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108TH CONGRESS
1ST SESSION

H. R. 1261

[Report No. 108-82]

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

IN THE HOUSE OF REPRESENTATIVES

MARCH 13, 2003

Mr. McKEON (for himself and Mr. BOEHNER) introduced the following bill; which was referred to the Committee on Education and the Workforce

MAY 1, 2003

Additional sponsors: Mr. BALLENGER, Mr. COLE, Mr. TIBERI, Mr. ISAKSON, Mr. NORWOOD, and Mr. BEREUTER

MAY 1, 2003

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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

[For text of introduced bill, see copy of bill as introduced on March 13, 2003]

A BILL

To enhance the workforce investment system of the Nation by strengthening one-stop career centers, providing for more effective governance arrangements, promoting access to a more comprehensive array of employment,

training, and related services, establishing a targeted approach to serving youth, and improving performance accountability, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Workforce Reinvestment*
 5 *and Adult Education Act of 2003”.*

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

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

Sec. 1. Short title.

Sec. 2. Table of contents.

Sec. 3. References.

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

Sec. 101. Definitions.

Sec. 102. Purpose.

Sec. 103. State workforce investment boards.

Sec. 104. State plan.

Sec. 105. Local workforce investment areas.

Sec. 106. Local workforce investment boards.

Sec. 107. Local plan.

Sec. 108. Establishment of one-stop delivery systems.

Sec. 109. Eligible providers of training services.

Sec. 110. Eligible providers of youth activities.

Sec. 111. Youth activities.

Sec. 112. Comprehensive program for adults.

Sec. 113. Performance accountability system.

Sec. 114. Authorization of appropriations.

Sec. 115. Job Corps.

Sec. 116. Native American programs.

Sec. 117. Youth challenge grants.

Sec. 118. Technical assistance.

Sec. 119. Demonstration, pilot, multiservice, research and multistate projects.

Sec. 120. Evaluations.

Sec. 121. Authorization of appropriations for national activities.

Sec. 122. Requirements and restrictions.

Sec. 123. Nondiscrimination.

Sec. 124. Administrative provisions.

Sec. 125. General program requirements.

TITLE II—ADULT EDUCATION

PART A—ADULT BASIC SKILLS AND FAMILY LITERACY EDUCATION

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

PART B—NATIONAL INSTITUTE FOR LITERACY

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

TITLE III—AMENDMENTS TO THE WAGNER-PEYSER ACT

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

TITLE IV—AMENDMENTS TO THE REHABILITATION ACT OF 1973

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

TITLE V—TRANSITION AND EFFECTIVE DATE

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

1 **SEC. 3. REFERENCES.**

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

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

4 **SEC. 101. DEFINITIONS.**

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

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

10 *(2) by striking paragraph (13) and redesign-*
11 *ating paragraphs (1) through (12) as paragraphs*
12 *(2) through (13) respectively;*

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

15 *“(1) ACCRUED EXPENDITURES.—The term ‘ac-*
16 *crued expenditures’ includes the sum of actual cash*
17 *disbursements for direct charges for goods and serv-*
18 *ices, the net increase or decrease in the amounts owed*
19 *by recipients, goods and other property received for*
20 *services performed by employees, contractors, sub-*
21 *grantees, or other payees, and other amounts becom-*
22 *ing owned for which no current service or perform-*
23 *ance is required.”;*

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

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

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

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

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

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

7 **SEC. 102. PURPOSE.**

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

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

2 (a) *MEMBERSHIP.*—

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

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

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

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

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

18 “(III) if not included under subclause
19 (I), the director of the designated State enti-
20 ty responsible for carrying out title I of the
21 Rehabilitation Act (29 U.S.C. 701 et seq.);

22 “(ii) the State agency officials respon-
23 sible for economic development;

24 “(iii) representatives of business in the
25 State who—

1 “(I) are owners of businesses, chief
2 executive or operating officers of busi-
3 nesses, and other business executives or
4 employers with optimum policy mak-
5 ing or hiring authority, including
6 members of local boards described in
7 section 117(b)(2)(A)(i);

8 “(II) represent businesses with
9 employment opportunities that reflect
10 employment opportunities in the State;
11 and

12 “(III) are appointed from among
13 individuals nominated by State busi-
14 ness organizations and business trade
15 associations;

16 “(iv) chief elected officials (rep-
17 resenting both cities and counties, where ap-
18 propriate);

19 “(v) representatives of labor organiza-
20 tions, who have been nominated by State
21 labor federations; and

22 “(vi) such other representatives and
23 State agency officials as the Governor may
24 designate.”; and

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

4 (2) *CONFORMING AMENDMENT.*—Section 111(c)
5 (29 U.S.C 2811(c)) is amended by striking “sub-
6 section (b)(1)(C)(i)” and inserting “subsection
7 (b)(1)(C)(iii)”.

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

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

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

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

18 “(B) the criteria for the allocation of one-
19 stop center infrastructure funding under section
20 121(h), and oversight of the use of such funds;

21 “(C) approaches to facilitating equitable
22 and efficient cost allocation in one-stop delivery
23 systems; and

24 “(D) such other matters that may promote
25 statewide objectives for, and enhance the per-

1 *formance of, one-stop delivery systems within the*
2 *State;”;*

3 (2) *in paragraph (4), by inserting “and the de-*
4 *velopment of State criteria relating to the appoint-*
5 *ment and certification of local boards under section*
6 *117” after “section 116”;*

7 (3) *in paragraph (5), by striking “sections*
8 *128(b)(3)(B) and 133(b)(3)(B)” and inserting “sec-*
9 *tions 128(b)(3) and 133(b)(3)”;* and

10 (4) *in paragraph (9), by striking “section 503”*
11 *and inserting “section 136(i)”.*

12 (c) *ELIMINATION OF ALTERNATIVE ENTITY AND PRO-*
13 *VISION OF AUTHORITY TO HIRE STAFF.—Section 111(e)*
14 *(29 U.S.C. 2821(e)) is amended to read as follows:*

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

18 **SEC. 104. STATE PLAN.**

19 (a) *PLANNING CYCLE.—Section 112(a) (29 U.S.C.*
20 *2822(a)) is amended by striking “5-year strategy” and in-*
21 *serting “2-year strategy”.*

22 (b) *CONTENTS.—Section 112(b)(17)(A) (29 U.S.C.*
23 *2822(b)(17)(A)) is amended—*

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

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

1 “(iv) how the State will serve the em-
2 ployment and training needs of dislocated
3 workers (including displaced homemakers
4 and formerly self-employed and
5 transitioning farmers, ranchers, and fisher-
6 man) low income individuals (including re-
7 cipients of public assistance), homeless indi-
8 viduals, ex-offenders, individuals training
9 for nontraditional employment, and other
10 individuals with multiple barriers to em-
11 ployment (including older individuals);”;
12 and

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

15 “(v) how the State will serve the em-
16 ployment and training needs of individuals
17 with disabilities, consistent with section 188
18 and Executive Order 13217 (relating to
19 community-based alternatives for individ-
20 uals with disabilities) including the provi-
21 sion of outreach, intake, assessments, and
22 service delivery, the development of perform-
23 ance measures, and the training of staff;
24 and”.

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

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

5 (a) *DESIGNATION OF AREAS.*—

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

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

12 (2) *AUTOMATIC DESIGNATION.*—Section
13 116(a)(2) (29 U.S.C. 2831(a)(2)) is amended to read
14 as follows:

15 “(2) *AUTOMATIC DESIGNATION.*—

16 “(A) *IN GENERAL.*—Except as provided in
17 subparagraph (B) of this paragraph and sub-
18 section (b), the Governor shall approve a request
19 for designation as a local area from—

20 “(i) any unit of general local govern-
21 ment with a population of 500,000 or more;
22 and

23 “(ii) an area served by a rural con-
24 centrated employment program grant re-
25 cipient that served as a service delivery

1 *area or substate area under the Job train-*
2 *ing Partnership Act (29 U.S.C. 1501 et*
3 *seq.),*
4 *for the 2-year period covered by a State plan*
5 *under section 112 if such request is made not*
6 *later than the date of the submission of the State*
7 *plan.*

8 “(B) *CONTINUED DESIGNATION BASED ON*
9 *PERFORMANCE.—The Governor may deny a re-*
10 *quest for designation submitted pursuant to sub-*
11 *paragraph (A) if such unit of government was*
12 *designated as a local area for the preceding 2-*
13 *year period covered by a State plan and the*
14 *Governor determines that such local area did not*
15 *perform successfully during such period.”.*

16 (b) *REGIONAL PLANNING.—Section 116(c)(1) (29*
17 *U.S.C. 2831(c)(1)) is amended by adding at the end the*
18 *following: “The State may require the local boards for the*
19 *designated region to prepare a single regional plan that in-*
20 *corporates the elements of the local plan under section 118*
21 *and that is submitted and approved in lieu of separate local*
22 *plans under such section.”.*

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

24 (a) *COMPOSITION.—Section 117(b)(2)(A) (29 U.S.C.*
25 *2832(b)(2)(A)) is amended—*

1 (1) *in clause (i)(II), by inserting “, businesses*
2 *that are in the leading industries in the local area,*
3 *and large and small businesses in the local area”*
4 *after “local area”;*

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

6 *“(ii) superintendents of the local sec-*
7 *ondary school systems and the presidents or*
8 *chief executive officers of postsecondary edu-*
9 *cational institutions (including community*
10 *colleges, where such entities exist);”;*

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

13 (4) *by striking clause (vi).*

14 (b) *AUTHORITY OF BOARD MEMBERS.—Section*
15 *117(b)(3) (29 U.S.C. 2832(b) is amended—*

16 (1) *in the heading, by inserting “AND REP-*
17 *RESENTATION” after “MEMBERS”;* and

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

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

23 (1) *in paragraph (2)(B), by striking “local*
24 *area” and all that follows and inserting “local area.”;*
25 *and*

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

5 (d) *AUTHORITY TO ESTABLISH COUNCILS AND ELIMI-*
6 *NATION OF REQUIREMENT FOR YOUTH COUNCILS.—Section*
7 *117(h) (29 U.S.C. 2832(h)) is amended to read as follows:*

8 “*(h) ESTABLISHMENT OF COUNCILS.—The local board*
9 *may establish councils to provide information and advice*
10 *to assist the local board in carrying out activities under*
11 *this title. Such councils may include a council composed*
12 *of one-stop partners to advise the local board on the oper-*
13 *ation of the one-stop delivery system, a youth council com-*
14 *posed of experts and stakeholders in youth programs to ad-*
15 *vice the local board on activities for youth, and such other*
16 *councils as the local board determines are appropriate.”.*

17 (e) *REPEAL OF ALTERNATIVE ENTITY PROVISION.—*
18 *Section 117 (29 U.S.C. 2832) is further amended by strik-*
19 *ing subsection (i).*

20 **SEC. 107. LOCAL PLAN.**

21 (a) *PLANNING CYCLE.—Section 118(a) (29 U.S.C.*
22 *2833(a)) is amended by striking “5-year” and inserting “2-*
23 *year”.*

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

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

3 “(2) *a description of the one-stop delivery system*
4 *to be established or designated in the local area, in-*
5 *cluding a description of how the local board will en-*
6 *sure the continuous improvement of eligible providers*
7 *of services through the system and ensure that such*
8 *providers meets the employment needs of local em-*
9 *ployers and participants.”; and*

10 (2) *in paragraph (4), by striking “and dis-*
11 *located worker”.*

12 **SEC. 108. ESTABLISHMENT OF ONE-STOP DELIVERY SYS-**
13 **TEMS.**

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

16 (1) *in clause (iv) by striking “and” at the end;*

17 (2) *in clause (v) by striking the period and in-*
18 *serting a semicolon; and*

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

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

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

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

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

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

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

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

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

24 (B) in paragraph (1)(B)—

1 (i) by striking “subsection (d)” and in-
2 serting “section 134(c)”; and

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

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

7 (D) in paragraph (1)(D)—

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

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

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

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

16 (c) *CERTIFICATION AND FUNDING OF ONE-STOP CEN-*
17 *TERS.*—Section 121 (as amended by subsection (b)) is fur-
18 ther amended by adding at the end the following new sub-
19 sections:

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

21 “(1) *IN GENERAL.*—The State board shall estab-
22 lish procedures and criteria for periodically certifying
23 one-stop center for the purpose of awarding the one-
24 stop infrastructure funding described in subsection
25 (h).

1 “(2) *CRITERIA.*—*The criteria for certification*
2 *under this subsection shall include minimum stand-*
3 *ards relating to the scope and degree of service inte-*
4 *gration achieved by the centers involving the pro-*
5 *grams provided by the one-stop partners.*

6 “(3) *EFFECT OF CERTIFICATION.*—*One-stop cen-*
7 *ters certified under this subsection shall be eligible to*
8 *receive the infrastructure grants authorized under*
9 *subsection (h).*

10 “(h) *ONE-STOP INFRASTRUCTURE FUNDING.*—

11 “(1) *PARTNER CONTRIBUTIONS.*—

12 “(A) *PROVISION OF FUNDS.*—*Notwith-*
13 *standing any other provision of law, as deter-*
14 *mined under subparagraph (B), a portion of the*
15 *Federal funds provided to the State and areas*
16 *within the State under the Federal laws author-*
17 *izing the one-stop partner programs described in*
18 *subsection (b) for a fiscal year shall be provided*
19 *to the Governor by such programs to carry out*
20 *this subsection.*

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

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

6 “(3) *ALLOCATION FORMULA.*—*The State board*
7 *shall develop a formula to be used by the Governor to*
8 *allocate the funds described in paragraph (1). The*
9 *formula shall include such factors as the State board*
10 *determines are appropriate, which may include fac-*
11 *tors such as the number of centers in the local area*
12 *that have been certified, the population served by such*
13 *centers, and the performance of such centers.*

14 “(4) *COSTS OF INFRASTRUCTURE.*—*For purposes*
15 *of this subsection, the term ‘costs of infrastructure’*
16 *means the nonpersonnel costs that are necessary for*
17 *the general operation of a one-stop center, including*
18 *the rental costs of the facilities, the costs of utilities*
19 *and maintenance, equipment (including adaptive*
20 *technology for individuals with disabilities), strategic*
21 *planning activities for the center, and common out-*
22 *reach activities.*

23 “(i) *OTHER FUNDS.*—

24 “(1) *IN GENERAL.*—*In addition to the funds pro-*
25 *vided to carry out subsection (h), a portion of funds*

1 *made available under Federal law authorizing the*
2 *one-stop partner programs described in subsection (b)*
3 *shall be used to pay the costs relating to the operation*
4 *of the one-stop delivery system that are not paid for*
5 *from the funds provided under subsection (h), to the*
6 *extent not inconsistent with the Federal law involved*
7 *including—*

8 *“(A) infrastructure costs that are in excess*
9 *of the funds provided under subsection (h);*

10 *“(B) common costs that are in addition to*
11 *the costs of infrastructure; and*

12 *“(C) the costs of the provision of core serv-*
13 *ices applicable to each program.*

14 *“(2) DETERMINATION AND GUIDANCE.—The*
15 *method for determining the appropriate portion of*
16 *funds to be provided by each program under para-*
17 *graph (1) shall be determined as part of the memo-*
18 *randum of understanding under subsection (c). The*
19 *State board shall provide guidance to facilitate the*
20 *determination of appropriate funding allocation in*
21 *local areas.”.*

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

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

1 **“SEC. 122. IDENTIFICATION OF ELIGIBLE PROVIDERS OF**
2 **TRAINING SERVICES.**

3 “(a) *IN GENERAL.*—*The Governor shall establish cri-*
4 *teria and procedures regarding the eligibility of providers*
5 *of training services described in section 134(c)(4) to receive*
6 *funds provided under section 133(b) for the provision of*
7 *such training services.*

8 “(b) *CRITERIA.*—

9 “(1) *IN GENERAL.*—*The criteria established pur-*
10 *suant to subsection (a) shall take into account the*
11 *performance of providers of training services with re-*
12 *spect to the indicators described in section 136 or*
13 *other appropriate indicators (taking into consider-*
14 *ation the characteristics of the population served and*
15 *relevant economic conditions), and such other factors*
16 *as the Governor determines are appropriate to ensure*
17 *the quality of services, the accountability of providers,*
18 *and the informed choice of participants under chapter*
19 *5. Such criteria shall require that the provider submit*
20 *appropriate, accurate and timely information to the*
21 *State for purposes of carrying out subsection (d). The*
22 *criteria shall also provide for periodic review and re-*
23 *newal of eligibility under this section for providers of*
24 *training services. The Governor may authorize local*
25 *areas in the State to establish additional criteria or*
26 *to modify the criteria established by the Governor*

1 *under this section for purposes of determining the eli-*
2 *gibility of providers of training services to provide*
3 *such services in the local area.*

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

12 *“(c) PROCEDURES.—The procedures established under*
13 *subsection (a) shall identify the application process for a*
14 *provider of training services to become eligible to receive*
15 *funds under section 133(b), and identify the respective roles*
16 *of the State and local areas in receiving and reviewing ap-*
17 *plications and in making determinations of eligibility*
18 *based on the criteria established under this section. The pro-*
19 *cedures shall also establish a process for a provider of train-*
20 *ing services to appeal a denial or termination of eligibility*
21 *under this section that includes an opportunity for a hear-*
22 *ing and prescribes appropriate time limits to ensure*
23 *prompt resolution of the appeal.*

24 *“(d) INFORMATION TO ASSIST PARTICIPANTS IN*
25 *CHOOSING PROVIDERS.—In order to facilitate and assist*

1 *participants under chapter 5 in choosing providers of train-*
2 *ing services, the Governor shall ensure that an appropriate*
3 *list or lists of providers determined eligible under this sec-*
4 *tion in the State, accompanied by such information as the*
5 *Governor determines is appropriate, is provided to the local*
6 *boards in the State to be made available to such partici-*
7 *pants and to members of the public through the one-stop*
8 *delivery system in the State.*

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

13 “(f) *RECOMMENDATIONS.*—*In developing the criteria,*
14 *procedures, and information required under this section, the*
15 *Governor shall solicit and take into consideration the rec-*
16 *ommendations of local boards and providers of training*
17 *services within the State.*

18 “(g) *OPPORTUNITY TO SUBMIT COMMENTS.*—*During*
19 *the development of the criteria, procedures, and information*
20 *required under this section, the Governor shall provide an*
21 *opportunity for interested members of the public, including*
22 *representatives of business and labor organizations, to sub-*
23 *mit comments regarding such criteria, procedures, and in-*
24 *formation.”.*

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

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

4 **SEC. 111. YOUTH ACTIVITIES.**

5 *(a) STATE ALLOTMENTS.—*

6 *(1) IN GENERAL.—Section 127(a) (29 U.S.C.*
7 *2852(a)) is amended to read as follows:*

8 *“(a) ALLOTMENT AMONG STATES.—*

9 *“(1) YOUTH ACTIVITIES.—*

10 *“(A) YOUTH CHALLENGE GRANTS.—*

11 *“(i) RESERVATION OF FUNDS.—Of the*
12 *amount appropriated under section 137(a)*
13 *for each fiscal year, the Secretary shall re-*
14 *serve 25 percent to provide youth challenge*
15 *grants under section 169.*

16 *“(ii) LIMITATION.—Notwithstanding*
17 *clause (i), if the amount appropriated*
18 *under section 137(a) for a fiscal year ex-*
19 *ceeds \$1,000,000,000, the Secretary shall re-*
20 *serve \$250,000,000 to provide youth chal-*
21 *lenge grants under section 169.*

22 *“(B) OUTLYING AREAS AND NATIVE AMERI-*
23 *CANS.—After determining the amount to be re-*
24 *served under subparagraph (A), of the remainder*
25 *of the amount appropriated under section 137(a)*
26 *for each fiscal year the Secretary shall—*

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

6 “(ii) reserve not more than 1 and $\frac{1}{2}$
7 percent of such amount to provide youth ac-
8 tivities under section 166 (relating to Na-
9 tive Americans).

