agencies, community organi-
15	zations, and other organizations that the eligi-
16	ble entity determines necessary to ensure that
17	the targeted industry cluster identified under
18	subparagraph (A) should be targeted for invest-
19	ment, based primarily on the following criteria:
20	"(i) Demonstrated demand for job
21	growth potential.
22	"(ii) Employment base.
23	"(iii) Wages and benefits.

	10
1	"(iv) Demonstrated importance of the
2	targeted industry cluster to the area's
3	economy.
4	"(v) Workforce development needs.
5	"(2) Application.—An eligible entity desiring
6	to receive a grant under this section shall submit an
7	application to the Secretary at such time, in such
8	manner, and containing such information as the Sec-
9	retary may require. An application submitted under
10	this paragraph shall contain, at a minimum, the fol-
11	lowing:
12	"(A) A description of the eligible entity,
13	evidence of the eligible entity's capacity to carry
14	out activities in support of the strategic objec-
15	tives identified in the application under sub-
16	paragraph (D), and a description of the ex-
17	pected participation and responsibilities of each
18	of the mandatory partners described in sub-
19	section $(b)(7)(A)$.
20	"(B) A description of the targeted industry
21	cluster for which the eligible entity intends to
22	carry out activities through a grant under this
23	section, and a description of how such targeted
24	industry cluster was identified in accordance

25

with paragraph (1).

1	"(C) A description of the workers that will
2	be targeted or recruited by the partnership, in-
3	cluding an analysis of the existing labor market,
4	a description of potential barriers to employ-
5	ment for targeted workers, and a description of
6	strategies that will be employed to help workers
7	overcome such barriers.
8	"(D) A description of the strategic objec-
9	tives that the eligible entity intends to carry out
10	for the targeted industry cluster, which objec-
11	tives shall include—
12	"(i) recruiting key stakeholders in the
13	targeted industry cluster, such as multiple
14	businesses and employers, labor organiza-
15	tions, local boards, and education and
16	training providers, and regularly convening
17	the stakeholders in a collaborative struc-
18	ture that supports the sharing of informa-
19	tion, ideas, and challenges common to the
20	targeted industry cluster;
21	"(ii) identifying the training needs of
22	multiple businesses, especially skill gaps
23	critical to competitiveness and innovation
24	to the targeted industry cluster;

1	"(iii) facilitating economies of scale by
2	aggregating training and education needs
3	of multiple employers;
4	"(iv) helping postsecondary edu-
5	cational institutions, training institutions,
6	apprenticeship programs, and all other
7	training programs authorized under this
8	Act, align curricula entrance requirements
9	and programs to industry demand, particu-
10	larly for higher skill, high-priority occupa-
11	tions validated by the industry;
12	"(v) ensuring that the State agency,
13	including services provided by State merit
14	staff authorized under the Wagner-Peyser
15	Act program, shall inform recipients of un-
16	employment insurance of the job and train-
17	ing opportunities that may result from the
18	implementation of this grant;
19	"(vi) informing and collaborating with
20	organizations such as youth councils, busi-
21	ness-education partnerships, apprenticeship
22	programs, secondary schools, and postsec-
23	ondary educational institutions, and with
24	parents and career counselors, for the pur-
25	pose of addressing the challenges of con-

1	necting disadvantaged adults as defined in
2	section 132(b)(1)(B)(v) and disadvantaged
3	youth as defined in section 127(b) to ca-
4	reers;
5	"(vii) helping companies identify, and
6	work together to address, common organi-
7	zational and human resource challenges,
8	such as—
9	"(I) recruiting new workers;
10	"(II) implementing effective
11	workplace practices;
12	"(III) retraining dislocated and
13	incumbent workers;
14	"(IV) implementing a high-per-
15	formance work organization;
16	"(V) recruiting and retaining
17	women in nontraditional occupations;
18	"(VI) adopting new technologies;
19	and
20	"(VII) fostering experiential and
21	contextualized on-the-job learning;
22	"(viii) developing and strengthening
23	career ladders within and across compa-
24	nies, in order to enable dislocated, incum-

1	bent and entry-level workers to improve
2	skills and advance to higher-wage jobs;
3	"(ix) improving job quality through
4	improving wages, benefits, and working
5	conditions;
6	"(x) helping partner companies in in-
7	dustry or sector partnerships to attract po-
8	tential employees from a diverse job seeker
9	base, including individuals with barriers to
10	employment (such as job seekers who are
11	low income, youth, older workers, and indi-
12	viduals who have completed a term of im-
13	prisonment), by identifying such barriers
14	through analysis of the existing labor mar-
15	ket and implementing strategies to help
16	such workers overcome such barriers; and
17	"(xi) strengthening connections
18	among businesses in the targeted industry
19	cluster, leading to cooperation beyond
20	workforce issues that will improve competi-
21	tiveness and job quality, such as joint pur-
22	chasing, market research, or centers for
23	technology and innovation.
24	"(E) A description of the manner in which
25	the eligible entity intends to make sustainable