10 “(C) STATES.—

11 “(i) IN GENERAL.—After determining
12 the amounts to be reserved under subpara-
13 graphs (A) and (B), the Secretary shall
14 allot the remainder of the amount appro-
15 priated under section 137(a) for each fiscal
16 year to the States pursuant to clause (ii) for
17 youth activities and statewide workforce in-
18 vestment activities.

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

21 “(I) $33\frac{1}{3}$ percent shall be al-
22 lotted on the basis of the relative num-
23 ber of high school dropouts who are
24 ages 16 through 21 in the State, com-
25 pared to the total number of high

1 school dropouts who are ages 16
2 through 21 in all States;

3 “(II) 33 and $\frac{1}{3}$ percent shall be
4 allotted on the basis of the relative
5 number of jobless out-of-school youth
6 who are ages 16 through 21 in the
7 State, compared to the total number of
8 jobless out-of-school youth who are ages
9 16 through 21 in all States; and

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

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

24 “(iv) *SMALL STATE MINIMUM ALLOT-*
25 *MENT.*—*Subject to clause (iii), the Sec-*

1 retary shall ensure that no State shall re-
2 ceive an allotment under this paragraph
3 that is less than $\frac{3}{10}$ of 1 percent of the
4 amount available under subparagraph (A).

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

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

20 “(B) *DISADVANTAGED YOUTH.*—The term
21 ‘disadvantaged youth’ means an individual who
22 is age 16 through 21 who received an income, or
23 is a member of a family that received a total
24 family income, that, in relation to family size,
25 does not exceed the poverty line.

1 “(C) *NUMBER OF HIGH SCHOOL DROP-*
2 *OUTS.—The term ‘number of high school drop-*
3 *outs’ means the number of high school dropouts*
4 *as is determined by the Secretary based on the*
5 *Current Population Survey.*

6 “(D) *NUMBER OF JOBLESS OUT-OF-SCHOOL*
7 *YOUTH.—The term ‘number of jobless out-of-*
8 *school youth’ means the number of jobless out-of-*
9 *school youth as is determined by the Secretary*
10 *based on the Current Population Survey.*

11 “(3) *SPECIAL RULE.—For purposes of the for-*
12 *mula specified in paragraph (1)(C), the Secretary*
13 *shall, as appropriate and to the extent practicable, ex-*
14 *clude college students and members of the Armed*
15 *Forces from the determination of the number of dis-*
16 *advantaged youth.*

17 “(4) *MINIMUM ALLOTMENT.—Notwithstanding*
18 *any other provision of this section, no State shall re-*
19 *ceive an allotment under this section that is less than*
20 *the amount received by such State for fiscal year*
21 *2003.”.*

22 “(2) *REALLOTMENT.—Section 127 (29 U.S.C.*
23 *2552) is further amended—*

24 *(A) by striking subsection (b);*

1 (B) by redesignating subsection (c) as sub-
2 section (b);

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

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

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

16 (ii) in paragraph (3)—

17 (I) by striking “for the prior pro-
18 gram year” and inserting “for the pro-
19 gram year in which the determination
20 is made”; and

21 (II) by striking “such prior pro-
22 gram year” and inserting “such pro-
23 gram year”;

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

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

6 (b) *WITHIN STATE ALLOCATIONS.*—

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

9 “(a) *RESERVATION FOR STATEWIDE ACTIVITIES.*—

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

14 “(2) *USE OF FUNDS.*—Regardless of whether the
15 amounts are allotted under section 127(a)(1)(C) and
16 reserved under paragraph (1) or allotted under sec-
17 tion 132 and reserved under section 133(a), the Gov-
18 ernor may use the reserved amounts to carry out
19 statewide youth activities under section 129(b) or
20 statewide employment and training activities under
21 section 133.”.

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

24 “(b) *WITHIN STATE ALLOCATION.*—

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

4 “(A) *80 percent of such amounts shall be al-*
5 *located by the Governor to local areas in accord-*
6 *ance with paragraph (2); and*

7 “(B) *20 percent of such amounts shall be al-*
8 *located by the Governor to local areas in accord-*
9 *ance with paragraph (3).*

10 “(2) *ESTABLISHED FORMULA.*—

11 “(A) *IN GENERAL.*—*Of the amounts de-*
12 *scribed in paragraph (1)(A), the Governor shall*
13 *allocate—*

14 “(i) *33 and 1/3 percent on the basis of*
15 *the relative number of high school dropouts*
16 *who are ages 16 through 21 in each local*
17 *area, compared to the total number of high*
18 *school dropouts who are ages 16 through 21*
19 *in all local areas in the State;*

20 “(ii) *33 and 1/3 percent on the basis of*
21 *the relative number of jobless out-of-school*
22 *youth who are ages 16 through 21 in each*
23 *local area, compared to the total number of*
24 *jobless out-of-school youth who are ages 16*

1 *through 21 in all local areas in the State;*
2 *and*

3 “(iii) 33 and $\frac{1}{3}$ percent on the basis of
4 *the relative number of disadvantaged youth*
5 *who are ages 16 through 21 in each local*
6 *area, compared to the total number of dis-*
7 *advantaged youth who are ages 16 through*
8 *21 in all local areas in the State.*

9 “(B) *MINIMUM AND MAXIMUM PERCENT-*
10 *AGES.—The Governor shall ensure that no local*
11 *area shall receive an allocation for a fiscal year*
12 *under this paragraph that is less than 90 percent*
13 *or greater than 130 percent of the allocation per-*
14 *centage of the local area for the preceding fiscal*
15 *year.*

16 “(C) *DEFINITIONS.—*

17 “(i) *ALLOCATION PERCENTAGE.—For*
18 *purposes of this paragraph, the term ‘allo-*
19 *cation percentage’, used with respect to fis-*
20 *cal year 2004 or a subsequent fiscal year,*
21 *means a percentage of amount described in*
22 *paragraph(1)(A) that is received through an*
23 *allocation made under this paragraph for*
24 *the fiscal year. The term, with respect to fis-*
25 *cal year 2003, means the percentage of the*

1 *amounts allocated to local areas under this*
2 *chapter (as in effect on the day before the*
3 *date of enactment of the Workforce Invest-*
4 *ment Act Amendments of 2003) that is re-*
5 *ceived by the local area involved for fiscal*
6 *year 2003.*

7 “(i) *OTHER TERMS.*—*For purposes of*
8 *this paragraph, all other terms shall have*
9 *the meaning given such terms in section*
10 *127(a)(2).*

11 “(3) *YOUTH DISCRETIONARY ALLOCATION.*—*The*
12 *Governor shall allocate to local areas the amounts de-*
13 *scribed in paragraph (1)(B) in accordance with such*
14 *demographic and economic factors as the Governor,*
15 *after consultation with the State board and local*
16 *boards, determines are appropriate.*

17 “(4) *LOCAL ADMINISTRATIVE COST LIMIT.*—

18 “(A) *IN GENERAL.*—*Of the amounts allo-*
19 *cated to a local area under this subsection and*
20 *section 133(b) for a fiscal year, not more than 10*
21 *percent of the amount may be used by the local*
22 *boards for the administrative costs of carrying*
23 *out local workforce investment activities under*
24 *this chapter or chapter 5.*

1 “(B) *USE OF FUNDS.*—*Funds made avail-*
2 *able for administrative costs under subparagraph*
3 *(A) may be used for the administrative costs of*
4 *any of the local workforce investment activities*
5 *described in this chapter or chapter 5, regardless*
6 *of whether the funds were allocated under this*
7 *subsection or section 133(b).”.*

8 (3) *REALLOCATION.*—*Section 128(c) (29 U.S.C.*
9 *2853(c)) is amended—*

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

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

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

24 (C) *by amending paragraph (3)—*

1 (i) by striking “subsection (b)(3)” each
2 place it appears and inserting “subsection
3 (b)”;

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

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

10 (iv) by striking the last sentence; and

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

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

19 (c) *YOUTH PARTICIPANT ELIGIBILITY.*—Section
20 129(a) (29 U.S.C. 2854(a)) is amended to read as follows:

21 “(a) *YOUTH PARTICIPANT ELIGIBILITY.*—

22 “(1) *IN GENERAL.*—The individuals partici-
23 pating in activities carried out under this chapter by
24 a local area during any program year shall be indi-

1 *viduals who, at the time the eligibility determination*
2 *is made, are—*

3 *“(A) not younger than age 16 or older than*
4 *age 21; and*

5 *“(B) one or more of the following:*

6 *“(i) school dropouts;*

7 *“(ii) recipients of a secondary school*
8 *diploma or the General Equivalency Di-*
9 *ploma (GED) (including recognized alter-*
10 *native standards for individuals with dis-*
11 *abilities);*

12 *“(iii) court-involved youth attending*
13 *an alternative school;*

14 *“(iv) youth in foster care or who have*
15 *been in foster care; or*

16 *“(v) in school youth who are low-in-*
17 *come individuals and one or more of the fol-*
18 *lowing:*

19 *“(I) Deficient in literacy skills.*

20 *“(II) Homeless, runaway, or fos-*
21 *ter children.*

22 *“(III) Pregnant or parents.*

23 *“(IV) Offenders.*

24 *“(V) Individuals who require ad-*
25 *ditional assistance to complete an edu-*

1 *cational program, or to secure and*
2 *hold employment.*

3 “(2) *PRIORITY FOR SCHOOL DROPOUTS.*—*A pri-*
4 *ority in the provision of services under this chapter*
5 *shall be given to individuals who are school dropouts.*

6 “(3) *LIMITATIONS ON ACTIVITIES FOR IN-SCHOOL*
7 *YOUTH.*—

8 “(A) *PERCENTAGE OF FUNDS.*—*For any*
9 *program year, not more than 30 percent of the*
10 *funds available for statewide activities under*
11 *subsection (b), and not more than 30 percent of*
12 *funds available to local areas under subsection*
13 *(c), may be used to provide activities for in-*
14 *school youth meeting the requirements of para-*
15 *graph (1)(B)(v).*

16 “(B) *NON-SCHOOL HOURS REQUIRED.*—*Ac-*
17 *tivities carried out under this chapter for in-*
18 *school youth meeting the requirements of para-*
19 *graph (1)(B)(v) shall only be carried out in non-*
20 *school hours or periods when school is not in ses-*
21 *sion (such as before and after school or during*
22 *summer recess.”.*

23 (d) *STATEWIDE YOUTH ACTIVITIES.*—*Section 129(b)*
24 *(29 U.S.C. 2854(b)) is amended to read as follows:*

25 “(b) *STATEWIDE ACTIVITIES.*—

1 “(1) *IN GENERAL.*—*Funds reserved by a Gov-*
2 *ernor for a State as described in sections 128(a) and*
3 *133(a)(1) may be used for statewide activities includ-*
4 *ing—*

5 “(A) *additional assistance to local areas*
6 *that have high concentrations of eligible youth;*

7 “(B) *supporting the provision of core serv-*
8 *ices described in section 134(c)(2) in the one-stop*
9 *delivery system;*

10 “(C) *conducting evaluations under section*
11 *136(e) of activities authorized under this chapter*
12 *and chapter 5 in coordination with evaluations*
13 *carried out by the Secretary under section 172,*
14 *research, and demonstration projects;*

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

22 “(E) *providing technical assistance and ca-*
23 *pacitv building to local areas, one-stop opera-*
24 *tors, one-stop partners, and eligible providers,*
25 *including the development and training of staff,*

1 *the development of exemplary program activities,*
2 *and the provision of technical assistance to local*
3 *areas that fail to meet local performance meas-*
4 *ures;*

5 *“(F) operating a fiscal and management*
6 *accountability system under section 136(f); and*

7 *“(G) carrying out monitoring and oversight*
8 *of activities under this chapter and chapter 5.*

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

13 *“(3) PROHIBITION.—No funds described in this*
14 *subsection or in section 134(a) may be used to develop*
15 *or implement education curricula for school systems*
16 *in the State.”.*

17 *(e) LOCAL ELEMENTS AND REQUIREMENTS.—*

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

20 *(A) in the matter preceding subparagraph*
21 *(A), by striking “paragraph (2)(A) or (3), as ap-*
22 *propriate, of”;*

23 *(B) in subparagraph (B), by inserting “are*
24 *directly linked to one or more of the performance*
25 *outcomes relating to this chapter under section*

1 136, and that” after “for each participant that”;
2 and

3 (C) in subparagraph (C)—

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

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

8 “(i) activities leading to the attain-
9 ment of a secondary school diploma or the
10 General Equivalency Diploma (GED) (in-
11 cluding recognized alternative standards for
12 individuals with disabilities);”;

13 (iii) in clause (ii) (as redesignated by
14 this subparagraph), by inserting “and ad-
15 vanced training” after “opportunities”;

16 (iv) in clause (iii) (as redesignated by
17 this subparagraph), by inserting “that lead
18 to the attainment of recognized credentials”
19 after “learning”; and

20 (v) by amending clause (v) (as redesign-
21 ated by this subparagraph) to read as fol-
22 lows:

23 “(v) effective connections to employers
24 in sectors of the local labor market experi-

1 *encing high growth in employment opportu-*
2 *nities.”.*

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

5 (A) *in subparagraph (A), by striking “sec-*
6 *ondary school, including dropout prevention*
7 *strategies” and inserting “secondary school di-*
8 *ploma or the General Equivalency Diploma*
9 *(GED) (including recognized alternative stand-*
10 *ards for individuals with disabilities), including*
11 *dropout prevention strategies”;*

12 (B) *in subparagraph (I), by striking “and”*
13 *at the end;*

14 (C) *in subparagraph (J), by striking the pe-*
15 *riod at the end and inserting a semicolon; and*

16 (D) *by adding at the end the following:*

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

18 *“(L) financial literacy skills.”.*

19 (3) *ADDITIONAL REQUIREMENTS.*—Section
20 *129(c)(3)(A) (29 U.S.C. 2854(c)(3)(A)) is amended in*
21 *the matter preceding clause (i) by striking “or appli-*
22 *cant who meets the minimum income criteria to be*
23 *considered an eligible youth”;*

24 (4) *PRIORITY AND EXCEPTIONS.*—Section 129(c)
25 *(29 U.S.C. 2854(c)) is further amended—*

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

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

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

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

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

11 (a) *TITLE OF CHAPTER 5.*—

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

14 **“CHAPTER 5—COMPREHENSIVE EMPLOY-**
15 **MENT AND TRAINING ACTIVITIES FOR**
16 **ADULTS”.**

17 (2) *CONFORMING AMENDMENT.*—*Table of con-*
18 *tents in section 1(b) is amended by amending the*
19 *item related to the heading for chapter 5 to read as*
20 *follows:*

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

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

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

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

4 (c) *STATE ALLOTMENTS.—*

5 (1) *IN GENERAL.—Section 132(a) (29 U.S.C.*
6 *2862(a)) is amended to read as follows:*

7 “(a) *IN GENERAL.—The Secretary shall—*

8 *“(1) reserve 10 percent of the amount appro-*
9 *propriated under section 137(b) for a fiscal year, of*
10 *which—*

11 *“(A) not less than 75 percent shall be used*
12 *for national dislocated worker grants under sec-*
13 *tion 173;*

14 *“(B) not more than 20 percent may be used*
15 *for demonstration projects under section 171;*
16 *and*

17 *“(C) not more than 5 percent may be used*
18 *to provide technical assistance under section 170;*
19 *and*

20 *“(2) make allotments from 90 percent of the*
21 *amount appropriated under section 137(b) for a fiscal*
22 *year in accordance with subsection (b).”.*

23 (2) *ALLOTMENT AMONG STATES.—Section 132(b)*
24 *(29 U.S.C. 2862(b)) is amended to read as follows:*

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

3 “(1) RESERVATION FOR OUTLYING AREAS.—

4 *From the amount made available under subsection*
5 *(a)(2) for a fiscal year, the Secretary shall reserve not*
6 *more than $\frac{1}{4}$ of 1 percent to provide assistance to*
7 *outlying areas to carry out employment and training*
8 *activities for adults and statewide workforce invest-*
9 *ment activities.*

10 “(2) STATES.—

11 “(A) IN GENERAL.—*After determining the*
12 *amount to be reserved under paragraph (1), the*
13 *Secretary shall allot the remainder of the*
14 *amount referred to under subsection (a)(2) for a*
15 *fiscal year to the States pursuant to subpara-*
16 *graph (B) for employment and training activi-*
17 *ties for adults and statewide workforce invest-*
18 *ment activities.*

19 “(B) FORMULA.—*Subject to subparagraphs*
20 *(C) and (D), of the remainder—*

21 “(i) *60 percent shall be allotted on the*
22 *basis of the relative number of unemployed*
23 *individuals in each State, compared to the*
24 *total number of unemployed individuals in*
25 *all States;*

1 “(ii) 15 percent shall be allotted on the
2 basis of the relative excess number of unem-
3 ployed individuals in each State, compared
4 to the total excess number of unemployed
5 individuals in all States;

6 “(iii) 15 percent shall be allotted on
7 the basis of the relative number of individ-
8 uals in the civilian labor force in each
9 State, compared to the total number of indi-
10 viduals in the civilian labor force in all
11 States; and

12 “(iv) 10 percent shall be allotted on the
13 basis of the relative number of disadvan-
14 taged adults in each State, compared to the
15 total number of disadvantaged adults in all
16 States.

17 “(C) *MINIMUM AND MAXIMUM PERCENT-*
18 *AGES.*—The Secretary shall ensure that no State
19 shall receive an allotment for a fiscal year that
20 is less than 90 percent or greater than 130 per-
21 cent of the allotment percentage of the State for
22 the preceding fiscal year.

23 “(D) *MINIMUM ALLOTMENT.*—Notwith-
24 standing any other provision of this section, no
25 State shall receive an allotment under this sec-

1 *tion that is less than the amount received by*
2 *such State for fiscal year 2003.*

3 “(E) *SMALL STATE MINIMUM ALLOT-*
4 *MENT.—Subject to subparagraph (C), the Sec-*
5 *retary shall ensure that no State shall receive an*
6 *allotment under this paragraph that is less than*
7 *$\frac{3}{10}$ of 1 percent of the amount available under*
8 *subparagraph (A).*

9 “(F) *DEFINITIONS.—For the purposes of*
10 *this paragraph, the following definitions apply:*

11 “(i) *ALLOTMENT PERCENTAGE.—The*
12 *term ‘allotment percentage’, used with re-*
13 *spect to fiscal year 2004 or a subsequent fis-*
14 *cal year, means a percentage of the remain-*
15 *der described in subparagraph (A) that is*
16 *received through an allotment made under*
17 *this paragraph for the fiscal year. The term,*
18 *with respect to fiscal year 2003, means the*
19 *percentage of the amounts allotted to States*
20 *under this chapter (as in effect on the day*
21 *before the date of enactment of the Work-*
22 *force Reinvestment and Adult Education*
23 *Act of 2003) and under section 6 of the*
24 *Wagner-Peyser Act that is received by the*
25 *State involved for fiscal year 2003.*

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

8 “(iii) *EXCESS NUMBER.*—*The term ‘ex-*
9 *cess number’ means, used with respect to the*
10 *excess number of unemployed individuals*
11 *within a State, the number that represents*
12 *the number of unemployed individuals in*
13 *excess of 4.5 percent of the civilian labor*
14 *force in the State.”.*

15 (3) *REALLOTMENT.*—*Section 132(c) (29 U.S.C.*
16 *2862(c)) is amended—*

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

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

1 *that remain available during the program year for*
2 *which the determination is made) exceeds 30 percent*
3 *of such total amount.”;*

4 *(B) in paragraph (3)—*

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

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

10 *and*

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

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

18 *(d) WITHIN STATE ALLOCATIONS.—*

19 *(1) RESERVATION FOR STATE ACTIVITIES.—Sec-*
20 *tion 133(a) (29 U.S.C. 2863(a)) is amended to read*
21 *as follows:*

22 “*(a) RESERVATION FOR STATEWIDE ACTIVITIES.—The*
23 *Governor of a State may reserve up to 50 percent of the*
24 *total amount allotted to the State under section 132 for a*

1 *fiscal year to carry out the statewide activities described*
2 *in section 134(a).”.*

3 (2) *ALLOCATIONS TO LOCAL AREAS.—Section*
4 *133(b) (29 U.S.C. 2863(b)) is amended to read as fol-*
5 *lows:*

6 “(b) *ALLOCATIONS TO LOCAL AREAS.—*

7 “(1) *IN GENERAL.—Of the amounts allotted to*
8 *the State under section 132(b)(2) and not reserved*
9 *under subsection (a)—*

10 “(A) *80 percent of such amounts shall be al-*
11 *located by the Governor to local areas in accord-*
12 *ance with paragraph (2); and*

13 “(B) *20 percent of such amounts shall be al-*
14 *located by the Governor to local areas in accord-*
15 *ance with paragraph (3).*

16 “(2) *ESTABLISHED FORMULA.—*

17 “(A) *IN GENERAL.—Of the amounts de-*
18 *scribed in paragraph (1)(A), the Governor shall*
19 *allocate—*

20 “(i) *60 percent on the basis of the rel-*
21 *ative number of unemployed individuals in*
22 *each local area, compared to the total num-*
23 *ber of unemployed individuals in all local*
24 *areas in the State;*

1 “(ii) 15 percent on the basis of the rel-
2 ative excess number of unemployed individ-
3 uals in each local area, compared to the
4 total excess number of unemployed individ-
5 uals in all local areas in the State;

6 “(iii) 15 percent on the basis of the rel-
7 ative number of individuals in the civilian
8 labor force in each local area, compared to
9 the total number of individuals in the civil-
10 ian labor force in all local areas in the
11 State; and

12 “(iv) 10 percent shall be allotted on the
13 basis of the relative number of disadvan-
14 taged adults in each local area, compared to
15 the total number of disadvantaged adults in
16 all local areas in the State.

17 “(B) *MINIMUM AND MAXIMUM PERCENT-*
18 *AGES.*—The Governor shall ensure that no local
19 area shall receive an allocation for a fiscal year
20 under this paragraph that is less than 90 percent
21 or greater than 130 percent of the allocation per-
22 centage of the local area for the preceding fiscal
23 year.

24 “(C) *DEFINITIONS.*—

1 “(i) *ALLOCATION PERCENTAGE*.—The
2 term ‘allocation percentage’, used with re-
3 spect to fiscal year 2004 or a subsequent fis-
4 cal year, means a percentage of amount de-
5 scribed in paragraph (1)(A) that is received
6 through an allocation made under this
7 paragraph for the fiscal year. The term,
8 with respect to fiscal year 2003, means the
9 percentage of the amounts allocated to local
10 areas under this chapter (as in effect on the
11 day before the date of enactment of the
12 Workforce Reinvestment and Adult Edu-
13 cation Act of 2003) that is received by the
14 local area involved for fiscal year 2003.

15 “(ii) *DISADVANTAGED ADULT*.—The
16 term ‘disadvantaged adult’ means an indi-
17 vidual who is age 22 through 72 who re-
18 ceived an income, or is a member of a fam-
19 ily that received a total family income,
20 that, in relation to family size, does not ex-
21 ceed the poverty line.

22 “(iii) *EXCESS NUMBER*.—The term ‘ex-
23 cess number’ means, used with respect to the
24 excess number of unemployed individuals
25 within a local area, the number that rep-

1 *resents the number of unemployed individ-*
2 *uals in excess of 4.5 percent of the civilian*
3 *labor force in the local area.*

4 *“(3) DISCRETIONARY ALLOCATION.—The Gov-*
5 *ernor shall allocate to local areas the amounts de-*
6 *scribed in paragraph (1)(B) based on a formula de-*
7 *veloped in consultation with the State board and local*
8 *boards. Such formula shall be objective and geo-*
9 *graphically equitable and may include such demo-*
10 *graphic and economic factors as the Governor, after*
11 *consultation with the State board and local boards,*
12 *determines are appropriate.*

13 *“(4) LOCAL ADMINISTRATIVE COST LIMIT.—*

14 *“(A) IN GENERAL.—Of the amounts allo-*
15 *cated to a local area under this subsection and*
16 *section 128(b) for a fiscal year, not more than 10*
17 *percent of the amount may be used by the local*
18 *boards for the administrative costs of carrying*
19 *out local workforce investment activities under*
20 *this chapter or chapter 4.*

21 *“(B) USE OF FUNDS.—Funds made avail-*
22 *able for administrative costs under subparagraph*
23 *(A) may be used for the administrative costs of*
24 *any of the local workforce investment activities*
25 *described in this chapter or chapter 4, regardless*

1 *of whether the funds were allocated under this*
2 *subsection or section 128(b).”.*

3 (3) *REALLOCATION AMONG LOCAL AREAS.—Section*
4 *133(c) (29 U.S.C. 2863(c)) is amended—*

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

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

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

19 (C) *by amending paragraph (3)—*

20 (i) *by striking “subsection (b)(3)” each*
21 *place it appears and inserting “subsection*
22 *(b)”;*

23 (ii) *by striking “the prior program*
24 *year” and inserting “the program year in*
25 *which the determination is made”;*

1 (iii) by striking “such prior program
2 year” and inserting “such program year”;
3 and

4 (iv) by striking the last sentence; and
5 (D) by amending paragraph (4) to read as
6 follows:

7 “(4) *ELIGIBILITY.*—For purposes of this sub-
8 section, an eligible local area means a local area
9 which does not have an amount available for realloca-
10 tion under paragraph (2) for the program year for
11 which the determination under paragraph (2) is
12 made.”.

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

15 (1) *STATEWIDE EMPLOYMENT AND TRAINING AC-*
16 *TIVITIES.*—

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

19 “(1) *IN GENERAL.*—

20 “(A) *REQUIRED USE OF FUNDS.*—Not less
21 than 50 percent of the funds reserved by a Gov-
22 ernor under section 133(a) shall be used to sup-
23 port the provision of core services in local areas,
24 consistent with the local plan, through one-stop
25 delivery systems by distributing funds to local

1 *areas in accordance with subparagraph (B).*
2 *Such funds may be used by States to employ*
3 *State personnel to provide such services in des-*
4 *ignated local areas in consultation with local*
5 *boards.*

6 “(B) *METHOD OF DISTRIBUTING FUNDS.—*
7 *The method of distributing funds under this*
8 *paragraph shall be developed in consultation*
9 *with the State board and local boards. Such*
10 *method of distribution, which may include the*
11 *formula established under section 121(h)(3), shall*
12 *be objective and geographically equitable, and*
13 *may include factors such as the number of cen-*
14 *ters in the local area that have been certified, the*
15 *population served by such centers, and the per-*
16 *formance of such centers.*

17 “(C) *OTHER USE OF FUNDS.—Funds re-*
18 *served by a Governor for a State—*

19 *“(i) under section 133(a) and not used*
20 *under subparagraph (A), may be used for*
21 *statewide activities described in paragraph*
22 *(2); and*

23 *“(ii) under section 133(a) and not*
24 *used under subparagraph (A), and under*
25 *section 128(a) may be used to carry out any*

1 *of the statewide employment and training*
2 *activities described in paragraph (3).”.*

3 *(B) STATEWIDE RAPID RESPONSE ACTIVI-*
4 *TIES.—Section 134(a)(2) (29 U.S.C. 2864(a)(2))*
5 *is amended to read as follows:*

6 *“(2) STATEWIDE RAPID RESPONSE ACTIVITIES.—*
7 *A State shall carry out statewide rapid response ac-*
8 *tivities using funds reserved as described in section*
9 *133(a). Such activities shall include—*

10 *“(A) provision of rapid response activities,*
11 *carried out in local areas by the State or by an*
12 *entity designated by the State, working in con-*
13 *junction with the local boards and the chief elect-*
14 *ed officials in the local areas; and*

15 *“(B) provision of additional assistance to*
16 *local areas that experience disasters, mass layoffs*
17 *or plant closings, or other events that precipitate*
18 *substantial increases in the number of unem-*
19 *ployed individuals, carried out in local areas by*
20 *the State, working in conjunction with the local*
21 *boards and the chief elected officials in the local*
22 *areas.”.*

23 *(C) STATEWIDE EMPLOYMENT AND TRAIN-*
24 *ING ACTIVITIES.—Section 134(a)(3) (29 U.S.C.*
25 *2864(a)(3)) is amended to read as follows:*

1 “(3) *STATEWIDE ACTIVITIES.*—*Funds reserved by*
2 *a Governor for a State as described in sections 133(a)*
3 *and 128(a) may be used for statewide activities in-*
4 *cluding—*

5 “(A) *supporting the provision of core serv-*
6 *ices described in section 134(c)(2) in the one-stop*
7 *delivery system;*

8 “(B) *conducting evaluations under section*
9 *136(e) of activities authorized under this chapter*
10 *and chapter 4 in coordination with evaluations*
11 *carried out by the Secretary under section 172,*
12 *research, and demonstration projects;*

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

20 “(D) *providing technical assistance and ca-*
21 *capacity building to local areas, one-stop opera-*
22 *tors, one-stop partners, and eligible providers,*
23 *including the development and training of staff,*
24 *the development of exemplary program activities,*
25 *and the provision of technical assistance to local*

1 *areas that fail to meet local performance meas-*
2 *ures;*

3 “(E) *operating a fiscal and management*
4 *accountability system under section 136(f);*

5 “(F) *carrying out monitoring and oversight*
6 *of activities carried out under this chapter and*
7 *chapter 4;*

8 “(G) *implementing innovative programs,*
9 *such as incumbent worker training programs,*
10 *programs serving individuals with disabilities*
11 *consistent with section 188;*

12 “(H) *developing strategies for effectively*
13 *servicing hard-to-serve populations and for inte-*
14 *grating programs and services among one-stop*
15 *partners;*

16 “(I) *implementing innovative programs for*
17 *displaced homemakers, which for purposes of this*
18 *subparagraph may include an individual who is*
19 *receiving public assistance and is within 2 years*
20 *of exhausting lifetime eligibility under Part A of*
21 *title IV of the Social Security Act (42 U.S.C.*
22 *601 et seq.); and*

23 “(J) *implementing programs to increase the*
24 *number of individuals training for and placed*
25 *in nontraditional employment.”.*

1 (D) *LIMITATION ON STATE ADMINISTRATIVE*
2 *EXPENDITURES.*—Section 134(a) is further
3 amended by adding the following new para-
4 graph:

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

9 (2) *LOCAL EMPLOYMENT AND TRAINING ACTIVI-*
10 *TIES.*— Section 134(b) (29 U.S.C. 2864(b)) is amend-
11 ed—

12 (A) by striking “under paragraph (2)(A)”
13 and all that follows through “section
14 133(b)(2)(B)” and inserting “under section
15 133(b)”;

16 (B) in paragraphs (1) and (2), by striking
17 “or dislocated workers, respectively” both places
18 it appears; and

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

21 (3) *REQUIRED LOCAL EMPLOYMENT AND TRAIN-*
22 *ING ACTIVITIES.*—

23 (A) *ALLOCATED FUNDS.*—Section 134(c)(1)
24 (29 U.S.C. 2864(c)(1)) (as redesignated by para-
25 graph (2)) is amended to read as follows:

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

3 “(A) *to establish a one-stop delivery system*
4 *as described in section 121(e);*

5 “(B) *to provide the core services described*
6 *in paragraph (2) through the one-stop delivery*
7 *system in accordance with such paragraph;*

8 “(C) *to provide the intensive services de-*
9 *scribed in paragraph (3) to adults described in*
10 *such paragraph; and*

11 “(D) *to provide training services described*
12 *in paragraph (4) to adults described in such*
13 *paragraph.”.*

14 (B) *CORE SERVICES.*—*Section 134(c)(2) (29*
15 *U.S.C. 2864(c)(2)) (as redesignated by para-*
16 *graph (2)) is amended—*

17 (i) *by striking “who are adults or dis-*
18 *located workers”;*

19 (ii) *in subparagraph (A), by striking*
20 *“under this subtitle” and inserting “under*
21 *the one-stop partner programs described in*
22 *section 121(b)”;*

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

25 “(D) *labor exchange services, including—*

1 “(i) job search and placement assist-
2 ance, and where appropriate career coun-
3 seling; and

4 “(ii) appropriate recruitment services
5 for employers;”;

6 (iv) in subparagraph (I), by inserting
7 “and the administration of the work test for
8 the unemployment compensation system”
9 after “compensation”; and

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

12 “(J) assistance in establishing eligibility for
13 programs of financial aid assistance for training
14 and education programs that are not funded
15 under this Act and are available in the local
16 area; and”.

17 (C) INTENSIVE SERVICES.—Section
18 134(c)(3) (29 U.S.C. 2864(c)(3) (as redesignated
19 by paragraph (2) of this subsection) is amend-
20 ed—

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

23 “(A) IN GENERAL.—

24 “(i) ELIGIBILITY.—Funds allocated to
25 a local area under section 133(b) shall be

1 *used to provide intensive services for adults*
2 *who—*

3 *“(I) are unemployed and who*
4 *have been determined by the one-stop*
5 *operator to be—*

6 *“(aa) unlikely or unable to*
7 *obtain suitable employment*
8 *through core services; and*

9 *“(bb) in need of intensive*
10 *services in order to obtain suitable*
11 *employment; or*

12 *“(II) are employed, but who are*
13 *determined by a one-stop operator to*
14 *be in need of intensive services to ob-*
15 *tain or retain suitable employment.*

16 *“(i) DEFINITION.—The Governor shall*
17 *define the term ‘suitable employment’ for*
18 *purposes of this subparagraph.”; and*

19 *(ii) in subparagraph (C)—*

20 *(I) in clause (v), by striking “for*
21 *participants seeking training services*
22 *under paragraph (4)”; and*

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

25 *“(vii) Internships and work experience.*

1 “(viii) *Literacy activities relating to*
2 *basic work readiness, and financial literacy*
3 *activities.*

4 “(ix) *Out-of-area job search assistance*
5 *and relocation assistance.*”.

6 (D) *TRAINING SERVICES.—Section*
7 *134(c)(4) (as redesignated by paragraph (2) of*
8 *this subsection) is amended—*

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

11 “(A) *IN GENERAL.—*

12 “(i) *ELIGIBILITY.—Funds allocated to*
13 *a local area under section 133(b) shall be*
14 *used to provide training services to adults*
15 *who—*

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

21 “(aa) *be unlikely or unable*
22 *to obtain or retain suitable em-*
23 *ployment through intensive serv-*
24 *ices under paragraph (3)(A);*

1 “(bb) be in need of training
2 services to obtain or retain suit-
3 able employment; and

4 “(cc) have the skills and
5 qualifications to successfully par-
6 ticipate in the selected program of
7 training services;

8 “(II) select programs of training
9 services that are directly linked to the
10 employment opportunities in the local
11 area involved or in another area in
12 which the adults receiving such services
13 are willing to commute or relocate;

14 “(III) who meet the requirements
15 of subparagraph (B); and

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

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

22 (ii) in subparagraph (B)(i), by strik-
23 ing “Except” and inserting “Notwith-
24 standing section 479B of the Higher Edu-

1 *tion Act of 1965 (20 U.S.C. 1087uu) and*
2 *except”;*

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

5 *“(E) PRIORITY.—*

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

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

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

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

1 “(iv) *ENHANCED INDIVIDUAL TRAINING*
2 *ACCOUNTS.—Each local board may, through*
3 *one-stop centers, assist individuals receiving*
4 *individual training accounts through the es-*
5 *tablishment of such accounts that include,*
6 *in addition to the funds provided under this*
7 *paragraph, funds from other programs and*
8 *sources that will assist the individual in ob-*
9 *taining training services.”; and*

10 (i) in subparagraph (G)(iv), by redesi-
11 gnating subclause (IV) as subclause (V)
12 and inserting after subclause (III) the fol-
13 lowing:

14 “(IV) *Individuals with disabili-*
15 *ties.”.*

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

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

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

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

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

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

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

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

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

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

1 *signed to assist low-wage workers in retain-*
2 *ing and enhancing employment.*

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

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

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

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

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

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

6 “(C) *EMPLOYER MATCH REQUIRED.*—

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

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

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

20 “(III) *50 percent of the costs, for*
21 *employers with 100 or more employees.*

22 “(ii) *CALCULATION OF MATCH.*—*The*
23 *wages paid by an employer to a worker*
24 *while they are attending training may be*

1 *included as part of the requirement pay-*
2 *ment of the employer.”.*

3 **SEC. 113. PERFORMANCE ACCOUNTABILITY SYSTEM.**

4 *(a) STATE PERFORMANCE MEASURES.—*

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

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

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

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

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

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

22 *“(IV) the efficiency of the pro-*
23 *gram in obtaining the outcomes de-*
24 *scribed in subclauses (I) through*
25 *(III).”;*

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

3 “(ii) *CORE INDICATORS FOR ELIGIBLE*
4 *YOUTH.—The core indicators of performance*
5 *for youth activities authorized under section*
6 *129 shall consist of—*

7 “(I) *entry into employment, edu-*
8 *cation or advanced training, or mili-*
9 *tary service;*

10 “(II) *attainment of secondary*
11 *school diplomas or the General Equiva-*
12 *lency Diploma (GED) (including rec-*
13 *ognized alternative standards for indi-*
14 *viduals with disabilities);*

15 “(III) *attainment of literacy or*
16 *numeracy skills; and*

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

21 (D) by striking subparagraph (B);

22 (E) by redesignating subparagraph (C) as
23 subparagraph (B), and by adding at the end of
24 such subparagraph (as so redesignated) the fol-
25 lowing new sentence: “Such indicators may in-

1 *clude customer satisfaction of employers and*
2 *participants with services received from the*
3 *workforce investment activities authorized under*
4 *this subtitle.”.*

5 (3) *LEVELS OF PERFORMANCE.*—Section
6 136(b)(3)(A) (29 U.S.C. 2871(b)(3)(A)) is amended—

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

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

13 (C) in clause (iii)—

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

16 (ii) by striking “and the customer sat-
17 isfaction indicator of performance, for the
18 first 3” and inserting “for the 2”;

19 (D) in clause (iv)—

20 (i) by striking subclause (I);

21 (ii) by redesignating subclauses (II)
22 and (III) as subclauses (I) and (II), respec-
23 tively; and

24 (iii) in subclause (I) (as so redesign-
25 ated)—

1 (I) by striking “taking into ac-
2 count” and inserting “which shall be
3 adjusted based on”;

4 (II) by inserting “such as unem-
5 ployment rates and job losses or gains
6 in particular industries” after “eco-
7 nomic conditions”; and

8 (III) by inserting “such as indica-
9 tors of poor work history, lack of work
10 experience, low levels of literacy or
11 English proficiency, disability status,
12 and welfare dependency” after “pro-
13 gram”;

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

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

17 (4) *ADDITIONAL INDICATORS.*—Section
18 136(b)(3)(B) is amended by striking “paragraph
19 (2)(C)” and inserting “paragraph (2)(B)”.