1	progress toward the strategic objectives de-
2	scribed in subparagraph (D).
3	"(F) Performance measures for measuring
4	progress toward the strategic objectives. Such
5	performance measures—
6	"(i) may consider the benefits pro-
7	vided by the grant activities funded under
8	this section for workers employed in the
9	targeted industry cluster, disaggregated by
10	gender and race, such as—
11	"(I) the number of workers re-
12	ceiving portable industry-recognized
13	credentials;
14	"(II) the number of workers with
15	increased wages, the percentage of
16	workers with increased wages, and the
17	average wage increase; and
18	"(III) for dislocated or non-
19	incumbent workers, the number of
20	workers placed in sector-related jobs;
21	and
22	"(ii) may consider the benefits pro-
23	vided by the grant activities funded under
24	this section for firms and industries in the
25	targeted industry cluster, such as—

1	"(I) the creation or updating of
2	an industry plan to meet current and
3	future workforce demand;
4	"(II) the creation or updating of
5	published industry-wide skill stand-
6	ards or career pathways;
7	"(III) the creation or updating of
8	portable, industry-recognized creden-
9	tials, including national credentials or
10	where there is not such a credential,
11	the creation or updating of a training
12	curriculum that can lead to the devel-
13	opment of such a credential;
14	"(IV) the number of firms, and
15	the percentage of the local industry,
16	participating in the industry or sector
17	partnership; and
18	"(V) the number of firms, and
19	the percentage of the local industry,
20	receiving workers or services through
21	the grant funded under this section.
22	"(G) A timeline for achieving progress to-
23	ward the strategic objectives.
24	"(H) In the case of an eligible entity desir-
25	ing an implementation grant under this section.

1	an assurance that the eligible entity will lever-
2	age other funding sources, in addition to the
3	amount required for the non-Federal share
4	under subsection (c)(3)(D), to provide training
5	or supportive services to workers under the
6	grant program. Such additional funding sources
7	may include—
8	"(i) funding under this title used for
9	such training and supportive services;
10	"(ii) funding under the Adult Edu-
11	cation and Family Literacy Act of 1998
12	(20 U.S.C. 9201 et seq.);
13	"(iii) economic development funding;
14	"(iv) employer contributions to train-
15	ing initiatives; or
16	"(v) providing employees with em-
17	ployee release time for such training or
18	supportive services.
19	"(e) Award Basis.—
20	"(1) Geographic distribution.—The Sec-
21	retary shall award grants under this section in a
22	manner to ensure geographic diversity.
23	"(2) Priorities.—In awarding grants under
24	this section, the Secretary shall give priority to eligi-
25	ble entities that—

1	"(A) work with employers within a tar-
2	geted industry cluster to retain and expand em-
3	ployment in high wage, high growth areas;
4	"(B) focus on helping workers move to-
5	ward economic self-sufficiency and ensuring the
6	workers have access to adequate supportive
7	services;
8	"(C) address the needs of firms with lim-
9	ited human resources or in-house training ca-
10	pacity, including small- and medium-sized
11	firms; and
12	"(D) coordinate with entities carrying out
13	State and local workforce investment, economic
14	development, and education activities.
15	"(f) Activities.—
16	"(1) In general.—An eligible entity receiving
17	a grant under this section shall carry out the activi-
18	ties necessary to meet the strategic objectives, in-
19	cluding planning activities if applicable, described in
20	the entity's application in a manner that—
21	"(A) integrates services and funding
22	sources in a way that enhances the effectiveness
23	of the activities; and
24	"(B) uses grant funds awarded under this
25	section efficiently.

1	"(2) Planning activities.—Planning activi-
2	ties may only be carried out by an eligible entity re-
3	ceiving an implementation grant under this section
4	during the first year of the grant period with not
5	more than \$250,000 or 10 percent, whichever is
6	greater of the grant funds.
7	"(3) Administrative costs.—An eligible enti-
8	ty may retain a portion of a grant awarded under
9	this section for a fiscal year to carry out the admin-
10	istration of this section in an amount not to exceed
11	5 percent of the grant amount.
12	"(g) Evaluation and Progress Reports.—
13	"(1) Annual activity report and evalua-
14	TION.—Not later than 1 year after receiving a grant
15	under this section, and annually thereafter, an eligi-
16	ble entity shall—
17	"(A) report to the Secretary, and to the
18	Governor of the State that the eligible entity
19	serves, on the activities funded pursuant to a
20	grant under this section; and
21	"(B) evaluate the progress the eligible enti-
22	ty has made toward the strategic objectives
23	identified in the application under subsection
24	(d)(2)(D), and measure the progress using the

- performance measures identified in the application under subsection (d)(2)(F).
- "(2) Report to the secretary.—An eligible entity receiving a grant under this section shall submit to the Secretary a report containing the results of the evaluation described in subparagraph (B) at such time and in such manner as the Secretary may require.