20 (b) *LOCAL PERFORMANCE MEASURES.*—Section
21 136(c) (29 U.S.C 2871(c)) is amended—

22 (1) in paragraph (1)(A)(i), by striking “, and
23 the customer satisfaction indicator of performance de-
24 scribed in subsection (b)(2)(B),”;

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

4 (3) by amending paragraph (3) to read as fol-
5 lows:

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

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

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

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

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

1 “(4) *DATA VALIDATION*.—*In preparing the re-*
2 *ports described in this subsection, the States shall es-*
3 *tablish procedures, consistent with guidelines issued*
4 *by the Secretary, to ensure the information contained*
5 *in the report is valid and reliable.”.*

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

8 (1) *in paragraph (1)(A), by striking “or (B)”;*
9 *and*

10 (2) *in paragraph (2), by striking “section 503”*
11 *and inserting “section 136(i)”.*

12 (e) *SANCTIONS FOR LOCAL AREAS*.—*Section 136(h)*
13 *(29 U.S.C. 2871(h)) is amended—*

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

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

17 “(B) *APPEAL TO GOVERNOR*.—*A local area*
18 *that is subject to a reorganization plan under*
19 *subparagraph (A) may, not later than 30 days*
20 *after receiving notice of the reorganization plan,*
21 *appeal to the Governor to rescind or revise such*
22 *plan. In such case, the Governor shall make a*
23 *final decision not later than 30 days after the re-*
24 *ceipt of the appeal.”.*

1 (f) *INCENTIVE GRANTS.*—Section 136(i) (29 U.S.C.
2 2871(i)) is amended to read as follows:

3 “(i) *INCENTIVE GRANTS FOR STATES AND LOCAL*
4 *AREAS.*—

5 “(1) *INCENTIVE GRANTS FOR STATES.*—

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

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

25 “(2) *INCENTIVE GRANTS FOR LOCAL AREAS.*—

1 “(A) *IN GENERAL.*—*From funds reserved*
2 *under sections 128(a) and 133(a), the Governor*
3 *may award incentive grants to local areas for*
4 *exemplary performance with respect to the meas-*
5 *ures established under this section and with the*
6 *performance of the local area in serving special*
7 *populations, including the levels of service and*
8 *the performance outcomes.*

9 “(B) *USE OF FUNDS.*—*The funds awarded*
10 *to a local area may be used to carry out activi-*
11 *ties authorized for local areas under chapters 4*
12 *and 5 of this title, and such demonstration or*
13 *other innovative programs to serve special popu-*
14 *lations as may be approved by the Governor.”.*

15 (g) *REPEAL OF DEFINITIONS.*—*Sections 502 and 503*
16 *(and the items related to such sections in the table of con-*
17 *tents) are repealed.*

18 **SEC. 114. AUTHORIZATION OF APPROPRIATIONS.**

19 (a) *YOUTH ACTIVITIES.*— *Section 137(a) (29 U.S.C.*
20 *2872(a)) is amended by striking “such sums as may be nec-*
21 *essary for each of fiscal years 1999 through 2003” and in-*
22 *serting “\$1,001,000,000 for fiscal year 2004 and such sums*
23 *as may be necessary for each of fiscal years 2005 through*
24 *2009”.*

1 (b) *ADULT EMPLOYMENT AND TRAINING ACTIVI-*
2 *TIES.*—Section 137(b) (29 U.S.C. 2872(b)) is amended by
3 striking “section 132(a)(1), such sums as may be necessary
4 for each of fiscal years 1999 through 2003” and inserting
5 “132(a), \$3,079,800,000 for fiscal year 2004 and such sums
6 as may be necessary for each of fiscal years 2005 through
7 2009”.

8 (c) *DISLOCATED WORKER EMPLOYMENT AND TRAIN-*
9 *ING ACTIVITIES.*—Section 137 is further amended by strik-
10 *ing subsection (c).*

11 **SEC. 115. JOB CORPS.**

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

14 (1) by amending subsection (a) to read as fol-
15 *lows:*

16 “(a) *BUSINESS AND COMMUNITY PARTICIPATION.*—
17 *The director of each Job Corps center shall ensure the estab-*
18 *lishment and development of the business and community*
19 *relationships and networks described in subsection (b) in*
20 *order to enhance the effectiveness of such center.”;*

21 (2) in subsection (b)—

22 (A) in the heading, by striking “*RESPON-*
23 *SIBILITIES*” and inserting “*NETWORKS*”; and

24 (B) by striking “*The responsibilities of the*
25 *Liaison*” and inserting “*The activities carried*

1 *out by each Job Corps center under this section”;*

2 *and*

3 *(3) in subsection (c), by striking “The Liaison*

4 *for” and inserting “The director of”.*

5 ***(b) INDUSTRY COUNCILS.—Section 154(b) (29 U.S.C.***

6 ***2894(b)) is amended—***

7 ***(1) in paragraph (1)(A), by striking “local and***

8 ***distant”;*** *and*

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

10 ***“(3) EMPLOYERS OUTSIDE OF LOCAL AREAS.—***

11 ***The industry council may include, or otherwise pro-***

12 ***vide for consultation with, employers from outside the***

13 ***local area who are likely to hire a significant number***

14 ***of enrollees from the Job Corps center.”.***

15 ***(c) INDICATORS OF PERFORMANCE AND ADDITIONAL***

16 ***INFORMATION.—Section 159(c) (29 U.S.C. 2893(c)) is***

17 ***amended—***

18 ***(1) by amending paragraph (1) to read as fol-***

19 ***lows:***

20 ***“(1) CORE INDICATORS.—The Secretary shall***

21 ***annually establish expected levels of performance for***

22 ***Job Corps centers and the Job Corps program relat-***

23 ***ing to each of the core indicators for youth identified***

24 ***in section 136(b)(2)(A)(i).”;*** *and*

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

3 **SEC. 116. NATIVE AMERICAN PROGRAMS.**

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

6 “(2) *WORKFORCE INVESTMENT ACTIVITIES AND*
7 *SUPPLEMENTAL SERVICES.*—Funds made available
8 under subsection (c) shall be used for—

9 “(A) comprehensive workforce investment
10 activities for Indians or Native Hawaiians; or

11 “(B) supplemental services for Indian or
12 Native Hawaiian youth on or near Indian res-
13 ervations and in Oklahoma, Alaska, or Ha-
14 waii.”.

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

17 “(C) *DUTIES.*—The Council shall advise the
18 Secretary on the operation and administration
19 of the programs assisted under this section.”.

20 (c) *ASSISTANCE TO AMERICAN SAMOANS IN HAWAII.*—
21 Section 166 (29 *U.S.C. 2911*) is further amended by strik-
22 ing subsection (j).

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

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

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

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

4 “(1) *the Secretary shall use not less than 80 per-*
5 *cent to award competitive grants under subsection*
6 *(b); and*

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

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

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

19 “(2) *ELIGIBLE ENTITIES.*—Grants under this
20 subsection may be awarded to States, local boards, re-
21 cipients of grants under section 166 (relating to Na-
22 tive American programs), and public or private enti-
23 ties (including consortia of such entities) applying in
24 conjunction with local boards.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 *subparagraph (A) in addition the funds provided*
2 *under this subsection; and*

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

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

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

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

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

1 *eligible entities to provide activities that will assist*
2 *youth in preparing for, and entering and retaining,*
3 *employment.*

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

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

13 “(4) *USE OF FUNDS.*—*Funds provided under*
14 *this subsection may be used for activities that will as-*
15 *assist youth in preparing for, and entering and retain-*
16 *ing, employment, including the activities described in*
17 *section 129 for out-of-school youth, activities designed*
18 *to assist in-school youth to stay in school and gain*
19 *work experience, and such other activities that the*
20 *Secretary determines are appropriate.*

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

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

7 **SEC. 118. TECHNICAL ASSISTANCE.**

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

9 (1) *by striking subsection (b);*

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

12 (3) *by redesignating paragraphs (1), (2), and (3)*
13 *as subsections (a), (b), and (c) respectively, and mov-*
14 *ing such subsections 2 ems to the left; and*

15 (4) *in subsection (a) (as redesignated by para-*
16 *graph (3))—*

17 (A) *by inserting “the training of staff pro-*
18 *viding rapid response services, the training of*
19 *other staff of recipients of funds under this title,*
20 *peer review activities under this title,” after “lo-*
21 *calities,”; and*

22 (B) *by striking “from carrying out activi-*
23 *ties” and all that follows up to the period and*
24 *inserting “to implement the amendments made*

1 *by the Workforce Reinvestment and Adult Edu-*
2 *cation Act of 2003”.*

3 **SEC. 119. DEMONSTRATION, PILOT, MULTISERVICE, RE-**
4 **SEARCH AND MULTISTATE PROJECTS.**

5 *(a) DEMONSTRATION AND PILOT PROJECTS.—Section*
6 *171(b) (29 U.S.C. 2916(b)) is amended—*

7 *(1) in paragraph (1)—*

8 *(A) by striking “Under a” and inserting*
9 *“Consistent with the priorities specified in the”;*

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

12 *“(A) projects that assist national employers*
13 *in connecting with the workforce investment sys-*
14 *tem established under this title in order to facili-*
15 *tate the recruitment and employment of needed*
16 *workers and to provide information to such sys-*
17 *tem on skills and occupations in demand;*

18 *“(B) projects that promote the development*
19 *of systems that will improve the effectiveness and*
20 *efficiency of programs carried out under this*
21 *title;*

22 *“(C) projects that focus on opportunities for*
23 *employment in industries and sectors of indus-*
24 *tries that are experiencing or are likely to expe-*
25 *rience high rates of growth;*

1 “(D) projects carried out by States and
2 local areas to test innovative approaches to deliv-
3 ering employment-related services;”;

4 (C) by striking subparagraph (E);

5 (D) by redesignating subparagraphs (F)
6 and (G) as subparagraphs (E) and (F), respec-
7 tively;

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

10 “(G) projects that provide retention grants
11 to qualified job training programs upon place-
12 ment or retention of a low-income individual
13 trained by that program in employment with a
14 single employer for a period of 1 year, provided
15 that such employment is providing to the low-in-
16 come individual an income not less than twice
17 the poverty line for that individual.”; and

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

19 (2) in paragraph (2)—

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

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

23 (b) *MULTISERVICE PROJECTS*.—Section 171(c)(2)(B)
24 (29 U.S.C. 2916(c)(2)(B)) is amended to read as follows:

1 “(B) *NET IMPACT STUDIES AND RE-*
2 *PORTS.—The Secretary shall conduct studies to*
3 *determine the net impacts of programs, services,*
4 *and activities carried out under this title. The*
5 *Secretary shall prepare and disseminate to the*
6 *public reports containing the results of such*
7 *studies.”.*

8 (c) *WAIVER AUTHORITY TO CARRY OUT DEMONSTRA-*
9 *TIONS AND EVALUATIONS.—Section 171 (29 U.S.C.*
10 *2916(d)) is further amended by striking subsection (d).*

11 ***SEC. 120. EVALUATIONS.***

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

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

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

17 *and*

18 (2) *in subsection (a)—*

19 (A) *by striking “national emergency*
20 *grants” in the matter preceding paragraph (1)*
21 *and inserting “national dislocated worker*
22 *grants”; and*

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

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

3 (1) *by striking subsection (b) and redesignating*
4 *subsections (c) and (d) as subsections (b) and (c), re-*
5 *spectively; and*

6 (2) *by striking subsection (e) and redesignating*
7 *subsections (f) and (g) as subsection (d) and (e), re-*
8 *spectively.*

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

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

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

16 **SEC. 121. AUTHORIZATION OF APPROPRIATIONS FOR NA-**
17 **TIONAL ACTIVITIES.**

18 (a) *IN GENERAL.*—Section 174(a)(1) (29 U.S.C.
19 *2919(a)(1)) is amended by striking “1999 through 2003”*
20 *and inserting “2004 through 2009”.*

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

23 “(b) *TECHNICAL ASSISTANCE; DEMONSTRATION AND*
24 *PILOT PROJECTS; EVALUATIONS; INCENTIVE GRANTS.*—
25 *There are authorized to be appropriated to carry out sec-*

1 tions 170 through 172 and section 136 such sums as may
2 be necessary for each of fiscal years 2004 through 2009.”.

3 **SEC. 122. REQUIREMENTS AND RESTRICTIONS.**

4 (a) *IN GENERAL.*—Section 181(c)(2)(A) (29 U.S.C.
5 2931(c)(2)(A)) is amended in the matter preceding clause
6 (i) by striking “shall” and inserting “may”.

7 (b) *LIMITATIONS.*—Section 181(e) is amended by strik-
8 ing the first sentence.

9 **SEC. 123. NONDISCRIMINATION.**

10 Section 188(a)(2) (29 U.S.C. 2931(a)(2)) is amend-
11 ed—

12 (1) by striking “EMPLOYMENT.—No” and insert-
13 ing “EMPLOYMENT.—

14 “(A) *IN GENERAL.*—Except as provided in
15 subparagraph (B), no”; and

16 (2) by adding at the end the following subpara-
17 graph:

18 “(B) *EXEMPTION FOR RELIGIOUS ORGANI-*
19 *ZATIONS.*—Subparagraph (A) shall not apply to
20 recipients of financial assistance under this title
21 that is a religious corporation, association, edu-
22 cational institution, or society, with respect to
23 the employment of individuals of a particular
24 religion to perform work connected with the car-
25 rying on by such corporation, association, edu-

1 *cational institution, or society of its activities*
2 *Such recipients shall comply with the other re-*
3 *quirements contained in subparagraph (A).”.*

4 **SEC. 124. ADMINISTRATIVE PROVISIONS.**

5 (a) *PROGRAM YEAR.*—Section 189(g)(1) (29 U.S.C.
6 2939(g)(1)) is amended to read as follows:

7 “(1) *IN GENERAL.*—Appropriations for any fis-
8 *cal year for programs and activities carried out*
9 *under this title shall be available for obligation only*
10 *on the basis of a program year. The program year*
11 *shall begin on July 1 in the fiscal year for which the*
12 *appropriation is made.”.*

13 (b) *AVAILABILITY.*—Section 189(g)(2) (29 U.S.C.
14 2939(g)(2)) is amended by striking “each State” and insert-
15 ing “each recipient”.

16 (c) *GENERAL WAIVERS.*—Section 189(i)(4) (29 U.S.C.
17 2939(i)(4)) is amended—

18 (1) *in subparagraph (A), in the matter preceding*
19 *clause (i), by inserting “, or in accordance with sub-*
20 *paragraph (D),” after “subparagraph (B)”;* and

21 (2) *by adding the following subparagraph:*

22 “(D) *EXPEDITED PROCESS FOR EXTENDING*
23 *APPROVED WAIVERS TO ADDITIONAL STATES.*—
24 *In lieu of the requirements of subparagraphs (B)*
25 *and (C), the Secretary may establish an expe-*

1 dited procedure for the purpose of extending to
2 additional States the waiver of statutory or regu-
3 latory requirements that have been approved for
4 a State pursuant to a request under subpara-
5 graph (B). Such procedure shall ensure that the
6 extension of such waivers to additional States
7 are accompanied by appropriate conditions re-
8 lating the implementation of such waivers.”.

9 **SEC. 125. GENERAL PROGRAM REQUIREMENTS.**

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

12 “(14) Funds provided under this title shall not
13 be used to establish or operate stand-alone fee-for-serv-
14 ice enterprises that compete with private sector em-
15 ployment agencies within the meaning of section
16 701(c) of the Civil Rights Act of 1964 (42 U.S.C.
17 2000e(c)). For purposes of this paragraph, such an
18 enterprise does not include one-stop centers.”.

19 **TITLE II—ADULT EDUCATION**

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

21 **LITERACY EDUCATION**

22 **SEC. 201. TABLE OF CONTENTS.**

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

*“TITLE II—ADULT BASIC SKILLS AND FAMILY LITERACY
EDUCATION*

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

“CHAPTER 1—FEDERAL PROVISIONS

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

“CHAPTER 2—STATE PROVISIONS

- “Sec. 221. State administration.*
“Sec. 222. State distribution of funds; matching requirement.
“Sec. 223. State leadership activities.
“Sec. 224. State plan.
“Sec. 225. Programs for corrections education and other institutionalized individuals.

“CHAPTER 3—LOCAL PROVISIONS

- “Sec. 231. Grants and contracts for eligible providers.*
“Sec. 232. Local application.
“Sec. 233. Local administrative cost limits.

“CHAPTER 4—GENERAL PROVISIONS

- “Sec. 241. Administrative provisions.*
“Sec. 242. National leadership activities.”.

1 *SEC. 202. AMENDMENT.*

2 *Title II is amended to read as follows:*

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

6 *“SEC. 201. SHORT TITLE.*****

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

1 **“SEC. 202. PURPOSE.**

2 *“It is the purpose of this title to provide instructional*
3 *opportunities for adults seeking to improve their basic read-*
4 *ing, writing, speaking, and math skills, and support States*
5 *and local communities in providing, on a voluntary basis,*
6 *adult basic skills and family literacy programs, in order*
7 *to—*

8 *“(1) increase the basic reading, writing, speak-*
9 *ing, and math skills necessary for adults to obtain*
10 *employment and self-sufficiency and to successfully*
11 *advance in the workforce;*

12 *“(2) assist adults in the completion of a sec-*
13 *ondary school education (or its equivalent) and the*
14 *transition to a postsecondary educational institution;*

15 *“(3) increase the basic reading, writing, speak-*
16 *ing, and math skills of parents to enable them to sup-*
17 *port the educational development of their children*
18 *and make informed choices regarding their children’s*
19 *education; and*

20 *“(4) assist immigrants who are not proficient in*
21 *English in improving their reading, writing, speak-*
22 *ing, and math skills and acquiring an understanding*
23 *of the American free enterprise system, individual*
24 *freedom, and the responsibilities of citizenship.*

25 **“SEC. 203. DEFINITIONS.**

26 *“In this title:*

1 “(1) *ADULT BASIC SKILLS AND FAMILY LITERACY*
2 *EDUCATION PROGRAMS.*—*The term ‘adult basic skills*
3 *and family literacy education programs’ means a se-*
4 *quence of academic instruction and educational serv-*
5 *ices below the postsecondary level that increase an in-*
6 *dividual’s ability to read, write, and speak in English*
7 *and perform mathematical computations leading to a*
8 *level of proficiency equivalent to secondary school*
9 *completion that is provided for individuals—*

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

11 “(B) *who are not enrolled or required to be*
12 *enrolled in secondary school under State law;*
13 *and*

14 “(C) *who—*

15 “(i) *lack sufficient mastery of basic*
16 *reading, writing, speaking, and math skills*
17 *to enable the individuals to function effec-*
18 *tively in society;*

19 “(ii) *do not have a secondary school*
20 *diploma or the General Equivalency Di-*
21 *ploma (GED) (including recognized alter-*
22 *native standards for individuals with dis-*
23 *abilities), and have not achieved an equiva-*
24 *lent level of education; or*

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

3 “(2) *ELIGIBLE AGENCY*.—The term ‘eligible
4 agency’—

5 “(A) means the sole entity or agency in a
6 State or an outlying area responsible for admin-
7 istering or supervising policy for adult basic
8 skills and family literacy education programs in
9 the State or outlying area, respectively, con-
10 sistent with the law of the State or outlying
11 area, respectively; and

12 “(B) may be the State educational agency,
13 the State agency responsible for administering
14 workforce investment activities, or the State
15 agency responsible for administering community
16 or technical colleges.

17 “(3) *ELIGIBLE PROVIDER*.—The term ‘eligible
18 provider’ means—

19 “(A) a local educational agency;

20 “(B) a community-based or faith-based or-
21 ganization of demonstrated effectiveness;

22 “(C) a volunteer literacy organization of
23 demonstrated effectiveness;

24 “(D) an institution of higher education;

1 “(E) a public or private educational agen-
2 cy;

3 “(F) a library;

4 “(G) a public housing authority;

5 “(H) an institution that is not described in
6 any of subparagraphs (A) through (G) and has
7 the ability to provide adult basic skills and fam-
8 ily literacy education programs to adults and
9 families; or

10 “(I) a consortium of the agencies, organiza-
11 tions, institutions, libraries, or authorities de-
12 scribed in any of subparagraphs (A) through
13 (H).

14 “(4) *ENGLISH LANGUAGE ACQUISITION PRO-*
15 *GRAM.*—The term ‘English language acquisition pro-
16 gram’ means a program of instruction designed to
17 help individuals with limited English proficiency
18 achieve competence in reading, writing, and speaking
19 the English language.

20 “(5) *ESSENTIAL COMPONENTS OF READING IN-*
21 *STRUCTION.*—The term ‘essential components of read-
22 ing instruction’ has the meaning given to that term
23 in section 1208 of the Elementary and Secondary
24 Education Act of 1965 (20 U.S.C. 6368).

1 “(6) *FAMILY LITERACY EDUCATION PROGRAMS.*—
2 *The term ‘family literacy education programs’ means*
3 *educational programs that—*

4 “(A) *assist parents and students, on a vol-*
5 *untary basis, in achieving the purposes of this*
6 *title as described in section 202; and*

7 “(B) *are of sufficient intensity in terms of*
8 *hours and of sufficient duration to make sustain-*
9 *able changes in a family, are based upon sci-*
10 *entific research-based principles, and for the pur-*
11 *pose of substantially increasing the ability of*
12 *parents and children to read, write, and speak*
13 *English integrate—*

14 “(i) *interactive literacy activities be-*
15 *tween parents and their children;*

16 “(ii) *training for parents regarding*
17 *how to be the primary teacher for their chil-*
18 *dren and full partners in the education of*
19 *their children;*

20 “(iii) *parent literacy training that*
21 *leads to economic self-sufficiency; and*

22 “(iv) *an age-appropriate education to*
23 *prepare children for success in school and*
24 *life experiences.*

1 “(7) *GOVERNOR.*—*The term ‘Governor’ means*
2 *the chief executive officer of a State or outlying area.*

3 “(8) *INDIVIDUAL WITH A DISABILITY.*—

4 “(A) *IN GENERAL.*—*The term ‘individual*
5 *with a disability’ means an individual with any*
6 *disability (as defined in section 3 of the Ameri-*
7 *cans with Disabilities Act of 1990 (42 U.S.C.*
8 *12102)).*

9 “(B) *INDIVIDUALS WITH DISABILITIES.*—

10 *The term ‘individuals with disabilities’ means*
11 *more than one individual with a disability.*

12 “(9) *INDIVIDUAL WITH LIMITED ENGLISH PRO-*
13 *FICIENCY.*—*The term ‘individual with limited*
14 *English proficiency’ means an adult or out-of-school*
15 *youth who has limited ability in reading, writing,*
16 *speaking, or understanding the English language,*
17 *and—*

18 “(A) *whose native language is a language*
19 *other than English; or*

20 “(B) *who lives in a family or community*
21 *environment where a language other than*
22 *English is the dominant language.*

23 “(10) *INSTITUTION OF HIGHER EDUCATION.*—

24 *The term ‘institution of higher education’ has the*

1 *meaning given to that term in section 101 of the*
2 *Higher Education Act of 1965 (20 U.S.C. 1001).*

3 “(11) *LITERACY.*—*The term ‘literacy’ means the*
4 *ability to read, write, and speak the English language*
5 *with competence, knowledge, and comprehension.*

6 “(12) *LOCAL EDUCATIONAL AGENCY.*—*The term*
7 *‘local educational agency’ has the meaning given to*
8 *that term in section 9101 of the Elementary and Sec-*
9 *ondary Education Act of 1965 (20 U.S.C. 7801).*

10 “(13) *OUTLYING AREA.*—*The term ‘outlying*
11 *area’ has the meaning given to that term in section*
12 *101 of this Act.*

13 “(14) *POSTSECONDARY EDUCATIONAL INSTITU-*
14 *TION.*—*The term ‘postsecondary educational institu-*
15 *tion’ means—*

16 “(A) *an institution of higher education that*
17 *provides not less than a 2-year program of in-*
18 *struction that is acceptable for credit toward a*
19 *bachelor’s degree;*

20 “(B) *a tribally controlled community col-*
21 *lege; or*

22 “(C) *a nonprofit educational institution of-*
23 *fering certificate or apprenticeship programs at*
24 *the postsecondary level.*

1 “(15) *READING*.—The term ‘reading’ has the
2 meaning given to that term in section 1208 of the *El-*
3 *ementary and Secondary Education Act of 1965* (20
4 *U.S.C. 6368*).

5 “(16) *SCIENTIFICALLY BASED READING RE-*
6 *SEARCH*.—The term ‘scientifically based reading re-
7 *search’* has the meaning given to that term in section
8 1208 of the *Elementary and Secondary Education*
9 *Act of 1965* (20 *U.S.C. 6368*).

10 “(17) *SECRETARY*.—The term ‘Secretary’ means
11 the Secretary of Education.

12 “(18) *STATE*.—The term ‘State’ means each of
13 the several States of the United States, the District of
14 Columbia, and the Commonwealth of Puerto Rico.

15 “(19) *STATE EDUCATIONAL AGENCY*.—The term
16 ‘State educational agency’ has the meaning given to
17 that term in section 9101 of the *Elementary and Sec-*
18 *ondary Education Act of 1965* (20 *U.S.C. 7801*).

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

1 **“SEC. 204. HOME SCHOOLS.**

2 *“Nothing in this title shall be construed to affect home*
 3 *schools, whether or not a home school is treated as a home*
 4 *school or a private school under State law, or to compel*
 5 *a parent engaged in home schooling to participate in an*
 6 *English language acquisition program, a family literacy*
 7 *education program, or an adult basic skills and family lit-*
 8 *eracy education program.*

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

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

13 **“CHAPTER 1—FEDERAL PROVISIONS**

14 **“SEC. 211. RESERVATION OF FUNDS; GRANTS TO ELIGIBLE**
 15 **AGENCIES; ALLOTMENTS.**

16 *“(a) RESERVATION OF FUNDS.—From the sums ap-*
 17 *propriated under section 205 for a fiscal year, the Sec-*
 18 *retary—*

19 *“(1) shall reserve 1.75 percent to carry out the*
 20 *National Institute for Literacy Establishment Act;*

21 *“(2) shall reserve up to 1.72 percent for incentive*
 22 *grants under section 213; and*

23 *“(3) shall reserve up to 1.55 percent to carry out*
 24 *section 242.*

25 *“(b) GRANTS TO ELIGIBLE AGENCIES.—*

1 “(1) *IN GENERAL.*—*From the sums appropriated*
2 *under section 205 and not reserved under subsection*
3 *(a) for a fiscal year, the Secretary shall award a*
4 *grant to each eligible agency having a State plan ap-*
5 *proved under section 224 in an amount equal to the*
6 *sum of the initial allotment under subsection (c)(1)*
7 *and the additional allotment under subsection (c)(2)*
8 *for the eligible agency for the fiscal year, subject to*
9 *subsections (f) and (g).*

10 “(2) *PURPOSE OF GRANTS.*—*The Secretary may*
11 *award a grant under paragraph (1) only if the eligi-*
12 *ble agency involved agrees to expend the grant in ac-*
13 *cordance with the provisions of this title.*

14 “(c) *ALLOTMENTS.*—

15 “(1) *INITIAL ALLOTMENTS.*—*From the sums ap-*
16 *propriated under section 205 and not reserved under*
17 *subsection (a) for a fiscal year, the Secretary shall*
18 *allot to each eligible agency having a State plan ap-*
19 *proved under section 224—*

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

22 “(B) *\$250,000, in the case of any other eli-*
23 *gible agency.*

24 “(2) *ADDITIONAL ALLOTMENTS.*—*From the sums*
25 *appropriated under section 205, not reserved under*

1 *subsection (a), and not allotted under paragraph (1),*
2 *for a fiscal year, the Secretary shall allot to each eli-*
3 *gible agency that receives an initial allotment under*
4 *paragraph (1) an additional amount that bears the*
5 *same relationship to such sums as the number of*
6 *qualifying adults in the State or outlying area served*
7 *by the eligible agency bears to the number of such*
8 *adults in all States and outlying areas.*

9 *“(d) QUALIFYING ADULT.—For the purpose of sub-*
10 *section (c)(2), the term ‘qualifying adult’ means an adult*
11 *who—*

12 *“(1) is at least 16 years of age;*

13 *“(2) is beyond the age of compulsory school at-*
14 *tendance under the law of the State or outlying area;*

15 *“(3) does not have a secondary school diploma or*
16 *the General Equivalency Diploma (GED) (including*
17 *recognized alternative standards for individuals with*
18 *disabilities); and*

19 *“(4) is not enrolled in secondary school.*

20 *“(e) SPECIAL RULE.—*

21 *“(1) IN GENERAL.—From amounts made avail-*
22 *able under subsection (c) for the Republic of the Mar-*
23 *shall Islands, the Federated States of Micronesia, and*
24 *the Republic of Palau, the Secretary shall award*
25 *grants to Guam, American Samoa, the Common-*

1 *wealth of the Northern Mariana Islands, the Republic*
2 *of the Marshall Islands, the Federated States of Mi-*
3 *cronesia, or the Republic of Palau to carry out activi-*
4 *ties described in this title in accordance with the pro-*
5 *visions of this title as determined by the Secretary.*

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

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

20 “(f) *HOLD-HARMLESS PROVISIONS.*—

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

1 agency received for the preceding fiscal year under
2 this title.

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

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

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

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

23 “(a) *PURPOSE.*—The purpose of this section is to es-
24 tablish a comprehensive performance accountability system,
25 composed of the activities described in this section, to assess

1 *the effectiveness of eligible agencies in achieving continuous*
2 *improvement of adult basic skills and family literacy edu-*
3 *cation programs funded under this title, in order to opti-*
4 *mize the return on investment of Federal funds in adult*
5 *basic skills and family literacy education programs.*

6 “(b) *ELIGIBLE AGENCY PERFORMANCE MEASURES.—*

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

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

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

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

18 “(2) *INDICATORS OF PERFORMANCE.—*

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

22 “(i) *Measurable improvements in basic*
23 *skill levels in reading, writing, and speak-*
24 *ing the English language and math, and*

1 *English language acquisition leading to*
2 *proficiency in each skill.*

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

7 “(iii) *Placement in postsecondary edu-*
8 *cation or other training programs.*

9 “(B) *EMPLOYMENT PERFORMANCE INDICA-*
10 *TORS.—Consistent with applicable Federal and*
11 *State privacy laws, an eligible agency shall iden-*
12 *tify in the State plan the following individual*
13 *participant employment performance indica-*
14 *tors—*

15 “(i) *entry into employment;*

16 “(ii) *retention in employment; and*

17 “(iii) *increase in earnings.*

18 “(3) *LEVELS OF PERFORMANCE.—*

19 “(A) *ELIGIBLE AGENCY ADJUSTED LEVELS*
20 *OF PERFORMANCE FOR CORE INDICATORS.—*

21 “(i) *IN GENERAL.—For each eligible*
22 *agency submitting a State plan, there shall*
23 *be established, in accordance with this sub-*
24 *paragraph, levels of performance for each of*
25 *the core indicators of performance described*

1 *in paragraph (2)(A) for adult basic skills*
2 *and family literacy education programs au-*
3 *thorized under this title. The levels of per-*
4 *formance established under this subpara-*
5 *graph shall, at a minimum—*

6 *“(I) be expressed in an objective,*
7 *quantifiable, and measurable form;*
8 *and*

9 *“(II) show the progress of the eli-*
10 *gible agency toward continuously and*
11 *significantly improving the agency’s*
12 *performance outcomes in an objective,*
13 *quantifiable, and measurable form.*

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

21 *“(iii) AGREEMENT ON ELIGIBLE AGEN-*
22 *CY ADJUSTED LEVELS OF PERFORMANCE*
23 *FOR FIRST 3 YEARS.—In order to ensure an*
24 *optimal return on the investment of Federal*
25 *funds in adult basic skills and family lit-*

1 *eracy education programs authorized under*
2 *this title, the Secretary and each eligible*
3 *agency shall reach agreement on levels of*
4 *student proficiency for each of the core indi-*
5 *cators of performance, for the first 3 pro-*
6 *gram years covered by the State plan, tak-*
7 *ing into account the levels identified in the*
8 *State plan under clause (ii) and the factors*
9 *described in clause (iv). The levels agreed to*
10 *under this clause shall be considered to be*
11 *the eligible agency adjusted levels of per-*
12 *formance for the eligible agency for such*
13 *years and shall be incorporated into the*
14 *State plan prior to the approval of such*
15 *plan.*

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

19 *“(I) how the levels involved com-*
20 *pare with the eligible agency’s adjusted*
21 *levels of performance, taking into ac-*
22 *count factors including the characteris-*
23 *tics of participants when the partici-*
24 *pants entered the program; and*

1 “(II) *the extent to which such lev-*
2 *els promote continuous and significant*
3 *improvement in performance on the*
4 *student proficiency measures used by*
5 *such eligible agency and ensure opti-*
6 *mal return on the investment of Fed-*
7 *eral funds.*

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

23 “(vi) *REVISIONS.—If unanticipated*
24 *circumstances arise in a State resulting in*
25 *a significant change in the factors described*

1 *in clause (iv)(I), the eligible agency may re-*
2 *quest that the eligible agency adjusted levels*
3 *of performance agreed to under clause (iii)*
4 *or (v) be revised.*

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

12 “(c) *REPORT.—*

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

20 “(A) *Information on the levels of perform-*
21 *ance achieved by the eligible agency with respect*
22 *to the core indicators of performance and em-*
23 *ployment performance indicators.*

24 “(B) *The number and type of each eligible*
25 *provider that receives funding under such grant.*

1 “(2) *INFORMATION DISSEMINATION.*—*The Sec-*
2 *retary—*

3 “(A) *shall make the information contained*
4 *in such reports available to the general public*
5 *through publication and other appropriate meth-*
6 *ods;*

7 “(B) *shall disseminate State-by-State com-*
8 *parisons of the information; and*

9 “(C) *shall provide the appropriate commit-*
10 *tees of the Congress with copies of such reports.*

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

12 “(a) *IN GENERAL.*—*From funds appropriated under*
13 *section 211(a)(2), the Secretary may award grants to States*
14 *for exemplary performance in carrying out programs under*
15 *this title. Such awards shall be based on States meeting or*
16 *exceeding the core indicators of performance established*
17 *under section 212(b)(2)(A) and may be based on the per-*
18 *formance of the State in serving populations, such as those*
19 *described in section 224(b)(10), including the levels of serv-*
20 *ice provided and the performance outcomes, and such other*
21 *factors relating to the performance of the State under this*
22 *title as the Secretary determines appropriate.*

23 “(b) *USE OF FUNDS.*—*The funds awarded to a State*
24 *under this paragraph may be used to carry out any activi-*

1 *ties authorized under this title, including demonstrations*
2 *and innovative programs for hard-to-serve populations.*

3 **“CHAPTER 2—STATE PROVISIONS**

4 **“SEC. 221. STATE ADMINISTRATION.**

5 *“Each eligible agency shall be responsible for the fol-*
6 *lowing activities under this title:*

7 *“(1) The development, submission, implementa-*
8 *tion, and monitoring of the State plan.*

9 *“(2) Consultation with other appropriate agen-*
10 *cies, groups, and individuals that are involved in, or*
11 *interested in, the development and implementation of*
12 *activities assisted under this title.*

13 *“(3) Coordination and avoidance of duplication*
14 *with other Federal and State education, training, cor-*
15 *rections, public housing, and social service programs.*

16 **“SEC. 222. STATE DISTRIBUTION OF FUNDS; MATCHING RE-**
17 **QUIREMENT.**

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

20 *“(1) shall use an amount not less than 82.5 per-*
21 *cent of the grant funds to award grants and contracts*
22 *under section 231 and to carry out section 225, of*
23 *which not more than 10 percent of such amount shall*
24 *be available to carry out section 225;*

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

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

7 “(b) *MATCHING REQUIREMENT.*—

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

15 “(A) in the case of an eligible agency serv-
16 ing an outlying area, 12 percent of the total
17 amount of funds expended for adult basic skills
18 and family literacy education programs in the
19 outlying area, except that the Secretary may de-
20 crease the amount of funds required under this
21 subparagraph for an eligible agency; and

22 “(B) in the case of an eligible agency serv-
23 ing a State, 25 percent of the total amount of
24 funds expended for adult basic skills and family
25 literacy education programs in the State.