"(h) Administration by the Secretary.—

- "(1) Administrative costs.—The Secretary may retain not more than 2 percent of the funds appropriated to carry out this section for each fiscal year to administer this section.
- "(2) Technical assistance and oversight to assist the eligible entities in applying for and administering grants awarded under this section. The Secretary shall also provide technical assistance to eligible entities in the form of conferences and through the collection and dissemination of information on best practices. The Secretary may award a grant or contract to 1 or more national or State organizations to provide technical assistance to foster the planning, formation, and implementation of industry cluster partnerships.

1	"(3) GEOGRAPHIC EQUALITY.—The Secretary
2	shall ensure that, to the extent practicable, grants
3	are awarded on a geographically equal basis.
4	"(4) Performance measures.—The Sec-
5	retary shall issue a range of performance measures,
6	with quantifiable benchmarks, and methodologies
7	that eligible entities may use to evaluate the effec-
8	tiveness of each type of activity in making progress
9	toward the strategic objectives described in sub-
10	section (d)(2)(D). Such measures shall consider the
11	benefits of the industry or sector partnership and its
12	activities for workers, firms, industries, and commu-
13	nities.
14	"(5) Dissemination of Information.—The
15	Secretary shall—
16	"(A) coordinate the annual review of each
17	eligible entity receiving a grant under this sec-
18	tion and produce an overview report that, at a
19	minimum, includes—
20	"(i) the critical learning of each in-
21	dustry or sector partnership, such as—
22	"(I) the training that was most
23	effective;
24	"(II) the human resource chal-
25	lenges that were most common;

1	"(III) how technology is changing
2	the targeted industry cluster; and
3	"(IV) the changes that may im-
4	pact the targeted industry cluster over
5	the next 5 years; and
6	"(ii) a description of what eligible en-
7	tities serving similar targeted industry
8	clusters consider exemplary practices, such
9	as—
10	"(I) how to work effectively with
11	postsecondary educational institutions;
12	"(II) the use of internships;
13	"(III) coordinating with appren-
14	ticeships and cooperative education
15	programs;
16	"(IV) how to work effectively
17	with schools providing vocational edu-
18	cation;
19	"(V) how to work effectively with
20	adult populations, including—
21	"(aa) dislocated workers;
22	"(bb) women in nontradi-
23	tional occupations: and

1	"(cc) individuals with bar-
2	riers to employment, such as job
3	seekers who—
4	"(AA) are economically
5	disadvantaged;
6	"(BB) have limited
7	English proficiency;
8	"(CC) require remedial
9	education;
10	"(DD) are older work-
11	ers;
12	"(EE) are individuals
13	who have completed a sen-
14	tence for a criminal offense;
15	and
16	"(FF) have other bar-
17	riers to employment;
18	"(VI) employer practices that are
19	most effective;
20	"(VII) the types of training that
21	are most effective; and
22	"(VIII) other areas where indus-
23	try or sector partnerships can assist
24	each other;

1	"(B) make resource materials, including all
2	reports published and all data collected under
3	this section, available on the Internet; and
4	"(C) conduct conferences and seminars
5	to—
6	"(i) disseminate information on best
7	practices developed by eligible entities re-
8	ceiving a grant under this section; and
9	"(ii) provide information to the com-
10	munities of eligible entities.
11	"(6) Report.—Not later than 18 months after
12	the date of enactment of this Act and on an annual
13	basis, the Secretary shall transmit a report to Con-
14	gress on the industry or sector partnership grant
15	program established by this section. The report shall
16	include a description of—
17	"(A) the eligible entities receiving funding;
18	"(B) the activities carried out by the eligi-
19	ble entities;
20	"(C) how the eligible entities were selected
21	to receive funding under this section; and
22	"(D) an assessment of the results achieved
23	by the grant program including findings from
24	the annual reviews described in paragraph
25	(4)(A).

1	"(i) Rule of Construction.—Nothing in this sec-
2	tion shall be construed to permit—
3	"(1) the reporting or sharing of personally iden-
4	tifiable information collected or made available
5	under this section; and
6	"(2) the Secretary to share with, or report to,
7	any person, any personally identifiable information
8	collected or made available under this section.".
9	(b) Conforming Amendment.—The table of con-
10	tents in section 1(b) of the Workforce Investment Act of
11	1998 (20 U.S.C. 9201 note) is amended by inserting after
12	the item relating to section 171 the following:
	"171A. Industry or sector partnership grant program.".
	Passed the House of Representatives July 19, 2010.

Attest:

LORRAINE C. MILLER,

Clerk.