1 “(2) *NON-FEDERAL CONTRIBUTION.*—An eligible
2 agency’s non-Federal contribution required under
3 paragraph (1) may be provided in cash or in kind,
4 fairly evaluated, and shall include only non-Federal
5 funds that are used for adult basic skills and family
6 literacy education programs in a manner that is con-
7 sistent with the purpose of this title.

8 **“SEC. 223. STATE LEADERSHIP ACTIVITIES.**

9 “(a) *IN GENERAL.*—Each eligible agency may use
10 funds made available under section 222(a)(2) for any of
11 the following adult basic skills and family literacy edu-
12 cation programs:

13 “(1) *The establishment or operation of profes-*
14 *sional development programs to improve the quality*
15 *of instruction provided pursuant to local activities re-*
16 *quired under section 231(b), including instruction in-*
17 *corporating the essential components of reading in-*
18 *struction and instruction provided by volunteers or*
19 *by personnel of a State or outlying area.*

20 “(2) *The provision of technical assistance to eli-*
21 *gible providers of adult basic skills and family lit-*
22 *eracy education programs for development and dis-*
23 *semination of scientific research-based instructional*
24 *practices in reading, writing, speaking, math, and*
25 *English language acquisition programs.*

1 “(3) *The provision of assistance to eligible pro-*
2 *viders in developing, implementing, and reporting*
3 *measurable progress in achieving the objectives of this*
4 *title.*

5 “(4) *The provision of technology assistance, in-*
6 *cluding staff training, to eligible providers of adult*
7 *basic skills and family literacy education programs,*
8 *including distance learning activities, to enable the*
9 *eligible providers to improve the quality of such ac-*
10 *tivities.*

11 “(5) *The development and implementation of*
12 *technology applications or distance learning, includ-*
13 *ing professional development to support the use of in-*
14 *structional technology.*

15 “(6) *Coordination with other public programs,*
16 *including welfare-to-work, workforce development, and*
17 *job training programs.*

18 “(7) *Coordination with existing support services,*
19 *such as transportation, child care, and other assist-*
20 *ance designed to increase rates of enrollment in, and*
21 *successful completion of, adult basic skills and family*
22 *literacy education programs, for adults enrolled in*
23 *such activities.*

1 “(8) *The development and implementation of a*
2 *system to assist in the transition from adult basic*
3 *education to postsecondary education.*

4 “(9) *Activities to promote workplace literacy*
5 *programs.*

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

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

12 “(b) *COORDINATION.—In carrying out this section, eli-*
13 *gible agencies shall coordinate where possible, and avoid du-*
14 *plicating efforts, in order to maximize the impact of the*
15 *activities described in subsection (a).*

16 “(c) *STATE-IMPOSED REQUIREMENTS.—Whenever a*
17 *State or outlying area implements any rule or policy relat-*
18 *ing to the administration or operation of a program au-*
19 *thorized under this title that has the effect of imposing a*
20 *requirement that is not imposed under Federal law (includ-*
21 *ing any rule or policy based on a State or outlying area*
22 *interpretation of a Federal statute, regulation, or guide-*
23 *line), the State or outlying area shall identify, to eligible*
24 *providers, the rule or policy as being imposed by the State*
25 *or outlying area.*

1 **“SEC. 224. STATE PLAN.**

2 “(a) 6-YEAR PLANS.—

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

7 “(2) COMPREHENSIVE PLAN OR APPLICATION.—

8 The eligible agency may submit the State plan as
9 part of a comprehensive plan or application for Fed-
10 eral education assistance.

11 “(b) PLAN CONTENTS.—The eligible agency shall in-
12 clude in the State plan or any revisions to the State plan—

13 “(1) an objective assessment of the needs of indi-
14 viduals in the State or outlying area for adult basic
15 skills and family literacy education programs, includ-
16 ing individuals most in need or hardest to serve;

17 “(2) a description of the adult basic skills and
18 family literacy education programs that will be car-
19 ried out with funds received under this title;

20 “(3) a description of how the eligible agency will
21 evaluate and measure annually the effectiveness and
22 improvement of the adult basic skills and family lit-
23 eracy education programs based on the performance
24 measures described in section 212 including—

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

4 “(B) how the eligible agency—

5 “(i) will hold eligible providers ac-
6 countable regarding the progress of such
7 providers in improving the academic
8 achievement of participants in adult edu-
9 cation programs under this title and re-
10 garding the core indicators of performance
11 described in section 212(b)(2)(A); and

12 “(ii) will use technical assistance,
13 sanctions, and rewards (including alloca-
14 tion of grant funds based on performance
15 and termination of grant funds based on
16 nonperformance);

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

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

1 “(A) offers flexible schedules and necessary
2 support services (such as child care and trans-
3 portation) to enable individuals, including indi-
4 viduals with disabilities, or individuals with
5 other special needs, to participate in adult basic
6 skills and family literacy education programs;
7 and

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

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

16 “(7) a description of how the eligible agency will
17 fund local activities in accordance with the measur-
18 able goals described in section 231(d);

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

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

1 “(A) shall include consultation with the
2 State workforce investment board, the State
3 board responsible for administering community
4 or technical colleges, the Governor, the State edu-
5 cational agency, the State board or agency re-
6 sponsible for administering block grants for tem-
7 porary assistance to needy families under title
8 IV of the Social Security Act, the State council
9 on disabilities, the State vocational rehabilita-
10 tion agency, other State agencies that promote
11 the improvement of adult basic skills and family
12 literacy education programs, and direct pro-
13 viders of such programs; and

14 “(B) may include consultation with the
15 State agency on higher education, institutions
16 responsible for professional development of adult
17 basic skills and family literacy education pro-
18 grams instructors, representatives of business
19 and industry, refugee assistance programs, and
20 faith-based organizations;

21 “(10) a description of the eligible agency’s strate-
22 gies for serving populations that include, at a min-
23 imum—

24 “(A) low-income individuals;

25 “(B) individuals with disabilities;

1 “(C) the unemployed;

2 “(D) the underemployed; and

3 “(E) individuals with multiple barriers to
4 educational enhancement, including individuals
5 with limited English proficiency;

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

13 “(12) a description of the steps the eligible agen-
14 cy will take to ensure direct and equitable access, as
15 required in section 231(c)(1), including—

16 “(A) how the State will build the capacity
17 of community-based and faith-based organiza-
18 tions to provide adult basic skills and family lit-
19 eracy education programs; and

20 “(B) how the State will increase the partici-
21 pation of business and industry in adult basic
22 skills and family literacy education programs;
23 and

24 “(13) a description of how the eligible agency
25 will consult with any State agency responsible for

1 *postsecondary education to develop adult education*
2 *that prepares students to enter postsecondary edu-*
3 *cation without the need for remediation upon comple-*
4 *tion of secondary school equivalency programs.*

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

9 “(d) *CONSULTATION.*—*The eligible agency shall—*

10 “(1) *submit the State plan, and any revisions to*
11 *the State plan, to the Governor, the chief State school*
12 *officer, or the State officer responsible for admin-*
13 *istering community or technical colleges, or outlying*
14 *area for review and comment; and*

15 “(2) *ensure that any comments regarding the*
16 *State plan by the Governor, the chief State school offi-*
17 *cer, or the State officer responsible for administering*
18 *community or technical colleges, and any revision to*
19 *the State plan, are submitted to the Secretary.*

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

1 **“SEC. 225. PROGRAMS FOR CORRECTIONS EDUCATION AND**
2 **OTHER INSTITUTIONALIZED INDIVIDUALS.**

3 “(a) *PROGRAM AUTHORIZED.*—From funds made
4 available under section 222(a)(1) for a fiscal year, each eli-
5 gible agency shall carry out corrections education and edu-
6 cation for other institutionalized individuals.

7 “(b) *USES OF FUNDS.*—The funds described in sub-
8 section (a) shall be used for the cost of educational programs
9 for criminal offenders in correctional institutions and for
10 other institutionalized individuals, including academic
11 programs for—

12 “(1) *basic skills education;*

13 “(2) *special education programs as determined*
14 *by the eligible agency;*

15 “(3) *reading, writing, speaking, and math pro-*
16 *grams; and*

17 “(4) *secondary school credit or diploma pro-*
18 *grams or their recognized equivalent.*

19 “(c) *PRIORITY.*—Each eligible agency that is using as-
20 sistance provided under this section to carry out a program
21 for criminal offenders within a correctional institution
22 shall give priority to serving individuals who are likely to
23 leave the correctional institution within 5 years of partici-
24 pation in the program.

25 “(d) *DEFINITION OF CRIMINAL OFFENDER.*—For pur-
26 poses of this section:

1 “(1) *CORRECTIONAL INSTITUTION.*—*The term*
2 ‘*correctional institution*’ means any—

3 “(A) *prison;*

4 “(B) *jail;*

5 “(C) *reformatory;*

6 “(D) *work farm;*

7 “(E) *detention center; or*

8 “(F) *halfway house, community-based reha-*
9 *ilitation center, or any other similar institution*
10 *designed for the confinement or rehabilitation of*
11 *criminal offenders.*

12 “(2) *CRIMINAL OFFENDER.*—*The term ‘criminal*
13 *offender’ means any individual who is charged with,*
14 *or convicted of, any criminal offense.*

15 **“CHAPTER 3—LOCAL PROVISIONS**

16 **“SEC. 231. GRANTS AND CONTRACTS FOR ELIGIBLE PRO-**
17 **VIDERS.**

18 “(a) *GRANTS AND CONTRACTS.*—*From grant funds*
19 *made available under section 211(b), each eligible agency*
20 *shall award multiyear grants or contracts, on a competitive*
21 *basis, to eligible providers within the State or outlying area*
22 *that meet the conditions and requirements of this title to*
23 *enable the eligible providers to develop, implement, and im-*
24 *prove adult basic skills and family literacy education pro-*
25 *grams within the State.*

1 “(b) *LOCAL ACTIVITIES.*—*The eligible agency shall re-*
2 *quire eligible providers receiving a grant or contract under*
3 *subsection (a) to establish or operate one or more programs*
4 *of instruction that provide services or instruction in one*
5 *or more of the following categories:*

6 “(1) *Adult basic skills and family literacy edu-*
7 *cation programs, including essential workplace skills*
8 *(including proficiency in reading, writing, speaking,*
9 *and math).*

10 “(2) *Workplace literacy programs.*

11 “(3) *English language acquisition programs.*

12 “(4) *family literacy education programs.*

13 “(c) *DIRECT AND EQUITABLE ACCESS; SAME PROC-*
14 *ESS.*—*Each eligible agency receiving funds under this title*
15 *shall ensure that—*

16 “(1) *all eligible providers have direct and equi-*
17 *table access to apply for grants or contracts under*
18 *this section; and*

19 “(2) *the same grant or contract announcement*
20 *process and application process is used for all eligible*
21 *providers in the State or outlying area.*

22 “(d) *MEASURABLE GOALS.*—*The eligible agency shall*
23 *require eligible providers receiving a grant or contract*
24 *under subsection (a) to demonstrate—*

1 “(1) the eligible provider’s measurable goals for
2 participant outcomes to be achieved annually on the
3 core indicators of performance and employment per-
4 formance indicators described in section 212(b)(2);

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

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

17 “(4) whether or not the program—

18 “(A) is of sufficient intensity and duration
19 for participants to achieve substantial learning
20 gains; and

21 “(B) uses instructional practices that in-
22 clude the essential components of reading in-
23 struction;

24 “(5) whether educational practices are based on
25 scientifically based research;

1 “(6) whether the activities of the eligible provider
2 effectively employ advances in technology, as appro-
3 priate, including the use of computers;

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

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

10 “(9) whether the activities are coordinated with
11 other available resources in the community, such as
12 through strong links with elementary schools and sec-
13 ondary schools, postsecondary educational institu-
14 tions, one-stop centers, job training programs, com-
15 munity-based and faith-based organizations, and so-
16 cial service agencies;

17 “(10) whether the activities offer flexible sched-
18 ules and support services (such as child care and
19 transportation) that are necessary to enable individ-
20 uals, including individuals with disabilities or other
21 special needs, to attend and complete programs;

22 “(11) whether the activities include a high-qual-
23 ity information management system that has the ca-
24 pacity to report measurable participant outcomes and

1 *to monitor program performance against the perform-*
2 *ance measures established by the eligible agency;*

3 *“(12) whether the local communities have a dem-*
4 *onstrated need for additional English language acqui-*
5 *sition programs;*

6 *“(13) the capacity of the eligible provider to*
7 *produce valid information on performance results, in-*
8 *cluding enrollments and measurable participant out-*
9 *comes;*

10 *“(14) whether adult basic skills and family lit-*
11 *eracy education programs offer rigorous reading,*
12 *writing, speaking, and math content that are based*
13 *on scientific research; and*

14 *“(15) whether applications of technology, and*
15 *services to be provided by the eligible providers, is of*
16 *sufficient intensity and duration to increase the*
17 *amount and quality of learning and lead to measur-*
18 *able learning gains within specified time periods.*

19 ***“SEC. 232. LOCAL APPLICATION.***

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

1 “(1) a description of how funds awarded under
2 this title will be spent consistent with the require-
3 ments of this title;

4 “(2) a description of any cooperative arrange-
5 ments the eligible provider has with other agencies,
6 institutions, or organizations for the delivery of adult
7 basic skills and family literacy education programs;
8 and

9 “(3) each of the demonstrations required by sec-
10 tion 231(d).

11 **“SEC. 233. LOCAL ADMINISTRATIVE COST LIMITS.**

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

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

18 “(2) the remaining amount shall be used for
19 planning, administration, personnel and professional
20 development, development of measurable goals in
21 reading, writing, speaking, and math, and inter-
22 agency coordination.

23 “(b) *SPECIAL RULE.*—In cases where the cost limits
24 described in subsection (a) are too restrictive to allow for
25 adequate planning, administration, personnel development,

1 *and interagency coordination, the eligible provider may ne-*
2 *gotiate with the eligible agency in order to determine an*
3 *adequate level of funds to be used for noninstructional pur-*
4 *poses.*

5 **“CHAPTER 4—GENERAL PROVISIONS**

6 **“SEC. 241. ADMINISTRATIVE PROVISIONS.**

7 “(a) *SUPPLEMENT NOT SUPPLANT.—Funds made*
8 *available for adult basic skills and family literacy edu-*
9 *cation programs under this title shall supplement and not*
10 *supplant other State or local public funds expended for*
11 *adult basic skills and family literacy education programs.*

12 “(b) *MAINTENANCE OF EFFORT.—*

13 “(1) *IN GENERAL.—*

14 “(A) *DETERMINATION.—An eligible agency*
15 *may receive funds under this title for any fiscal*
16 *year if the Secretary finds that the fiscal effort*
17 *per student or the aggregate expenditures of such*
18 *eligible agency for activities under this title, in*
19 *the second preceding fiscal year, were not less*
20 *than 90 percent of the fiscal effort per student or*
21 *the aggregate expenditures of such eligible agency*
22 *for adult basic skills and family literacy edu-*
23 *cation programs, in the third preceding fiscal*
24 *year.*

1 “(B) *PROPORTIONATE REDUCTION.*—Subject
2 to paragraphs (2), (3), and (4), for any fiscal
3 year with respect to which the Secretary deter-
4 mines under subparagraph (A) that the fiscal ef-
5 fort or the aggregate expenditures of an eligible
6 agency for the preceding program year were less
7 than such effort or expenditures for the second
8 preceding program year, the Secretary—

9 “(i) shall determine the percentage de-
10 creases in such effort or in such expendi-
11 tures; and

12 “(ii) shall decrease the payment made
13 under this title for such program year to the
14 agency for adult basic skills and family lit-
15 eracy education programs by the lesser of
16 such percentages.

17 “(2) *COMPUTATION.*—In computing the fiscal ef-
18 fort and aggregate expenditures under paragraph (1),
19 the Secretary shall exclude capital expenditures and
20 special one-time project costs.

21 “(3) *DECREASE IN FEDERAL SUPPORT.*—If the
22 amount made available for adult basic skills and
23 family literacy education programs under this title
24 for a fiscal year is less than the amount made avail-
25 able for adult basic skills and family literacy edu-

1 *cation programs under this title for the preceding fis-*
2 *cal year, then the fiscal effort per student and the ag-*
3 *gregate expenditures of an eligible agency required in*
4 *order to avoid a reduction under paragraph (1)(B)*
5 *shall be decreased by the same percentage as the per-*
6 *centage decrease in the amount so made available.*

7 *“(4) WAIVER.—The Secretary may waive the re-*
8 *quirements of this subsection for not more than 1 fis-*
9 *cal year, if the Secretary determines that a waiver*
10 *would be equitable due to exceptional or uncontrol-*
11 *lable circumstances, such as a natural disaster or an*
12 *unforeseen and precipitous decline in the financial re-*
13 *sources of the State or outlying area of the eligible*
14 *agency. If the Secretary grants a waiver under the*
15 *preceding sentence for a fiscal year, the level of effort*
16 *required under paragraph (1) shall not be reduced in*
17 *the subsequent fiscal year because of the waiver.*

18 **“SEC. 242. NATIONAL LEADERSHIP ACTIVITIES.**

19 *“The Secretary shall establish and carry out a pro-*
20 *gram of national leadership activities that may include the*
21 *following:*

22 *“(1) Technical assistance, on request, including*
23 *assistance—*

24 *“(A) on requests to volunteer community-*
25 *and faith-based organizations, including but not*

1 *limited to, improving their fiscal management,*
2 *research-based instruction, and reporting re-*
3 *quirements, and the development of measurable*
4 *objectives to carry out the requirements of this*
5 *title;*

6 *“(B) in developing valid, measurable, and*
7 *reliable performance data, and using perform-*
8 *ance information for the improvement of adult*
9 *basic skills and family literacy education pro-*
10 *grams;*

11 *“(C) on adult education professional devel-*
12 *opment; and*

13 *“(D) in using distance learning and im-*
14 *proving the application of technology in the*
15 *classroom.*

16 *“(2) Providing for the conduct of research on na-*
17 *tional literacy basic skill acquisition levels among*
18 *adults, including the number of adults functioning at*
19 *different levels of reading proficiency.*

20 *“(3) Improving the coordination, efficiency, and*
21 *effectiveness of adult education and workforce develop-*
22 *ment services at the national, State, and local levels.*

23 *“(4) Determining how participation in adult*
24 *basic skills and family literacy education programs*
25 *prepares individuals for entry into and success in*

1 *postsecondary education and employment, and in the*
2 *case of prison-based services, the effect on recidivism.*

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

8 *“(6) Identifying model integrated basic and*
9 *workplace skills education programs, coordinated lit-*
10 *eracy and employment services, and effective strate-*
11 *gies for serving adults with disabilities.*

12 *“(7) Supporting the development of an entity*
13 *that would produce and distribute technology-based*
14 *programs and materials for adult basic skills and*
15 *family literacy education programs using an inter-*
16 *communication system, as that term is defined in sec-*
17 *tion 397 of the Communications Act of 1934 (47*
18 *U.S.C. 397), and expand the effective outreach and*
19 *use of such programs and materials to adult edu-*
20 *cation eligible providers.*

21 *“(8) Initiating other activities designed to im-*
22 *prove the measurable quality and effectiveness of*
23 *adult basic skills and family literacy education pro-*
24 *grams nationwide.”.*

1 **PART B—NATIONAL INSTITUTE FOR LITERACY**

2 **SEC. 211. SHORT TITLE; PURPOSE.**

3 (a) *SHORT TITLE.*—*This part may be cited as the*
4 *“National Institute for Literacy Establishment Act”.*

5 (b) *PURPOSE.*—*The purpose of this part is to establish*
6 *a National Institute for Literacy to provide national leader-*
7 *ship in promoting reading research, reading instruction,*
8 *and professional development in reading based on scientif-*
9 *ically based research by—*

10 (1) *disseminating widely information on sci-*
11 *entifically based reading research to improve aca-*
12 *demie achievement for children, youth, and adults;*

13 (2) *identifying and disseminating information*
14 *about schools, local educational agencies, and State*
15 *educational agencies that have effectively developed*
16 *and implemented classroom reading programs that*
17 *meet the requirements of subpart 1 of part B of title*
18 *I of the Elementary and Secondary Education Act of*
19 *1965 (20 U.S.C. 6361 et seq.), including those State*
20 *educational agencies, local educational agencies, and*
21 *schools that are identified as effective through the Ex-*
22 *ternal Evaluation of Reading First under section*
23 *1205 of the Elementary and Secondary Education*
24 *Act of 1965 (20 U.S.C. 6365);*

25 (3) *servicing as a national resource for informa-*
26 *tion on reading instruction programs that contain the*

1 *essential components of reading instruction as sup-*
2 *ported by scientifically based reading research, and*
3 *that can lead to improved reading outcomes for chil-*
4 *dren, youth, and adults;*

5 *(4) developing print and electronic materials*
6 *that describe and model the application of scientif-*
7 *ically based reading research;*

8 *(5) providing national and regional reading*
9 *leadership for State and local personnel for the appli-*
10 *cation and implementation of scientifically based*
11 *reading research;*

12 *(6) coordinating efforts among Federal agencies,*
13 *especially the Department of Labor, the Department*
14 *of Health and Human Services, and the National In-*
15 *stitute of Child Health and Human Development,*
16 *that provide reading programs, conduct research, and*
17 *provide services to recipients of Federal financial as-*
18 *sistance under titles I and III of the Elementary and*
19 *Secondary Education Act of 1965, the Head Start*
20 *Act, the Individuals with Disabilities Education Act,*
21 *and the Adult Basic Skills and Family Literacy Edu-*
22 *cation Act, and each Bureau funded school (as defined*
23 *in title XI of the Education Amendments of 1978 (25*
24 *U.S.C. 2001 et seq.)); and*

1 (7) *informing the Congress, Federal departments*
2 *and agencies, schools of education, and the public of*
3 *successful local, State, and Federal program activities*
4 *in reading instruction that are determined to be effec-*
5 *tive based on the findings of scientifically based read-*
6 *ing research.*

7 **SEC. 212. ESTABLISHMENT.**

8 (a) *IN GENERAL.*—*There is established within the exec-*
9 *utive branch an independent establishment (as defined in*
10 *title 104 of title 5, United States Code) to be known as the*
11 *“National Institute for Literacy”. The Institute shall be ad-*
12 *ministered, in accordance with this part, under the super-*
13 *vision and direction of a Director in consultation with the*
14 *Board, and subject to all fiscal and ethical requirements*
15 *of an executive branch agency.*

16 (b) *DIRECTOR.*—

17 (1) *APPOINTMENT.*—*The Board (established*
18 *under section 216 of this part), in consultation with*
19 *the Secretary of Education, shall appoint a Director*
20 *of the Institute, who has an understanding of, sup-*
21 *ports, and is familiar with scientifically based read-*
22 *ing research, instruction, and professional develop-*
23 *ment applicable to children, youth, and adults.*

1 (2) *PAY.*—*The Director of the Institute shall re-*
2 *ceive the rate of basic pay for level IV of the Executive*
3 *Schedule.*

4 (3) *TERM.*—*The Director of the Institute shall be*
5 *appointed for an initial term of 3 years and, if ap-*
6 *proved by the Board, may serve not more than 1 ad-*
7 *ditional term of 3 years.*

8 **SEC. 213. ADMINISTRATION.**

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

12 (b) *AUTHORITY.*—*Subject to the general policies, deci-*
13 *sions, findings, and determinations of the Board, the Direc-*
14 *tor of the Institute shall be responsible for administering*
15 *the Institute. The Director may delegate the powers granted*
16 *under this paragraph to an officer, employee, or office of*
17 *the Institute. The Director shall—*

18 (1) *provide leadership for the Institute, con-*
19 *sistent with the purposes defined in section 211;*

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

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

3 (4) *assign responsibility to carry out the duties*
4 *of the Institute among officers and employees, and of-*
5 *fices of the Institute;*

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

10 (6) *oversee the expenditure of all funds allocated*
11 *for the Institute to carry out the purposes under sec-*
12 *tion 211; and*

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

16 (c) *AGENCY DESIGNATION.*—*For purposes of section*
17 *552b of title 5, United States Code, the Institute is deemed*
18 *to be an agency.*

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

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

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

3 (e) *BUDGET TRANSMITTAL TO CONGRESS.—The Insti-*
4 *tute shall transmit to the Congress copies of budget esti-*
5 *mates, requests, and information (including personnel*
6 *needs), legislative recommendations, prepared testimony for*
7 *congressional hearings, and comments on legislation.*

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

10 (g) *ADMINISTRATIVE SUPPORT.—*

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

17 (2) *OTHER DEPARTMENTS AND AGENCIES.—In*
18 *addition to any support obtained under paragraph*
19 *(1) from the Secretary of Education, the Institute*
20 *may obtain administrative support services from*
21 *other departments and agencies within the executive*
22 *branch if determined by the Director of the Institute,*
23 *in consultation with the Board, to be in the best in-*
24 *terest of the Institute.*

1 **SEC. 214. DUTIES.**

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

6 (1) *establish a national electronic database of ef-*
7 *fective reading programs for children, youth, and*
8 *adults that include the essential components of read-*
9 *ing instruction, and disseminate such information to*
10 *parents, teachers, State and Federal elected officials,*
11 *and the public;*

12 (2) *develop print and electronic materials for*
13 *professional development that provide applications of*
14 *scientifically based reading research, and instruc-*
15 *tional practices in reading for children, youth, and*
16 *adults;*

17 (3) *provide, when requested, policy and technical*
18 *assistance to the Congress, school Boards, Federal*
19 *agencies, State departments of education, adult edu-*
20 *cation programs, local school districts, local public*
21 *and private schools, and schools of education, on sci-*
22 *entifically based reading instructional practices in-*
23 *cluding diagnostic and assessment instruments and*
24 *instructional materials;*

25 (4) *collaborate and support Federal research pro-*
26 *grams in reading instruction, including, where ap-*

1 *appropriate, those areas of study addressed by the Na-*
2 *tional Institute of Child Health and Human Develop-*
3 *ment, the Institute for Education Sciences, the Na-*
4 *tional Science Foundation, the Department of Labor,*
5 *and the National Research Council;*

6 (5) *coordinate with the Department of Edu-*
7 *cation, the Department of Labor, the Department of*
8 *Health and Human Services, and the National Insti-*
9 *tute of Child Health and Human Development on all*
10 *programs that include improving reading instruc-*
11 *tional practices for children, youth, and adults, and*
12 *teacher training in reading instructional practices;*

13 (6) *use and support the collection of the best pos-*
14 *sible information in carrying out this section, and*
15 *where appropriate, including reviews of research on*
16 *instruction using the criteria for quality identified by*
17 *the Institute for Education Sciences; and*

18 (7) *conduct reviews of research, including ran-*
19 *domized field trials, on reading programs, and con-*
20 *duct reviews of Federal reading policies and reading*
21 *program implementation using a board of visitors as*
22 *described in subchapter 300 of the National Science*
23 *Foundation Administrative Manual.*

24 (b) *GRANTS, CONTRACTS, AND COOPERATIVE AGREE-*
25 *MENTS.—The Institute may award grants to, or enter into*

1 *contracts or cooperative agreements with, individuals, pub-*
2 *lic or private institutions, agencies, organizations, or other*
3 *legal entities to carry out the activities of the Institute.*

4 (c) *RELATION TO OTHER LAWS.*—*The duties and pow-*
5 *ers of the Institute under this part are in addition to the*
6 *duties and powers of the Institute under subparts 1, 2, and*
7 *3 of part B of the Elementary and Secondary Education*
8 *Act of 1965 (20 U.S.C. 1201 et seq.) (commonly referred*
9 *to as Reading First, Early Reading First, and the William*
10 *F. Goodling Even Start Family Literacy Programs, respec-*
11 *tively).*

12 **SEC. 215. LEADERSHIP IN SCIENTIFICALLY BASED READING**
13 **INSTRUCTION.**

14 (a) *IN GENERAL.*—*The Institute, in consultation with*
15 *the Board, may award fellowships, with such stipends and*
16 *allowances as the Director of the Institute considers nec-*
17 *essary, to outstanding individuals who are pursuing careers*
18 *in scientifically based research in reading instruction or*
19 *pre-service or in-service training in reading instruction, in-*
20 *cluding teaching children and adults to read.*

21 (b) *FELLOWSHIPS.*—*Fellowships awarded under this*
22 *subsection shall be used, under the auspices of the Institute,*
23 *to engage in research, education training, technical assist-*
24 *ance, or other activities to advance the field of scientifically*
25 *based reading instruction for children, youth, and adults,*

1 *including the training of volunteers in such reading skills*
2 *instruction.*

3 (c) *INTERNS AND VOLUNTEERS.*—*The Institute, in*
4 *consultation with the Board, may award paid and unpaid*
5 *internships to individuals seeking to assist the Institute in*
6 *carrying out its mission. Notwithstanding section 1342 of*
7 *title 31, United States Code, the Institute may accept and*
8 *use voluntary and uncompensated services as the Institute*
9 *deems necessary.*

10 **SEC. 216. NATIONAL INSTITUTE FOR LITERACY ADVISORY**
11 **BOARD.**

12 (a) *ESTABLISHMENT.*—

13 (1) *IN GENERAL.*—*There shall be a National In-*
14 *stitute for Literacy Advisory Board, which shall con-*
15 *sist of 10 individuals appointed by the President with*
16 *the advice and consent of the Senate.*

17 (2) *COMPOSITION.*—*The Board shall be com-*
18 *prised of individuals who are not otherwise officers or*
19 *employees of the Federal Government and who are*
20 *knowledgeable about scientifically based reading in-*
21 *struction, and the findings of scientifically based*
22 *reading research. The members of the Board may in-*
23 *clude—*

24 (A) *representatives from teacher training*
25 *institutions where scientifically based reading*

1 *instruction is a major component of pre-service*
2 *training;*

3 *(B) teachers who have been successful in*
4 *teaching children to read proficiently;*

5 *(C) members of the business community who*
6 *have developed successful employee reading in-*
7 *struction programs;*

8 *(D) volunteer tutors in reading who are*
9 *using scientifically based reading instruction;*

10 *(E) reading researchers who have conducted*
11 *scientifically based research; and*

12 *(F) other qualified individuals knowledge-*
13 *able about scientifically based reading instruc-*
14 *tion, including adult education.*

15 ***(b) DUTIES.—The Board shall—***

16 *(1) work closely with the Director of the Institute*
17 *to ensure that the purposes of the Institute under sec-*
18 *tion 211 are carried out effectively;*

19 *(2) approve the annual report to the Congress;*

20 *(3) provide policy guidance and advice to the*
21 *Director of the Institute in the administration of the*
22 *Institute; and*

23 *(4) appoint the Director of the Institute, in con-*
24 *sultation with the Secretary.*

1 (c) *FEDERAL ADVISORY COMMITTEE ACT.*—*Except as*
2 *otherwise provided in this part, the Board established by*
3 *this section shall be subject to the provisions of the Federal*
4 *Advisory Committee Act (5 U.S.C. App.).*

5 (d) *APPOINTMENTS.*—

6 (1) *IN GENERAL.*—*Each member of the Board*
7 *shall be appointed for a term of 3 years, except that*
8 *the initial terms for members may be 1, 2, or 3 years*
9 *in order to establish a rotation, in which $\frac{1}{3}$ of the*
10 *members are selected each year. Any such member*
11 *may be appointed for not more than 2 consecutive*
12 *terms.*

13 (2) *VACANCIES.*—*Any member appointed to fill a*
14 *vacancy occurring before the expiration of the term*
15 *for which the member's predecessor was appointed*
16 *shall be appointed only for the remainder of that*
17 *term. A member may serve after the expiration of that*
18 *member's term until a successor has taken office.*

19 (e) *QUORUM.*—*A majority of the members of the Board*
20 *shall constitute a quorum, but a lesser number may hold*
21 *hearings. Any recommendation of the Board may be passed*
22 *only by a majority of the Board members present.*

23 (f) *ELECTION OF OFFICERS.*—*The Chairperson and*
24 *Vice Chairperson of the Board shall be elected by the mem-*

1 *bers of the Board. The term of office of the Chairperson and*
2 *Vice Chairperson shall be 2 years.*

3 *(g) MEETINGS.—The Board shall meet at the call of*
4 *the Chairperson, or a majority of the members of the Board,*
5 *but not less than quarterly.*

6 **SEC. 217. GIFTS, BEQUESTS, AND DEVICES.**

7 *(a) IN GENERAL.—The Institute may accept, admin-*
8 *ister, and use gifts or donations of services, money, or prop-*
9 *erty, whether real or personal, tangible or intangible.*

10 *(b) RULES.—The Board, in consultation with the Di-*
11 *rector of the Institute, shall establish written rules setting*
12 *forth the criteria to be used by the Institute in determining*
13 *whether the acceptance of contributions of services, money,*
14 *or property whether real or personal, tangible or intangible,*
15 *would reflect unfavorably upon the ability of the Institute*
16 *or any employee to carry out the responsibilities of the In-*
17 *stitute or employee, or official duties, in a fair and objective*
18 *manner, or would compromise the integrity or the appear-*
19 *ance of the integrity of the Institute's programs or any offi-*
20 *cial involved in those programs.*

21 **SEC. 218. MAILS.**

22 *The Board and the Institute may use the United States*
23 *mails in the same manner and under the same conditions*
24 *as other departments and agencies of the United States.*

1 **SEC. 219. APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.**

2 *The Director of the Institute and the staff of the Insti-*
3 *tute may be appointed without regard to the provisions of*
4 *title 5, United States Code, governing appointments in the*
5 *competitive service, and may be paid without regard to the*
6 *provisions of chapter 51 and subchapter III of chapter 53*
7 *of that title relating to classification and General Schedule*
8 *pay rates, except that an individual so appointed may not*
9 *receive pay in excess of the annual rate of basic pay payable*
10 *for level IV of the Executive Schedule.*

11 **SEC. 220. EXPERTS AND CONSULTANTS.**

12 *The Institute may procure temporary and intermittent*
13 *services under section 3109(b) of title 5, United States Code.*

14 **SEC. 221. REPORT.**

15 (a) *IN GENERAL.*—*The Institute shall submit a bien-*
16 *ennial report to the Committee on Education and the Work-*
17 *force of the House of Representatives and the Committee*
18 *on Labor and Human Resources of the Senate. Each report*
19 *submitted under this section shall include—*

20 (1) *a comprehensive and detailed description of*
21 *the Institute's operations, activities, financial condi-*
22 *tion, and accomplishments in carrying out the pur-*
23 *poses of the Institute as specified in section 211, for*
24 *the period covered by the report; and*

1 (2) *a summary description of how the Institute*
2 *will advance the purposes of the Institute for the next*
3 *biennium.*

4 (b) *FIRST REPORT.—The Institute shall submit a re-*
5 *port under this section not later than 1 year after the date*
6 *of enactment of this part.*

7 **SEC. 222. DEFINITIONS.**

8 *For purposes of this part—*

9 (1) *the term “Board” means the National Insti-*
10 *tute for Literacy Advisory Board;*

11 (2) *the term “Institute” means the National In-*
12 *stitute for Literacy; and*

13 (3) *the terms “reading”, “scientifically based*
14 *reading research”, and “essential components of read-*
15 *ing instruction” have the meanings given those terms*
16 *in section 1208 of part B of title I of the Elementary*
17 *and Secondary Education Act of 1965 (20 U.S.C.*
18 *6368).*

19 **SEC. 223. AUTHORIZATION OF APPROPRIATIONS.**

20 *There are authorized to be appropriated to administer*
21 *and carry out this part \$6,700,000 for fiscal year 2004 and*
22 *such sums as may be necessary for each of the 5 succeeding*
23 *fiscal years.*

1 **SEC. 224. RESERVATION.**

2 *From amounts appropriated to the Institute, the Di-*
 3 *rector of the Institute may use not more than 5 percent of*
 4 *such amounts for information dissemination under section*
 5 *1207 of the Elementary and Secondary Education Act of*
 6 *1965 (20 U.S.C. 6367).*

7 **SEC. 225. AUTHORITY TO PUBLISH.**

8 *The Institute, including the Board, may prepare, pub-*
 9 *lish, and present (including through oral presentations)*
 10 *such research-based information and research reports as*
 11 *needed to carry out the purposes and mission of the Insti-*
 12 *tute.*

13 **TITLE III—AMENDMENTS TO THE**
 14 **WAGNER-PEYSER ACT**

15 **SEC. 301. AMENDMENTS TO THE WAGNER-PEYSER ACT.**

16 *The Wagner-Peyser Act (29 U.S.C. 49 et. seq.) is*
 17 *amended—*

18 *(1) by striking sections 1 through 13;*

19 *(2) in section 14 by inserting “of Labor” after*
 20 *“Secretary”; and*

21 *(3) by amending section 15 to read as follows:*

22 **“SEC. 15. WORKFORCE AND LABOR MARKET INFORMATION**
 23 **SYSTEM.**

24 **“(a) SYSTEM CONTENT.—**

25 **“(1) IN GENERAL.—***The Secretary of Labor, in*
 26 *accordance with the provisions of this section, shall*

1 *oversee the development, maintenance, and continuous*
2 *improvement of a nationwide workforce and labor*
3 *market information system that includes—*

4 “(A) *statistical data from cooperative sta-*
5 *tistical survey and projection programs and data*
6 *from administrative reporting systems that,*
7 *taken together, enumerate, estimate, and project*
8 *employment opportunities and conditions at na-*
9 *tional, State, and local levels in a timely man-*
10 *ner, including statistics on—*

11 “(i) *employment and unemployment*
12 *status of national, State, and local popu-*
13 *lations, including self-employed, part-time,*
14 *and seasonal workers;*

15 “(ii) *industrial distribution of occupa-*
16 *tions, as well as current and projected em-*
17 *ployment opportunities, wages, benefits*
18 *(where data is available), and skill trends*
19 *by occupation and industry, with par-*
20 *ticular attention paid to State and local*
21 *conditions;*

22 “(iii) *the incidence of, industrial and*
23 *geographical location of, and number of*
24 *workers displaced by, permanent layoffs*
25 *and plant closings; and*

1 “(iv) employment and earnings infor-
2 mation maintained in a longitudinal man-
3 ner to be used for research and program
4 evaluation;

5 “(B) information on State and local em-
6 ployment opportunities, and other appropriate
7 statistical data related to labor market dynam-
8 ics, which—

9 “(i) shall be current and comprehen-
10 sive;

11 “(ii) shall meet the needs identified
12 through the consultations described in sub-
13 paragraphs (A) and (B) of subsection (e)(2);
14 and

15 “(iii) shall meet the needs for the infor-
16 mation identified in section 134(d);

17 “(C) technical standards (which the Sec-
18 retary shall publish annually) for data and in-
19 formation described in subparagraphs (A) and
20 (B) that, at a minimum, meet the criteria of
21 chapter 35 of title 44, United States Code;

22 “(D) procedures to ensure compatibility and
23 additivity of the data and information described
24 in subparagraphs (A) and (B) from national,
25 State, and local levels;

1 “(E) procedures to support standardization
2 and aggregation of data from administrative re-
3 porting systems described in subparagraph (A)
4 of employment-related programs;

5 “(F) analysis of data and information de-
6 scribed in subparagraphs (A) and (B) for uses
7 such as—

8 “(i) national, State, and local policy-
9 making;

10 “(ii) implementation of Federal poli-
11 cies (including allocation formulas);

12 “(iii) program planning and evalua-
13 tion; and

14 “(iv) researching labor market dynam-
15 ics;

16 “(G) wide dissemination of such data, in-
17 formation, and analysis in a user-friendly man-
18 ner and voluntary technical standards for dis-
19 semination mechanisms; and

20 “(H) programs of—

21 “(i) training for effective data dissemi-
22 nation;

23 “(ii) research and demonstration; and

24 “(iii) programs and technical assist-
25 ance.

1 “(2) *INFORMATION TO BE CONFIDENTIAL.*—

2 “(A) *IN GENERAL.*—*No officer or employee*
3 *of the Federal Government or agent of the Fed-*
4 *eral Government may—*

5 “(i) *use any submission that is fur-*
6 *nished for exclusively statistical purposes*
7 *under the provisions of this section for any*
8 *purpose other than the statistical purposes*
9 *for which the submission is furnished;*

10 “(ii) *make any publication or media*
11 *transmittal of the data contained in the*
12 *submission described in clause (i) that per-*
13 *mits information concerning individual*
14 *subjects to be reasonably inferred by either*
15 *direct or indirect means; or*

16 “(iii) *permit anyone other than a*
17 *sworn officer, employee, or agent of any*
18 *Federal department or agency, or a con-*
19 *tractor (including an employee of a con-*
20 *tractor) of such department or agency, to*
21 *examine an individual submission described*
22 *in clause (i);*

23 *without the consent of the individual, agency, or*
24 *other person who is the subject of the submission*
25 *or provides that submission.*

1 “(B) *IMMUNITY FROM LEGAL PROCESS.*—
2 *Any submission (including any data derived*
3 *from the submission) that is collected and re-*
4 *tained by a Federal department or agency, or an*
5 *officer, employee, agent, or contractor of such a*
6 *department or agency, for exclusively statistical*
7 *purposes under this section shall be immune*
8 *from the legal process and shall not, without the*
9 *consent of the individual, agency, or other person*
10 *who is the subject of the submission or provides*
11 *that submission, be admitted as evidence or used*
12 *for any purpose in any action, suit, or other ju-*
13 *dicial or administrative proceeding.*

14 “(C) *RULE OF CONSTRUCTION.*—*Nothing in*
15 *this section shall be construed to provide immu-*
16 *nity from the legal process for such submission*
17 *(including any data derived from the submis-*
18 *sion) if the submission is in the possession of*
19 *any person, agency, or entity other than the Fed-*
20 *eral Government or an officer, employee, agent,*
21 *or contractor of the Federal Government, or if*
22 *the submission is independently collected, re-*
23 *tained, or produced for purposes other than the*
24 *purposes of this Act.*

25 “(b) *SYSTEM RESPONSIBILITIES.*—

1 “(1) *IN GENERAL.*—*The workforce and labor*
2 *market information system described in subsection (a)*
3 *shall be planned, administered, overseen, and evalu-*
4 *ated through a cooperative governance structure in-*
5 *volving the Federal Government and States.*

6 “(2) *DUTIES.*—*The Secretary, with respect to*
7 *data collection, analysis, and dissemination of labor*
8 *employment statistics for the system, shall carry out*
9 *the following duties:*

10 “(A) *Assign responsibilities within the De-*
11 *partment of Labor for elements of the workforce*
12 *and labor market information system described*
13 *in subsection (a) to ensure that all statistical*
14 *and administrative data collected is consistent*
15 *with appropriate Bureau of Labor Statistics*
16 *standards and definitions.*

17 “(B) *Actively seek the cooperation of other*
18 *Federal agencies to establish and maintain*
19 *mechanisms for ensuring complementarity and*
20 *nonduplication in the development and oper-*
21 *ation of statistical and administrative data col-*
22 *lection activities.*

23 “(C) *Eliminate gaps and duplication in*
24 *statistical undertakings, with the systemization*
25 *of wage surveys as an early priority.*

1 “(D) *In collaboration with the Bureau of*
2 *Labor Statistics and States, develop and main-*
3 *tain the elements of the workforce and labor mar-*
4 *ket information system described in subsection*
5 *(a), including the development of consistent pro-*
6 *cedures and definitions for use by the States in*
7 *collecting the data and information described in*
8 *subparagraphs (A) and (B) of subsection (a)(1).*

9 “(E) *Establish procedures for the system to*
10 *ensure that—*

11 “(i) *such data and information are*
12 *timely;*

13 “(ii) *paperwork and reporting for the*
14 *system are reduced to a minimum; and*

15 “(iii) *States and localities are fully in-*
16 *involved in the development and continuous*
17 *improvement of the system at all levels, in-*
18 *cluding ensuring the provision, to such*
19 *States and localities, of budget information*
20 *necessary for carrying out their responsibil-*
21 *ities under subsection (e).*

22 “(c) *NATIONAL ELECTRONIC TOOLS TO PROVIDE*
23 *SERVICES.—The Secretary is authorized to assist in the de-*
24 *velopment of national electronic tools that may be used to*
25 *facilitate the delivery of core services described in section*

1 134 and to provide workforce information to individuals
2 through the one-stop delivery systems described in section
3 121 and through other appropriate delivery systems.

4 “(d) *COORDINATION WITH THE STATES.*—

5 “(1) *IN GENERAL.*—The Secretary, working
6 through the Bureau of Labor Statistics and the Em-
7 ployment and Training Administration, shall regu-
8 larly consult with representatives of State agencies
9 carrying out workforce information activities regard-
10 ing strategies for improving the workforce and labor
11 market information system.

12 “(2) *FORMAL CONSULTATIONS.*—At least twice
13 each year, the Secretary, working through the Bureau
14 of Labor Statistics, shall conduct formal consultations
15 regarding programs carried out by the Bureau of
16 Labor Statistics with representatives of each of the 10
17 Federal regions of the Department of Labor, elected
18 from the State directors affiliated with State agencies
19 that perform the duties described in subsection (e)(2).

20 “(e) *STATE RESPONSIBILITIES.*—

21 “(1) *DESIGNATION OF STATE AGENCY.*—In order
22 to receive Federal financial assistance under this sec-
23 tion, the Governor of a State shall—

24 “(A) designate a single State agency to be
25 responsible for the management of the portions of

1 *the workforce and labor market information sys-*
2 *tem described in subsection (a) that comprise a*
3 *statewide workforce and labor market informa-*
4 *tion system and for the State’s participation in*
5 *the development of the annual plan; and*

6 *“(B) establish a process for the oversight of*
7 *such system.*

8 *“(2) DUTIES.—In order to receive Federal finan-*
9 *cial assistance under this section, the State agency*
10 *shall—*

11 *“(A) consult with State and local employ-*
12 *ers, participants, and local workforce investment*
13 *boards about the labor market relevance of the*
14 *data to be collected and disseminated through the*
15 *statewide workforce and labor market informa-*
16 *tion system;*

17 *“(B) consult with State educational agen-*
18 *cies and local educational agencies concerning*
19 *the provision of employment statistics in order to*
20 *meet the needs of secondary school and postsec-*
21 *ondary school students who seek such informa-*
22 *tion;*

23 *“(C) collect and disseminate for the system,*
24 *on behalf of the State and localities in the State,*

1 *the information and data described in subpara-*
2 *graphs (A) and (B) of subsection (a)(1);*

3 *“(D) maintain and continuously improve*
4 *the statewide workforce and labor market infor-*
5 *mation system in accordance with this section;*

6 *“(E) perform contract and grant respon-*
7 *sibilities for data collection, analysis, and dis-*
8 *semination for such system;*

9 *“(F) conduct such other data collection,*
10 *analysis, and dissemination activities as will en-*
11 *sure an effective statewide workforce and labor*
12 *market information system;*

13 *“(G) actively seek the participation of other*
14 *State and local agencies in data collection, anal-*
15 *ysis, and dissemination activities in order to en-*
16 *sure complementarity, compatibility, and useful-*
17 *ness of data;*

18 *“(H) participate in the development of the*
19 *annual plan described in subsection (c); and*

20 *“(I) utilize the quarterly records described*
21 *in section 136(f)(2) of the Workforce Investment*
22 *Act of 1998 to assist the State and other States*
23 *in measuring State progress on State perform-*
24 *ance measures.*

1 “(3) *RULE OF CONSTRUCTION.*—Nothing in this
2 *section shall be construed as limiting the ability of a*
3 *State agency to conduct additional data collection,*
4 *analysis, and dissemination activities with State*
5 *funds or with Federal funds from sources other than*
6 *this section.*

7 “(f) *NONDUPLICATION REQUIREMENT.*—None of the
8 *functions and activities carried out pursuant to this section*
9 *shall duplicate the functions and activities carried out*
10 *under the Carl D. Perkins Vocational and Applied Tech-*
11 *nology Education Act (20 U.S.C. 2301 et seq.).*

12 “(g) *AUTHORIZATION OF APPROPRIATIONS.*—There
13 *are authorized to be appropriated to carry out this section*
14 *such sums as may be necessary for each of the fiscal years*
15 *2004 through 2009.*

16 “(h) *DEFINITION.*—In this section, the term ‘local
17 *area’ means the smallest geographical area for which data*
18 *can be produced with statistical reliability.’”.*

19 ***TITLE IV—AMENDMENTS TO THE***
20 ***REHABILITATION ACT OF 1973***

21 ***SEC. 401. CHAIRPERSON.***

22 *Section 705(b)(5) of the Rehabilitation Act of 1973 (29*
23 *U.S.C. 796d(b)(5)) is amended to read as follows:*

1 “(5) *CHAIRPERSON.*—*The Council shall select a*
2 *chairperson from among the voting membership of the*
3 *Council.*”.

4 **SEC. 402. REHABILITATION SERVICES ADMINISTRATION.**

5 *Section 3(a) of the Rehabilitation Act of 1973 (29*
6 *U.S.C. 702(a)) is amended—*

7 (1) *by striking “Office of the Secretary” and in-*
8 *serting “Department of Education”;*

9 (2) *by striking “President by and with the ad-*
10 *vice and consent of the Senate” and inserting “Sec-*
11 *retary, except that the current Commissioner ap-*
12 *pointed under the authority existing on the day prior*
13 *to the date of enactment of this Act may continue to*
14 *serve in the former capacity”; and*

15 (3) *by striking “, and the Commissioner shall be*
16 *the principal officer.”.*

17 **SEC. 403. DIRECTOR.**

18 (a) *IN GENERAL.*—*The Rehabilitation Act of 1973 (29*
19 *U.S.C. 701 et seq.) is amended by striking “Commissioner”*
20 *each place it appears, except in section 21, and inserting*
21 *“Director”.*

22 (b) *EXCEPTION.*—*Section 21 of the Rehabilitation Act*
23 *of 1973 (29 U.S.C. 718) is amended—*

24 (1) *in subsection (b)(1)—*

1 (A) by striking “Commissioner” the first
2 place it appears and inserting “Director of the
3 Rehabilitation Services Administration”; and

4 (B) by striking “(referred to in this sub-
5 section as the ‘Director’)”; and

6 (2) by striking “Commissioner and the Director”
7 each place it appears and inserting “both such Direc-
8 tors”.

9 **SEC. 404. STATE GOALS.**

10 Section 101(a) of the Rehabilitation Act of 1973 (29
11 U.S.C. 721(a)) is amended—

12 (1) in paragraph (11)(D)(i) by inserting “,
13 which may be provided using alternative means of
14 meeting participation (such as video conferences and
15 conference calls)” before the semicolon; and

16 (2) in paragraph (15)—

17 (A) in subparagraph (A), by redesignating
18 clauses (ii) and (iii) as clauses (iii) and (iv), re-
19 spectively, and inserting after clause (i) the fol-
20 lowing:

21 “(ii) include an assessment of the tran-
22 sition services provided under this Act, and
23 coordinated with transition services under
24 the Individuals with Disabilities Education

1 *Act, as to those services meeting the needs of*
2 *individuals with disabilities.”; and*

3 *(B) by amending subparagraph (D)(i) to*
4 *read as follows:*

5 *“(i) the methods to be used to expand*
6 *and improve the services to individuals*
7 *with disabilities including—*

8 *“(I) how a broad range of assist-*
9 *ive technology services and assistive*
10 *technology devices will be provided to*
11 *such individuals at each stage of the*
12 *rehabilitative process and how such*
13 *services and devices will be provided to*
14 *such individuals on a statewide basis;*
15 *and*

16 *“(II) how transition services will*
17 *be better coordinated with those serv-*
18 *ices under the Individuals with Dis-*
19 *abilities Education Act in order to im-*
20 *prove transition services for individ-*
21 *uals with disabilities served under this*
22 *Act;”.*

23 **SEC. 405. AUTHORIZATIONS OF APPROPRIATIONS.**

24 *The Rehabilitation Act of 1973 is further amended—*

1 (1) in section 100(b)(1) by striking “fiscal years
2 1999 through 2003” and inserting “fiscal years 2004
3 through 2009”;

4 (2) in section 100(d)(1)(B) by striking “fiscal
5 year 2003” and inserting “fiscal year 2009”;

6 (3) in section 110(c) by amending paragraph (2)
7 to read as follows:

8 “(2) The sum referred to in paragraph (1) shall
9 be, as determined by the Secretary, not less than 1
10 percent and not more than 1.5 percent of the amount
11 referred to in paragraph (1) for each of fiscal years
12 2003 through 2009.”;

13 (4) in section 112(h) by striking “fiscal years
14 1999 through 2003” and inserting “fiscal years 2004
15 through 2009”;

16 (5) in section 201(a) by striking “fiscal years
17 1999 through 2003” each place it appears and insert-
18 ing “fiscal years 2004 through 2009”;

19 (6) in section 302(i) by striking “fiscal years
20 1999 through 2003” and inserting “fiscal years 2004
21 through 2009”;

22 (7) in section 303(e) by striking “fiscal years
23 1999 through 2003” and inserting “fiscal years 2004
24 through 2009”;

1 (8) in section 304(b) by striking “fiscal years
2 1999 through 2003” and inserting “fiscal years 2004
3 through 2009”;

4 (9) in section 305(b) by striking “fiscal years
5 1999 through 2003” and insert “fiscal years 2004
6 through 2009”;

7 (10) in section 405 by striking “fiscal years 1999
8 through 2003” and inserting “fiscal years 2004
9 through 2009”;

10 (11) in section 502(j) by striking “fiscal years
11 1999 through 2003” and inserting “fiscal years 2004
12 through 2009”;

13 (12) in section 509(l) by striking “fiscal years
14 1999 through 2003” and inserting “fiscal years 2004
15 through 2009”;

16 (13) in section 612 by striking “fiscal years 1999
17 through 2003” and inserting “fiscal years 2004
18 through 2009”;

19 (14) in section 628 by striking “fiscal years 1999
20 through 2003” and inserting “fiscal years 2004
21 through 2009”;

22 (15) in section 714 by striking “fiscal years 1999
23 through 2003” and inserting “fiscal years 2004
24 through 2009”;

1 (16) in section 727 by striking “fiscal years 1999
2 through 2003” and inserting “fiscal years 2004
3 through 2009”; and

4 (17) in section 753 by striking “fiscal years 1999
5 through 2003” and inserting “fiscal years 2004
6 through 2009”.

7 **SEC. 406. HELEN KELLER NATIONAL CENTER ACT.**

8 (a) *GENERAL AUTHORIZATION OF APPROPRIATIONS.*—
9 The first sentence of section 205(a) of the Helen Keller Na-
10 tional Center Act (29 U.S.C. 1904(a)) is amended by strik-
11 ing “1999 through 2003” and inserting “2004 through
12 2009”.

13 (b) *HELEN KELLER NATIONAL CENTER FEDERAL EN-*
14 *DOWMENT FUND.*—The first sentence of section 208(h) of
15 such Act (29 U.S.C. 1907(h)) is amended by striking “1999
16 through 2003” and inserting “2004 through 2009”.

17 **TITLE V—TRANSITION AND**
18 **EFFECTIVE DATE**

19 **SEC. 501. TRANSITION PROVISIONS.**

20 The Secretary of Labor shall take such actions as the
21 Secretary determines to be appropriate to provide for the
22 orderly implementation of this Act.

1 **SEC. 502. EFFECTIVE DATE.**

2 *Except as otherwise provided in this Act, this Act and*
3 *the amendments made by this Act, shall take effect on the*
4 *date of enactment of this Act.*

Union Calendar No. 46

108TH CONGRESS
1ST SESSION

H. R. 1261

[Report No. 108-82]

A BILL

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

MAY 1, 2003

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed