

JOB TRAINING IMPROVEMENT ACT OF 2005

FEBRUARY 25, 2005.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

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

R E P O R T

together with

MINORITY AND ADDITIONAL VIEWS

[To accompany H.R. 27]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and the Workforce, to whom was referred the bill (H.R. 27) to enhance the workforce investment system of the Nation by strengthening one-stop career centers, providing for more effective governance arrangements, promoting access to a more comprehensive array of employment, training, and related services, establishing a targeted approach to serving youth, and improving performance accountability, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Job Training Improvement Act of 2005”.

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SEC. 3. REFERENCES.

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

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

SEC. 101. DEFINITIONS.

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

(1) by striking paragraphs (13) and (24) and redesignating paragraphs (1) through (12) as paragraphs (3) through (14), and paragraphs (14) through (23) as paragraphs (15) through (24), respectively;

(2) by inserting after “In this title:” the following new paragraphs:

“(1) **ACCRUED EXPENDITURES.**—The term ‘accrued expenditures’ means charges incurred by recipients of funds under this title for a given period requiring the provision of funds for goods or other tangible property received; services performed by employees, contractors, subgrantees, and other payees; and other amounts becoming owed under programs assisted under this title for which no current services or performance is required, such as annuities, insurance claims, and other benefit payments.

“(2) **ADMINISTRATIVE COSTS.**—The term ‘administrative costs’ means expenditures incurred by State and local workforce investment boards, direct recipients (including State grant recipients under subtitle B and recipients of awards under subtitle D), local grant recipients, local fiscal agents or local grant sub-recipients, and one-stop operators in the performance of administrative func-

tions and in carrying out activities under this title which are not related to the direct provision of workforce investment services (including services to participants and employers). Such costs include both personnel and non-personnel and both direct and indirect.”;

(3) in paragraph (6) (as so redesignated), by inserting “(or such other level as the Governor may establish)” after “8th grade level”;

(4) in paragraph (10) (as so redesignated)—

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

(B) in subparagraph (C)—

(i) by striking “not less than 50 percent of the cost of the training” and inserting “a significant portion of the cost of training, as determined by the local board”; and

(ii) by striking the period and inserting “; and”; and

(C) by adding at the end the following:

“(D) in the case of customized training with an employer in multiple local areas in the State, for which such employer pays a significant portion of the cost of the training, as determined by the Governor.”;

(5) in paragraph (11)(A)(ii)(II) (as so redesignated) by striking “section 134(c)” and inserting “section 121(e)”;

(6) in paragraph (14)(A) (as so redesignated) by striking “section 122(e)(3)” and inserting “section 122”;

(7) in paragraph (25)—

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

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

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

(8) in paragraph (32) by striking “the Republic of the Marshall Islands, the Federated States of Micronesia,”; and

(9) by striking paragraph (33) and redesignating paragraphs (34) through (53) as paragraphs (33) through (52), respectively.

SEC. 102. PURPOSE.

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

SEC. 103. STATE WORKFORCE INVESTMENT BOARDS.

(a) MEMBERSHIP.—

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

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

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

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

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

“(III) if not included under subclause (I), the director of the State unit, defined in section 7(8)(B) of the Rehabilitation Act of 1973 (29 U.S.C. 705(8)(B)) except that in a State that has established 2 or more designated State units to administer the vocational rehabilitation program, the board representative shall be the director of the designated State unit that serves the most individuals with disabilities in the State;

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

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

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

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

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

- “(iv) chief elected officials (representing both cities and counties, where appropriate);
- “(v) representatives of labor organizations, who have been nominated by State labor federations; and
- “(vi) such other representatives and State agency officials as the Governor may designate.”; and
- (B) in paragraph (3), by striking “paragraph (1)(C)(i)” and inserting “paragraph (1)(C)(iii)”.
 (2) CONFORMING AMENDMENT.—Section 111(c) (29 U.S.C. 2811(c)) is amended by striking “subsection (b)(1)(C)(i)” and inserting “subsection (b)(1)(C)(iii)”.
 (b) FUNCTIONS.—Section 111(d) (29 U.S.C. 2811(d)) is amended—
 (1) in paragraph (2), by striking “section 134(c)” and inserting “section 121(e)”;
 (2) by amending paragraph (3) to read as follows:
 “(3) development and review of statewide policies affecting the integrated provision of services through the one-stop delivery system described in section 121, including—
 “(A) the development of criteria for, and the issuance of, certifications of one-stop centers;
 “(B) the criteria for the allocation of one-stop center infrastructure funding under section 121(h), and oversight of the use of such funds;
 “(C) approaches to facilitating equitable and efficient cost allocation in one-stop delivery systems; and
 “(D) such other matters that may promote statewide objectives for, and enhance the performance of, one-stop delivery systems within the State;”
 (3) in paragraph (4), by inserting “and the development of State criteria relating to the appointment and certification of local boards under section 117” after “section 116”;
 (4) in paragraph (5), by striking “sections 128(b)(3)(B) and 133(b)(3)(B)” and inserting “sections 128(b)(3) and 133(b)(3)”; and
 (5) in paragraph (9), by striking “section 503” and inserting “section 136(i)”.
 (c) ELIMINATION OF ALTERNATIVE ENTITY AND PROVISION OF AUTHORITY TO HIRE STAFF.—Section 111(e) (29 U.S.C. 2821(e)) is amended to read as follows:
 “(e) AUTHORITY TO HIRE STAFF.—The State board may hire staff to assist in carrying out the functions described in subsection (d).”.

SEC. 104. STATE PLAN.

- (a) PLANNING CYCLE.—Section 112(a) (29 U.S.C. 2822(a)) is amended by striking “5-year strategy” and inserting “2-year strategy”.
- (b) CONTENTS.—Section 112(b) (29 U.S.C. 2822(b)) is amended—
 (1) in paragraph (12)(A), by striking “sections 128(b)(3)(B) and 133(b)(3)(B)” and inserting “sections 128(b)(3) and 133(b)(3)”;
 (2) in paragraph (14), by striking “section 134(c)” and inserting “section 121(e)”;
 (3) in paragraph (17)(A)—
 (A) in clause (iii) by striking “and”;
 (B) by amending clause (iv) to read as follows:
 “(iv) how the State will serve the employment and training needs of dislocated workers (including displaced homemakers and formerly self-employed and transitioning farmers, ranchers, and fisherman) low income individuals (including recipients of public assistance), individuals with limited English proficiency, homeless individuals, ex-offenders, individuals training for nontraditional employment, and other individuals with multiple barriers to employment (including older individuals); and”;
 (C) by inserting after clause (iv) the following:
 “(v) how the State will serve the employment and training needs of individuals with disabilities, consistent with section 188 and Executive Order 13217 (42 U.S.C. 12131 note; relating to community-based alternatives for individuals with disabilities) including the provision of outreach, intake, assessments, and service delivery, the development of performance measures, the training of staff, and other aspects of accessibility to program services, consistent with sections 504 and 508 of the Rehabilitation Act of 1973; and”;
 (4) in paragraph (18)(D), by striking “youth opportunity grants” and inserting “youth challenge grants”; and
 (5) by adding at the end the following new paragraphs:
 “(19) a description of the methodology for determining one-stop partner program contributions for the cost of the infrastructure of one-stop centers under

section 121(h)(1) and of the formula for allocating such infrastructure funds to local areas under section 121(h)(3); and

“(20) a description of any programs and strategies the State will utilize to meet the needs of businesses in the State, including small businesses, which may include providing incentives and technical assistance to assist local areas in engaging employers in local workforce development activities.”.

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

SEC. 105. LOCAL WORKFORCE INVESTMENT AREAS.

(a) DESIGNATION OF AREAS.—

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

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

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

“(2) AUTOMATIC DESIGNATION.—

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

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

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

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

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

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

SEC. 106. LOCAL WORKFORCE INVESTMENT BOARDS.

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

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

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

“(ii) a superintendent of the local secondary school system, an administrator of an entity providing adult education and literacy activities that is not a one-stop partner designated under section 121(b)(1)(B), and the president or chief executive officer of a postsecondary educational institution serving the local area (including community colleges, where such entities exist);”;

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

(4) by striking clause (vi).

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

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

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

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

(1) in paragraph (2)(B), by striking “by awarding grants” and all that follows through “youth council”; and

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

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

“(h) ESTABLISHMENT OF COUNCILS.—The local board may establish councils to provide information and advice to assist the local board in carrying out activities under this title. Such councils may include a council composed of one-stop partners to ad-

advise the local board on the operation of the one-stop delivery system, a youth council composed of experts and stakeholders in youth programs to advise the local board on activities for youth, and such other councils as the local board determines are appropriate.”

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

SEC. 107. LOCAL PLAN.

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

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

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

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

(2) in paragraph (4), by striking “and dislocated worker”;

(3) in paragraph (9), by striking “; and” and inserting a semicolon; and

(4) by redesignating paragraph (10) as paragraph (12) and inserting after paragraph (9) the following:

“(10) a description of the strategies and services that will be initiated in the local area to engage employers, including small employers, in workforce development activities;

“(11) how the local area will serve the employment and training needs of individuals with disabilities, consistent with section 188 and Executive Order 13217 (42 U.S.C. 12131 *note*) including the provision of outreach, intake, assessments, and service delivery, the development of performance measures, the training of staff, and other aspects of accessibility to program services, consistent with sections 504 and 508 of the Rehabilitation Act of 1973; and”.

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

(a) ONE-STOP PARTNERS.—

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

(A) in subparagraph (B)—

(i) by striking clauses (ii) and (v);

(ii) by redesignating clauses (iii) and (iv) as clauses (ii) and (iii), respectively, and by redesignating clauses (vi) through (xii) as clauses (iv) through (x), respectively;

(iii) in clause (ix) (as so redesignated), by striking “and” at the end; (iv) in clause (x) (as so redesignated), by striking the period and inserting “; and”; and

(v) by inserting after clause (x) (as so redesignated) the following:

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

(B) by adding after subparagraph (B) the following:

“(C) DETERMINATION BY THE GOVERNOR.—The program referred to in clause (xi) of subparagraph (B) shall be included as a required partner for purposes of this title in a State unless the Governor of the State notifies the Secretary and the Secretary of Health and Human Services in writing of a determination by the Governor not to include such programs as required partners for purposes of this title in the State.”.

(2) ADDITIONAL PARTNERS.—Section 121(b)(2)(B) (29 U.S.C. 2841(b)(2)(B)) is amended—

(A) by striking clause (i) and redesignating clauses (ii) through (v) as clauses (i) through (iv) respectively;

(B) in clause (iii) (as so redesignated) by striking “and” at the end;

(C) in clause (iv) (as so redesignated) by striking the period and inserting a semicolon; and

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

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

“(vi) employment and training programs carried out by the Small Business Administration;

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

“(viii) employment, training, and literacy services carried out by public libraries; and

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

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

(1) in section 121(d)(2), by striking “section 134(c)” and inserting “subsection (e)”;

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

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

(4) by amending subsection (e) of section 121 (as moved and redesignated by paragraph (2))—

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

(B) in paragraph (1)(B)—

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

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

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

(D) in paragraph (1)(D), by striking “section 121(b)” and inserting “subsection (b)”;

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

“(E) shall provide access to the information described in section 15(e) of the Wagner-Peyser Act (29 U.S.C. 491-2(e)).”.

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

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

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

“(2) CRITERIA.—The criteria for certification under this subsection shall include minimum standards relating to the scope and degree of service integration achieved by the centers involving the programs provided by the one-stop partners, and how the centers ensure that such providers meet the employment needs of local employers and participants.

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

“(h) ONE-STOP INFRASTRUCTURE FUNDING.—

“(1) PARTNER CONTRIBUTIONS.—

“(A) PROVISION OF FUNDS.—Notwithstanding any other provision of law, as determined under subparagraph (B), a portion of the Federal funds provided to the State and areas within the State under the Federal laws authorizing the one-stop partner programs described in subsection (b)(1)(B) and participating additional partner programs described in (b)(2)(B) for a fiscal year shall be provided to the Governor by such programs to carry out this subsection.

“(B) DETERMINATION OF GOVERNOR.—Subject to subparagraph (C), the Governor, in consultation with the State board, shall determine the portion of funds to be provided under subparagraph (A) by each one-stop partner and in making such determination shall consider the proportionate use of the one-stop centers by each partner, the costs of administration for purposes not related to one-stop centers for each partner, and other relevant factors described in paragraph (3).

“(C) LIMITATIONS.—

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

“(ii) FEDERAL DIRECT SPENDING PROGRAMS.—Programs that are Federal direct spending under section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900(c)(8)) shall not, for purposes of this paragraph, be required to provide an amount in excess

of the amount determined to be equivalent to the proportionate use of the one-stop centers by such programs in the State.

“(iii) NATIVE AMERICAN PROGRAMS.—Native American programs established under section 166 shall not be subject to the provisions of this subsection. The method for determining the appropriate portion of funds to be provided by such Native American programs to pay for the costs of infrastructure of a one-stop center certified under subsection (g) shall be determined as part of the development of the memorandum of understanding under subsection (c) for the one-stop center and shall be stated in the memorandum.

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

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

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

“(i) OTHER FUNDS.—

“(1) IN GENERAL.—In addition to the funds provided to carry out subsection (h), a portion of funds made available under Federal law authorizing the one-stop partner programs described in subsection (b)(1)(B) and participating partner programs described in subsection (b)(2)(B), or the noncash resources available under such programs shall be used to pay the costs relating to the operation of the one-stop delivery system that are not paid for from the funds provided under subsection (h), to the extent not inconsistent with the Federal law involved including—

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

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

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

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

SEC. 109. ELIGIBLE PROVIDERS OF TRAINING SERVICES.

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

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

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

“(b) CRITERIA.—

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

mining the eligibility of providers of training services to provide such services in the local area.

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

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

“(d) INFORMATION TO ASSIST PARTICIPANTS IN CHOOSING PROVIDERS.—

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

“(2) SPECIAL RULE.—An entity that carries out programs under the Act of August 16, 1937 (commonly known as the ‘National Apprenticeship Act’, 50 Stat. 664, chapter 663; 29 U.S.C. 50 et seq.) shall be included on the list of eligible providers described in paragraph (1) for so long as such entity remains certified by the Department of Labor.

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

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

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

“(h) ON-THE-JOB TRAINING OR CUSTOMIZED TRAINING EXCEPTION.—

“(1) IN GENERAL.—Providers of on-the-job training or customized training shall not be subject to the requirements of subsections (a) through (g).

“(2) COLLECTION AND DISSEMINATION OF INFORMATION.—A one-stop operator in a local area shall collect such performance information from on-the-job training and customized training providers as the Governor may require, determine whether the providers meet such performance criteria as the Governor may require, and disseminate information identifying providers that meet the criteria as eligible providers, and the performance information, through the one-stop delivery system. Providers determined to meet the criteria shall be considered to be identified as eligible providers of training services.”.

SEC. 110. ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.

(a) ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.—Section 123 (29 U.S.C. 2843) is amended to read as follows:

“SEC. 123. ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.

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

“(b) EXCEPTIONS.—A local board may award grants or contracts on a sole-source basis if such board determines there are an insufficient number of eligible providers of training services in the local area involved (such as rural areas) for grants to be awarded on a competitive basis under subsection (a).”.

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b) is amended by amending the item related to section 123 to read as follows:

“Sec. 123. Eligible providers of youth activities.”.

SEC. 111. YOUTH ACTIVITIES.

(a) STATE ALLOTMENTS.—

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

“(a) ALLOTMENT AMONG STATES.—

“(1) YOUTH ACTIVITIES.—

“(A) YOUTH CHALLENGE GRANTS.—

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

“(ii) LIMITATION.—Notwithstanding clause (i), if the amount appropriated under section 137(a) for a fiscal year exceeds \$1,000,000,000, the Secretary shall reserve \$250,000,000 to provide youth challenge grants under section 169.

“(B) OUTLYING AREAS AND NATIVE AMERICANS.—

“(i) IN GENERAL.—After determining the amount to be reserved under subparagraph (A), of the remainder of the amount appropriated under section 137(a) for each fiscal year the Secretary shall—

“(I) reserve not more than $\frac{1}{4}$ of one percent of such amount to provide assistance to the outlying areas to carry out youth activities and statewide workforce investment activities; and

“(II) reserve not more than 1 and $\frac{1}{2}$ percent of such amount to provide youth activities under section 166 (relating to Native Americans).

“(ii) RESTRICTION.—The Republic of Palau shall cease to be eligible to receive funding under this subparagraph upon entering into an agreement for extension of United States educational assistance under the Compact of Free Association (approved by the Compact of Free Association Amendments Act of 2003 (Public Law 108–188)) after the date of enactment of the Job Training Improvement Act of 2005.

“(C) STATES.—

“(i) IN GENERAL.—Of the remainder of the amount appropriated under section 137(a) for a fiscal year that is available after determining the amounts to be reserved under subparagraphs (A) and (B), the Secretary shall allot—

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

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

“(ii) FORMULAS FOR EXCESS FUNDS.—Subject to clauses (iii) and (iv), of the amounts described in clause (i)(II)—

“(I) $33\frac{1}{3}$ percent shall be allotted on the basis of the relative number of individuals in the civilian labor force who are ages 16–19 in each State, compared to the total number of individuals in the civilian labor force who are ages 16–19 in all States;

“(II) $33\frac{1}{3}$ percent shall be allotted on the basis of the relative number of unemployed individuals in each State, compared to the total number of unemployed individuals in all States; and

“(III) $33\frac{1}{3}$ percent shall be allotted on the basis of the relative number of disadvantaged youth who are ages 16 through 21 in each State, compared to the total number of disadvantaged youth who are ages 16 through 21 in all States.

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

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

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

“(A) ALLOTMENT PERCENTAGE.—The term ‘allotment percentage’, used with respect to fiscal year 2006 or a subsequent fiscal year, means a percentage of the remainder described in paragraph (1)(C)(i) that is received

through an allotment made under this subsection for the fiscal year. The term, with respect to fiscal year 2005, means the percentage of the amounts allotted to States under this chapter (as in effect on the day before the date of enactment of the Job Training Improvement Act of 2005) that is received by the State involved for fiscal year 2005.

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

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

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

(A) by striking subsection (b);

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

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

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

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

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

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

(ii) in paragraph (3)—

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

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

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

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

(iv) in paragraph (5), by striking “obligation” and inserting “accrued expenditure”.

(b) WITHIN STATE ALLOCATIONS.—

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

“(a) RESERVATION FOR STATEWIDE ACTIVITIES.—

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

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

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

“(b) WITHIN STATE ALLOCATION.—

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

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

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

“(2) ESTABLISHED FORMULA.—

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

“(i) $33\frac{1}{3}$ percent shall be allotted on the basis of the relative number of individuals in the civilian labor force who are ages 16–19 in each

local area, compared to the total number of individuals in the civilian labor force who are ages 16–19 in all local areas in the State;

“(ii) 33⅓ percent shall be allotted on the basis of the relative number of unemployed individuals in each local area, compared to the total number of unemployed individuals in all local areas in the State; and

“(iii) 33⅓ percent on the basis of the relative number of disadvantaged youth who are ages 16 through 21 in each local area, compared to the total number of disadvantaged youth who are ages 16 through 21 in all local areas in the State.

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

“(C) DEFINITIONS.—

“(i) ALLOCATION PERCENTAGE.—For purposes of this paragraph, the term ‘allocation percentage’, used with respect to fiscal year 2006 or a subsequent fiscal year, means a percentage of the amount described in paragraph(1)(A) that is received through an allocation made under this paragraph for the fiscal year. The term, with respect to fiscal year 2005, means the percentage of the amounts allocated to local areas under this chapter (as in effect on the day before the date of enactment of the Job Training Improvement Act of 2005) that is received by the local area involved for fiscal year 2005.

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

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

“(4) LOCAL ADMINISTRATIVE COST LIMIT.—

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

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

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

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

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

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

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

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

(C) by amending paragraph (3)—

(i) by striking “subsection (b)(3)” the first two places it appears and inserting “subsection (b)”;

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

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

(iv) by striking the last sentence; and

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

“(4) ELIGIBILITY.—For purposes of this subsection, an eligible local area means a local area which does not have an amount available for reallocation

under paragraph (2) for the program year for which the determination under paragraph (2) is made.”.

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

“(a) YOUTH PARTICIPANT ELIGIBILITY.—

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

“(A) not younger than age 16 or older than age 24; and

“(B) one or more of the following:

“(i) school dropouts;

“(ii) recipients of a secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent (including recognized alternative standards for individuals with disabilities) who are deficient in basic skills and not attending any school;

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

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

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

“(I) Deficient in literacy skills.

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

“(III) Pregnant or parents.

“(IV) Offenders.

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

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

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

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

“(B) NON-SCHOOL HOURS REQUIRED.—

“(i) IN GENERAL.—Except as provided in clause (ii), activities carried out under this chapter for in-school youth meeting the requirements of paragraph (1)(B)(v) shall only be carried out in non-school hours or periods when school is not in session (such as before and after school or during recess).

“(ii) EXCEPTION.—The requirements of clause (i) shall not apply to activities carried out for in-school youth meeting the requirements of paragraph (1)(B)(v) during school hours that are part of a program that has demonstrated effectiveness in high school youth attaining diplomas.”.

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

“(b) STATEWIDE ACTIVITIES.—

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

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

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

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

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

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

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

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

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

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

(e) LOCAL ELEMENTS AND REQUIREMENTS.—

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

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

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

(C) in subparagraph (C)—

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

(ii) by inserting before clause (ii) (as so redesignated) the following: “(i) activities leading to the attainment of a secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent (including recognized alternative standards for individuals with disabilities);”;

(iii) in clause (ii) (as so redesignated), by inserting “and advanced training” after “opportunities”;

(iv) in clause (iii) (as so redesignated), by inserting “that lead to the attainment of recognized credentials” after “learning”; and

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

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

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

(A) in subparagraph (A), by striking “secondary school, including dropout prevention strategies” and inserting “secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent (including recognized alternative standards for individuals with disabilities), including dropout prevention strategies”;

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

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

(D) by adding at the end the following:

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

“(L) financial literacy skills.”

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

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

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

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

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

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

SEC. 112. COMPREHENSIVE PROGRAMS FOR ADULTS.

(a) TITLE AMENDMENT.—

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

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

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

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

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

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

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

(c) STATE ALLOTMENTS.—

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

“(a) IN GENERAL.—The Secretary shall—

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

“(A) not less than 75 percent shall be used for national dislocated worker grants under section 173, of which up to \$125,000,000 may be used to carry out section 171(d);

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

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

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

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

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

“(1) RESERVATION FOR OUTLYING AREAS.—

“(A) IN GENERAL.—From the amount made available under subsection (a)(2) for a fiscal year, the Secretary shall reserve not more than $\frac{1}{4}$ of 1 percent to provide assistance to outlying areas to carry out employment and training activities for adults and statewide workforce investment activities.

“(B) RESTRICTION.—The Republic of Palau shall cease to be eligible to receive funding under this paragraph upon entering into an agreement for extension of United States educational assistance under the Compact of Free Association (approved by the Compact of Free Association Amendments Act of 2003 (Public Law 108–188)) after the date of enactment of the Job Training Improvement Act of 2005.

“(2) STATES.—Subject to paragraph (5), of the remainder of the amount referred to under subsection (a)(2) for a fiscal year that is available after determining the amount to be reserved under paragraph (1), the Secretary shall allot to the States for employment and training activities for adults and for statewide workforce investment activities—

“(A) 26 percent in accordance with paragraph (3); and

“(B) 74 percent in accordance with paragraph (4).

“(3) BASE FORMULA.—

“(A) FISCAL YEAR 2006.—

“(i) IN GENERAL.—Subject to clause (ii), the amount referred to in paragraph (2)(A) shall be allotted for fiscal year 2006 on the basis of allotment percentage of each State under section 6 of the Wagner-Peyser Act for fiscal year 2005.

“(ii) EXCESS AMOUNTS.—If the amount referred to in paragraph (2)(A) for fiscal year 2006 exceeds the amount that was available for allotment to the States under the Wagner-Peyser Act for fiscal year 2005, such excess amount shall be allotted on the basis of the relative number of individuals in the civilian labor force in each State, compared to the total number of individuals in the civilian labor force in all States, adjusted to ensure that no State receives less than $\frac{3}{10}$ of one percent of such excess amount.

“(iii) DEFINITION.—For purposes of this subparagraph, the term ‘allotment percentage’ means the percentage of the amounts allotted to States under section 6 of the Wagner-Peyser Act that is received by the State involved for fiscal year 2005.

“(B) FISCAL YEARS 2007 AND THEREAFTER.—

“(i) IN GENERAL.—Subject to clause (ii), the amount referred to in paragraph(2)(A) shall be allotted for fiscal year 2007 and each fiscal year thereafter on the basis of the allotment percentage of each State under this paragraph for the preceding fiscal year.

“(ii) EXCESS AMOUNTS.—If the amount referred to in paragraph (2)(A) for fiscal year 2007 or any fiscal year thereafter exceeds the amount that was available for allotment under this paragraph for the prior fiscal year, such excess amount shall be allotted on the basis of the relative number of individuals in the civilian labor force in each State, compared to the total number of individuals in the civilian labor force in all States, adjusted to ensure that no State receives less than $\frac{3}{10}$ of one percent of such excess amount.

“(iii) DEFINITION.—For purposes of this subparagraph, the term ‘allotment percentage’ means the percentage of the amounts allotted to States under this paragraph in a fiscal year that is received by the State involved for such fiscal year.

“(4) CONSOLIDATED FORMULA.—

“(A) IN GENERAL.—Subject to subparagraphs (B) and (C), of the amount referred to in paragraph (2)(B)—

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

“(ii) 25 percent shall be allotted on the basis of the relative excess number of unemployed individuals in each State, compared to the total excess number of unemployed individuals in all States; and

“(iii) 15 percent shall be allotted on the basis of the relative number of disadvantaged adults in each State, compared to the total number of disadvantaged adults in all States.

“(B) MINIMUM AND MAXIMUM PERCENTAGES.—

“(i) MINIMUM PERCENTAGE.—The Secretary shall ensure that no State shall receive an allotment under this paragraph for a fiscal year that is less than 90 percent of the allotment percentage of the State under this paragraph for the preceding fiscal year.

“(ii) MAXIMUM PERCENTAGE.—Subject to clause (i), the Secretary shall ensure that no State shall receive an allotment for a fiscal year under this paragraph that is more than 130 percent of the allotment of the State under this paragraph for the preceding fiscal year.

“(C) SMALL STATE MINIMUM ALLOTMENT.—Subject to subparagraph (B), the Secretary shall ensure that no State shall receive an allotment under this paragraph that is less than $\frac{2}{10}$ of 1 percent of the amount available under subparagraph (A).

“(D) DEFINITIONS.—For the purposes of this paragraph:

“(i) ALLOTMENT PERCENTAGE.—The term ‘allotment percentage’, used with respect to fiscal year 2006 or a subsequent fiscal year, means a percentage of the amounts described in paragraph (2)(B) that is received through an allotment made under this paragraph for the fiscal year. The term, with respect to fiscal year 2005, means the percentage of the amounts allotted to States under this chapter (as in effect on the day before the date of enactment of the Job Training Improvement Act of 2005) and under reemployment service grants received by the State involved for fiscal year 2005.

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

“(iii) EXCESS NUMBER.—The term ‘excess number’ means, used with respect to the excess number of unemployed individuals within a State, the number that represents the number of unemployed individuals in excess of $4\frac{1}{2}$ percent of the civilian labor force in the State.

“(5) ADJUSTMENTS IN ALLOTMENTS BASED ON DIFFERENCES WITH UNCONSOLIDATED FORMULAS.—

“(A) IN GENERAL.—The Secretary shall ensure that for any fiscal year no State has an allotment difference, as defined in subparagraph (C), that is less than zero. The Secretary shall adjust the amounts allotted to the States under this subsection in accordance with subparagraph (B) if necessary to carry out this subparagraph.

“(B) ADJUSTMENTS IN ALLOTMENTS.—

“(i) REDISTRIBUTION OF EXCESS AMOUNTS.—

“(I) IN GENERAL.—If necessary to carry out subparagraph (A), the Secretary shall reduce the amounts that would be allotted under paragraphs (3) and (4) to States that have an excess allotment difference, as defined in subclause (II), by the amount of such excess, and use such amounts to increase the allotments to States that have an allotment difference less than zero.

“(II) EXCESS AMOUNTS.—For purposes of subclause (I), the term ‘excess’ allotment difference means an allotment difference for a State that is—

“(aa) in excess of 3 percent of the amount described in subparagraph (C)(i)(II); or

“(bb) in excess of a percentage established by the Secretary that is greater than 3 percent of the amount described in sub-

paragraph (C)(i)(II) if the Secretary determines that such greater percentage is sufficient to carry out subparagraph (A).

“(ii) USE OF AMOUNTS AVAILABLE UNDER NATIONAL RESERVE ACCOUNT.—If the funds available under clause (i) are insufficient to carry out subparagraph (A), the Secretary shall use funds reserved under section 132(a) in such amounts as are necessary to increase the allotments to States to meet the requirements of subparagraph (A). Such funds shall be used in the same manner as the States use the other funds allotted under this subsection.

“(C) DEFINITION OF ALLOTMENT DIFFERENCE.—

“(i) IN GENERAL.—For purposes of this paragraph, the term ‘allotment difference’ means the difference between—

“(I) the total amount a State would receive of the amounts available for allotment under subsection (b)(2) for a fiscal year pursuant to paragraphs (3) and (4); and

“(II) the total amount the State would receive of the amounts available for allotment under subsection (b)(2) for the fiscal year if such amounts were allotted pursuant to the unconsolidated formulas (applied as described in clause (iii)) that were used in allotting funds for fiscal year 2005.

“(ii) UNCONSOLIDATED FORMULAS.—For purposes of clause (i), the unconsolidated formulas are:

“(I) The requirements for the allotment of funds to the States contained in section 132(b)(1)(B) of this Act (as in effect on the day before the date of enactment of the Job Training Improvement Act of 2005) that were applicable to the allotment of funds under such section for fiscal year 2005.

“(II) The requirements for the allotment of funds to the States contained in section 132(b)(2)(B) of this Act (as in effect on the day before the date of enactment of the Job Training Improvement Act of 2005) that were applicable to the allotment of funds under such section for fiscal year 2005.

“(III) The requirements for the allotment of funds to the States that were contained in section 6 of the Wagner-Peyser Act (as in effect on the day before the date of enactment of the Job Training Improvement Act of 2005) that were applicable to the allotment of funds under such Act for fiscal year 2005.

“(IV) The requirements for the allotment of funds to the States that were established by the Secretary for Reemployment Services Grants that were applicable to the allotment of funds for such grants for fiscal year 2005.

“(iii) PROPORTIONATE APPLICATION OF UNCONSOLIDATED FORMULAS BASED ON FISCAL YEAR 2005.—In calculating the amount under clause (i)(II), each of the unconsolidated formulas identified in clause (ii) shall be applied, respectively, only to the proportionate share of the total amount of funds available for allotment under subsection (b)(2) for a fiscal year that is equal to the proportionate share to which each of the unconsolidated formulas applied with respect to the total amount of funds allotted to the States under all of the unconsolidated formulas in fiscal year 2005.

“(iv) RULE OF CONSTRUCTION.—The amounts used to adjust the allotments to a State under subparagraph (B) for a fiscal year shall not be included in the calculation of the amounts under clause (i) for a subsequent fiscal year, including the calculation of allocation percentages for a preceding fiscal year applicable to paragraphs (3) and (4) and to the unconsolidated formulas described in clause (ii).”.

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

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

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

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

- “(B) the accrued expenditures during such prior program year.”;
- (B) in paragraph (3)—
- (i) by striking “for the prior program year” and inserting “for the program year in which the determination is made”; and
 - (ii) by striking “such prior program year” and inserting “such program year”;
- (C) by amending paragraph (4) to read as follows:
- “(4) ELIGIBILITY.—For purposes of this subsection, an eligible State means a State that does not have an amount available for reallocation under paragraph (2) for the program year for which the determination under paragraph (2) is made.”; and
- (D) in paragraph (5), by striking “obligation” and inserting “accrued expenditure”.
- (d) WITHIN STATE ALLOCATIONS.—
- (1) RESERVATION FOR STATE ACTIVITIES.—Section 133(a) (29 U.S.C. 2863(a)) is amended to read as follows:

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

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

“(b) ALLOCATIONS TO LOCAL AREAS.—

 - “(1) IN GENERAL.—Of the amounts allotted to the State under section 132(b)(2) and not reserved under subsection (a)—
 - “(A) 85 percent of such amounts shall be allocated by the Governor to local areas in accordance with paragraph (2); and
 - “(B) 15 percent of such amounts shall be allocated by the Governor to local areas in accordance with paragraph (3).
 - “(2) ESTABLISHED FORMULA.—
 - “(A) IN GENERAL.—Of the amounts described in paragraph (1)(A), the Governor shall allocate—
 - “(i) 60 percent on the basis of the relative number of unemployed individuals in each local area, compared to the total number of unemployed individuals in all local areas in the State;
 - “(ii) 25 percent on the basis of the relative excess number of unemployed individuals in each local area, compared to the total excess number of unemployed individuals in all local areas in the State; and
 - “(iii) 15 percent shall be allotted on the basis of the relative number of disadvantaged adults in each local area, compared to the total number of disadvantaged adults in all local areas in the State.
 - “(B) MINIMUM AND MAXIMUM PERCENTAGES.—The Governor shall ensure that no local area shall receive an allocation for a fiscal year under this paragraph that is less than 90 percent or greater than 130 percent of the allocation percentage of the local area for the preceding fiscal year.
 - “(C) DEFINITIONS.—
 - “(i) ALLOCATION PERCENTAGE.—The term ‘allocation percentage’, used with respect to fiscal year 2006 or a subsequent fiscal year, means a percentage of the amount described in paragraph (1)(A) that is received through an allocation made under this paragraph for the fiscal year. The term, with respect to fiscal year 2005, means the percentage of the amounts allocated to local areas under this chapter (as in effect on the day before the date of enactment of the Job Training Improvement Act of 2005) that is received by the local area involved for fiscal year 2005.
 - “(ii) DISADVANTAGED ADULT.—The term ‘disadvantaged adult’ means an individual who is age 22 through 72 who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the poverty line.
 - “(iii) EXCESS NUMBER.—The term ‘excess number’ means, used with respect to the excess number of unemployed individuals within a local area, the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the local area.
 - “(3) DISCRETIONARY ALLOCATION.—The Governor shall allocate to local areas the amounts described in paragraph (1)(B) based on a formula developed in consultation with the State board and local boards. Such formula shall be objective and geographically equitable and may include such demographic and economic factors as the Governor, after consultation with the State board and local boards, determines are appropriate.
 - “(4) LOCAL ADMINISTRATIVE COST LIMIT.—

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

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

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

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

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

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

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

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

(C) by amending paragraph (3)—

(i) by striking “subsection (b)(3)” the first two places it appears and inserting “subsection (b)”;

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

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

(iv) by striking the last sentence; and

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

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

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

(1) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—

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

“(1) IN GENERAL.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“(G) implementing innovative programs, such as incumbent worker training programs, programs and strategies designed to meet the needs of businesses in the State, including small businesses, and engage employers in workforce activities, and programs serving individuals with disabilities consistent with section 188;

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

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

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

“(K) carrying out activities to facilitate remote access to services provided through a one-stop delivery system, including facilitating access through the use of technology.”.

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

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

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

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

(B) in paragraphs (1) and (2), by striking “or dislocated workers, respectively”.

(3) TECHNICAL AMENDMENT.—Section 134 is further amended by redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

(4) REQUIRED LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.—

(A) ALLOCATED FUNDS.—Section 134(c)(1) (29 U.S.C. 2864(c)(1)) (as redesignated by paragraph (3)) is amended to read as follows:

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

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

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

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

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

(B) CORE SERVICES.—Section 134(c)(2) (29 U.S.C. 2864(c)(2)) (as redesignated by paragraph (3)) is amended—

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

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

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

“(D) labor exchange services, including—

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

“(ii) appropriate recruitment services for employers; and

“(iii) reemployment services provided to unemployment claimants.”;

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

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

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

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

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

“(A) IN GENERAL.—

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

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

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

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

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

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

(ii) in subparagraph (C)—

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

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

“(vii) Internships and work experience.

“(viii) Literacy activities relating to basic work readiness, information and communication technology literacy activities, and financial literacy activities.

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

(D) TRAINING SERVICES.—Section 134(c)(4) (as redesignated by paragraph (3) of this subsection) is amended—

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

“(A) IN GENERAL.—

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

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

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

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

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

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

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

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

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

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

(iii) in subparagraph (D)—

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

“(iv) entrepreneurial training, including providing information about obtaining microcredit loans for the purpose of starting a business, including contact information of microcredit lenders operating within the local area;”;

(II) in clause (viii) by inserting “(including English as a Second Language)” after “activities”; and

(III) by redesignating clause (ix) as clause (x) and inserting after clause (viii) the following:

“(ix) training that integrates occupational skills training and English language acquisition;”;

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

“(E) PRIORITY.—

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

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

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

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

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

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

“(IV) Individuals with disabilities.”; and

(vii) by adding at the end the following:

“(H) COMPUTER TECHNOLOGY.—In providing training services under subparagraph (G), funds allocated to a local area under this title may be used to purchase computer technology for use by an individual who is eligible pursuant to subsection (A), only if—

“(i) such purchase is part of an ongoing training program; and

“(ii) such purchase is necessary to ensure the individual can participate in such training program.

Any purchase of computer technology under this subparagraph shall remain the property of the one-stop operator.”.

(5) PERMISSIBLE ACTIVITIES.—Section 134(d) (as redesignated by paragraph (3)) is amended—

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

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

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

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

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

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

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

“(v) activities to improve services to local employers, including small employers in the local area, and increase linkages between the local workforce investment system and employers; and

“(vi) activities to facilitate remote access to services provided through a one-stop delivery system, including facilitating access through the use of technology.

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

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

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

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

“(4) INCUMBENT WORKER TRAINING PROGRAMS.—

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

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

“(C) EMPLOYER MATCH REQUIRED.—

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

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

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

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

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

SEC. 113. PERFORMANCE ACCOUNTABILITY SYSTEM.

(a) STATE PERFORMANCE MEASURES.—

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

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

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

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

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

(B) in subparagraph (A)(i)(II), by inserting “and” after the semicolon;

(C) in subparagraph (A)(i)(III), by striking “; and” and inserting a period;

(D) by striking subparagraph (A)(i)(IV);

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

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

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

“(II) attainment of secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent (including recognized alternative standards for individuals with disabilities); and

“(III) literacy or numeracy gains.”;

(F) by striking subparagraph (B); and

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

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

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

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

(C) in clause (iii)—

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

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

(D) in clause (iv)—

(i) by striking subclause (I);

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

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

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

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

(III) by inserting “, such as indicators of poor work history, lack of work experience, low levels of literacy or English proficiency, disability status, including the number of veterans with disabilities, and welfare dependency” after “program”;

(E) by striking clause (v); and

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

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

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

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

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

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

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

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

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

(2) in paragraph (2)—

(A) in subparagraph (E), by striking “(excluding participants who received only self-service and informational activities); and” and inserting a semicolon;

(B) in subparagraph (F), by striking the period and inserting “; and”;

(C) by adding at the end the following:

“(G) the number of participants served and the cost per participant.”; and

(3) by adding at the end the following:

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

- (d) SANCTIONS FOR STATE.—Section 136(g) (29 U.S.C. 2871(g)) is amended—
 (1) in paragraph (1)(A), by striking “or (B)”; and
 (2) in paragraph (2), by striking “section 503” and inserting “section 136(i)”.
 (e) SANCTIONS FOR LOCAL AREAS.—Section 136(h) (29 U.S.C. 2871(h)) is amended—

- (1) in paragraph (1), by striking “or (B)”; and
 (2) by amending paragraph (2)(B) to read as follows:

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

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

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

“(1) INCENTIVE GRANTS FOR STATES.—

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

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

“(2) INCENTIVE GRANTS FOR LOCAL AREAS.—

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

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

- (g) USE OF CORE INDICATORS FOR OTHER PROGRAMS.—Section 136 (29 U.S.C. 2871) is further amended by adding at the end the following subsection:

“(j) USE OF CORE INDICATORS FOR OTHER PROGRAMS.—In addition to the programs carried out under chapters 4 and 5, and consistent with the requirements of the applicable authorizing laws, the Secretary shall use the core indicators of performance described in subsection (b)(2)(A) to assess the effectiveness of the programs described under section 121(b)(1)(B) that are carried out by the Secretary.”

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

SEC. 114. AUTHORIZATION OF APPROPRIATIONS.

(a) YOUTH ACTIVITIES.—Section 137(a) (29 U.S.C. 2872(a)) is amended by striking “such sums as may be necessary for each of fiscal years 1999 through 2003” and inserting “\$1,250,000,000 for fiscal year 2006 and such sums as may be necessary for each of fiscal years 2007 through 2011”.

(b) ADULT EMPLOYMENT AND TRAINING ACTIVITIES.—Section 137(b) (29 U.S.C. 2872(b)) is amended by striking “section 132(a)(1), such sums as may be necessary for each of fiscal years 1999 through 2003” and inserting “section 132(a), \$3,140,000,000 for fiscal year 2006 and such sums as may be necessary for each of fiscal years 2007 through 2011”.

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

SEC. 115. JOB CORPS.

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

- (1) in paragraph (1)(A), by striking “local and distant”; and
 (2) by adding after paragraph (2) the following:

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

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

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

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

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

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 161 (29 U.S.C. 2901) is amended by striking “1999 through 2003” and inserting “2006 through 2011”.

SEC. 116. NATIVE AMERICAN PROGRAMS.

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

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

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

SEC. 117. MIGRANT AND SEASONAL FARMWORKER PROGRAMS.

Section 167(d) is amended by inserting “(including permanent housing)” after “housing”.

SEC. 118. VETERANS' WORKFORCE INVESTMENT PROGRAMS.

Section 168(a)(3)(C) (29 U.S.C. 2913 (a)(3)(C)) is amended by striking “section 134(c)” and inserting “section 121(e)”.

SEC. 119. YOUTH CHALLENGE GRANTS.

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

“SEC. 169. YOUTH CHALLENGE GRANTS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“(c) DISCRETIONARY GRANTS FOR YOUTH ACTIVITIES.—

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

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

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

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

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

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

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b) is amended by amending the item related to section 169 to read as follows:

“Sec. 169. Youth challenge grants.”

SEC. 120. TECHNICAL ASSISTANCE.

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

(1) by striking subsection (b);

(2) by striking

“(a) GENERAL TECHNICAL ASSISTANCE.—”;

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

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

(A) by inserting “the training of staff providing rapid response services, the training of other staff of recipients of funds under this title, peer review activities under this title, assistance regarding accounting and program operation practices (when such assistance would not be duplicative to assistance provided by the State), technical assistance to States that do not meet

State performance measures described in section 136,” after “localities,”; and

(B) by striking “from carrying out activities” and all that follows up to the period and inserting “to implement the amendments made by the Job Training Improvement Act of 2005”; and

(5) by inserting, after subsection (c) (as redesignated by paragraph (3)), the following:

“(d) BEST PRACTICES COORDINATION.—The Secretary shall establish a system whereby States may share information regarding best practices with regard to the operation of workforce investment activities under this Act.”.

SEC. 121. DEMONSTRATION, PILOT, MULTISERVICE, RESEARCH AND MULTI-STATE PROJECTS.

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

(1) in paragraph (1)—

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

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

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

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

“(C) projects that focus on opportunities for employment in industries and sectors of industries that are experiencing or are likely to experience high rates of growth, including those relating to information technology;

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

(C) by striking subparagraph (E);

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

(E) in subparagraph (F) (as so redesignated, by striking “; and” and inserting a semicolon;

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

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

(G) by amending subparagraph (H) to read as follows:

“(H) projects that focus on opportunities for employment in industries and sectors of industries that are being transformed by technology and innovation requiring new knowledge or skill sets for workers, including advanced manufacturing; and”;

(H) by adding at the end the following:

“(I) projects carried out by States and local areas to assist adults or out of school youth in starting a small business, including training and assistance in business or financial management or in developing other skills necessary to operate a business.”; and

(2) in paragraph (2)—

(A) by striking subparagraph (B); and

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

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

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

SEC. 122. COMMUNITY-BASED JOB TRAINING.

Section 171(d) of the Workforce Investment Act of 1998 is amended to read as follows:

“(d) COMMUNITY-BASED JOB TRAINING.—

“(1) DEMONSTRATION PROJECT.—In addition to the demonstration projects under subsection (b), the Secretary may establish and implement a national demonstration project designed to develop local solutions to the workforce challenges facing high-growth, high-skill industries with labor shortages, and increase opportunities for workers to gain access to employment in high-growth, high-demand occupations by promoting the establishment of partnerships

among education entities, the workforce investment system, and businesses in high-growth, high-skill industries.

“(2) GRANTS.—In carrying out the demonstration project under this subsection, the Secretary shall award competitive grants, in accordance with generally applicable Federal requirements, to eligible entities to carry out activities authorized under this subsection.

“(3) DEFINITIONS.—

“(A) ELIGIBLE ENTITY.—In this subsection, the term ‘eligible entity’ means a community college or consortium of community colleges that shall work in conjunction with—

“(i) the local workforce investment system; and

“(ii) business or businesses in a qualified industry or an industry association in a qualified industry.

“(B) QUALIFIED INDUSTRY.—In this subsection, the term ‘qualified industry’ means an industry or economic sector that is projected to experience significant growth, such as an industry and economic sector that—

“(i) is projected to add substantial numbers of new jobs to the economy;

“(ii) has significant impact on the economy;

“(iii) impacts the growth of other industries and economic sectors;

“(iv) is being transformed by technology and innovation requiring new knowledge or skill sets for workers;

“(v) is a new or emerging industry or economic sector that is projected to grow; or

“(vi) has high-skilled occupations and significant labor shortages in the local area.

“(C) COMMUNITY COLLEGE.—As used in this subsection, the term ‘community college’ means an institution of higher education, as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001), that provides not less than a 2-year program that is acceptable for full credit toward a bachelor’s degree, or is a tribally controlled college or university.

“(4) AUTHORITY TO REQUIRE NON-FEDERAL SHARE.—The Secretary may require that recipients of grants under this subsection provide a non-Federal share, from either cash or noncash resources, of the costs of activities carried out under a grant awarded under this subsection.

“(5) USE OF FUNDS.—Grants awarded under this subsection may be used for—

“(A) the development, by a community college, in consultation with representatives of qualified industries, of rigorous training and education programs related to employment in a qualified industry identified in the eligible entity’s application;

“(B) training of adults and dislocated workers in the skills and competencies needed to obtain or upgrade employment in a qualified industry identified in the eligible entity’s application;

“(C) disseminating to adults and dislocated workers, through the one-stop delivery system, information on high-growth, high-demand occupations in qualified industries;

“(D) placing, through the one-stop delivery system, trained individuals into employment in qualified industries; and

“(E) increasing the integration of community colleges with activities of businesses and the one-stop delivery system to meet the training needs for qualified industries.

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

“(A) a description of the community college that will offer training under the grant;

“(B) an economic analysis of the local labor market to identify high-growth, high-demand industries and identify the workforce issues faced by those industries;

“(C) a description of the qualified industry for which training will occur and the availability of competencies on which training will be based;

“(D) an assurance that the application was developed in consultation with the local board or boards in the area or areas where the proposed grant will be used;

“(E) performance outcomes for the grant, including expected number of individuals to be trained in a qualified industry, the employment and retention rates for such individuals in a qualified industry, and earnings increases for such individuals;

“(F) a description of how the activities funded by the proposed grant will be coordinated with activities provided through the one-stop delivery system in the local area or areas; and

“(G) a description of any local or private resources that will support the activities carried out under this subsection and allow the entity to carry out and expand such activities after the expiration of the grant.

“(7) FACTORS FOR AWARD OF GRANT.—

“(A) IN GENERAL.—In awarding grants under this subsection the Secretary shall consider—

“(i) the extent of public and private collaboration, including existing partnerships among industries, community colleges, and the public workforce investment system;

“(ii) the extent to which the grant will provide job seekers with employment opportunities in high-growth, high-demand occupations;

“(iii) the extent to which the grant will expand the local one-stop delivery system’s capacity to be demand-driven and responsive to local economic needs;

“(iv) the extent to which local businesses commit to hire or retain individuals who receive training through the grant; and

“(v) the extent to which the eligible entity commits to make any newly developed products, such as competencies or training curriculum, available for distribution nationally.

“(B) LEVERAGING OF RESOURCES.—In awarding grants under this subsection, the Secretary shall also consider—

“(i) the extent to which local or private resources, in addition to the funds provided under this subsection, will be made available to support the activities carried out under this subsection; and

“(ii) the ability of an eligible entity to continue to carry out and expand such activities after the expiration of the grant.

“(C) DISTRIBUTION OF GRANTS.—In awarding grants under this subsection the Secretary shall ensure an equitable distribution of such grants across geographically diverse areas.

“(8) PERFORMANCE ACCOUNTABILITY AND EVALUATION.—

“(A) PERFORMANCE ACCOUNTABILITY.—The Secretary shall require an eligible entity that receives a grant under this subsection to report to the Secretary on the employment outcomes obtained by individuals receiving training under this subsection using the indicators of performance identified in the eligible entity’s grant application.

“(B) EVALUATION.—The Secretary may require that an eligible entity that receives a grant under this subsection participate in an evaluation of activities carried out under this subsection, including an evaluation using the techniques described in section 172(c).”.

SEC. 123. PERSONAL REEMPLOYMENT ACCOUNTS.

Section 171 of the Workforce Investment Act of 1998 is further amended by adding at the end the following:

“(e) PERSONAL REEMPLOYMENT ACCOUNTS.—

“(1) DEFINITION.—In this subsection, the term ‘State’ means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the United States Virgin Islands.

“(2) DEMONSTRATION PROJECT.—In addition to the demonstration projects under subsection (b), the Secretary may establish and implement a national demonstration project designed to analyze and provide data on workforce training programs that accelerate the reemployment of unemployed individuals, promote the retention in employment of such individuals, and provide such individuals with enhanced flexibility, choice, and control in obtaining intensive reemployment, training, and supportive services.

“(3) GRANTS.—

“(A) IN GENERAL.—In carrying out the demonstration project, the Secretary shall make grants, on a competitive basis, to eligible entities to provide personal reemployment accounts to eligible individuals. In awarding grants under this subsection the Secretary shall take into consideration awarding grants to eligible entities from diverse geographic areas, including rural areas.

“(B) DURATION.—The Secretary shall make the grants for periods of not less than 2 years and may renew the grant for each of the succeeding 3 years.

“(4) ELIGIBLE ENTITY.—In this subsection, the term ‘eligible entity’ means—

“(A) a State; or

- “(B) a local board or consortium of local boards.
- “(5) USE OF FUNDS.—
- “(A) IN GENERAL.—An eligible entity that receives a grant under this subsection shall use the grant funds to provide, through a local area or areas, eligible individuals with personal reemployment accounts. An eligible individual may receive only 1 personal reemployment account.
- “(B) GEOGRAPHIC AREA AND AMOUNT.—
- “(i) IN GENERAL.—The eligible entity shall establish the amount of a personal reemployment account for each eligible individual participating, which shall be uniform throughout the area represented by the eligible entity, and shall not exceed \$3,000.
- “(ii) OPTION FOR STATES.—If the eligible entity is a State, the eligible entity may choose to use the grant statewide, if practicable, or only in specified local areas within a State.
- “(C) ELIGIBLE INDIVIDUALS.—
- “(i) IN GENERAL.—Each eligible entity shall establish eligibility criteria for individuals for personal reemployment accounts in accordance with this subparagraph.
- “(ii) ELIGIBILITY CRITERIA REQUIREMENTS.—
- “(I) IN GENERAL.—Subject to subclause (II), an individual shall be eligible to receive a personal reemployment account under a grant awarded under this subsection if, beginning after the date of enactment of this subsection, the individual—
- “(aa) is identified by the State pursuant to section 303(j)(1) of the Social Security Act (42 U.S.C. 503(j)(1)) as likely to exhaust regular unemployment compensation and in need of job search assistance to make a successful transition to new employment, or the individual’s unemployment can be attributed in substantial part to unfair competition from Federal Prison Industries, Incorporated;
- “(bb) is receiving regular unemployment compensation under any Federal or State unemployment compensation program administered by the State; and
- “(cc) is eligible for not less than 20 weeks of regular unemployment compensation described in item (bb).
- “(II) ADDITIONAL ELIGIBILITY AND PRIORITY CRITERIA.—An eligible entity may establish criteria that are in addition to the criteria described in subclause (I) for the eligibility of individuals to receive a personal reemployment account under this subsection. An eligible entity may also establish criteria for priority in the provision of a personal reemployment account to such eligible individuals under a grant awarded under this subsection.
- “(iii) TRANSITION RULE.—
- “(I) PREVIOUSLY IDENTIFIED AS LIKELY TO EXHAUST UNEMPLOYMENT COMPENSATION.—
- “(aa) IN GENERAL.—At the option of the eligible entity, and subject to item (bb), an individual may be eligible to receive a personal reemployment account under this subsection if the individual—
- “(AA) during the 13-week period ending the week prior to the date of the enactment of the subsection, was identified by the State pursuant to section 303(j)(1) of the Social Security Act (42 U.S.C. 503(j)(1)) as likely to exhaust regular unemployment compensation and in need of job search assistance to make a successful transition to new employment; and
- “(BB) otherwise meets the requirements of clause (ii)(I)(bb) and (cc).
- “(bb) ADDITIONAL ELIGIBILITY AND PRIORITY CRITERIA.—An eligible entity may establish criteria that is in addition to the criteria described in item (aa) for the eligibility of individuals to receive a personal reemployment account under this subsection. An eligible entity may also establish criteria for priority in the provision of such accounts to such eligible individuals under this subsection.
- “(II) PREVIOUSLY EXHAUSTED UNEMPLOYMENT COMPENSATION.—At the option of the eligible entity, an individual may be eligible to receive a personal reemployment account under a grant awarded under this subsection if the individual—

“(aa) during the 26-week period ending the week prior to the date of the enactment of this subsection, exhausted all rights to any unemployment compensation; and

“(bb)(AA) is enrolled in training and needs additional support to complete such training, with a priority of service to be provided to such individuals who are training for shortage occupations or high-growth industries; or

“(BB) is separated from employment in an industry or occupation that has experienced declining employment, or no longer provides any employment, in the local labor market during the 2-year period ending on the date of the determination of eligibility of the individual under this subparagraph.

“(iv) NO INDIVIDUAL ENTITLEMENT.—Nothing in this subsection shall be construed to entitle any individual to receive a personal reemployment account.

“(D) LIMITATIONS.—

“(i) INFORMATION AND ATTESTATION.—Prior to the establishment of a personal reemployment account for an eligible individual, the eligible entity receiving a grant, through the one-stop delivery system in the participating local area or areas, shall ensure that the individual—

“(I) is informed of the requirements applicable to the personal reemployment account, including the allowable uses of funds from the account, the limitations on access to services described in paragraph (7)(A)(iii) and a description of such services, and the conditions for receiving a reemployment bonus;

“(II) has the option to develop a personal reemployment plan which will identify the employment goals and appropriate combination of services selected by the individual to achieve the employment goals; and

“(III) signs an attestation that the individual has been given the option to develop a personal reemployment plan in accordance with subclause (II), will comply with the requirements under this subsection relating to the personal reemployment accounts, and will reimburse the account or, if the account has been terminated, the grant awarded under this subsection, for any amounts expended from the account that are not allowable.

“(ii) PERIODIC INTERVIEWS.—If a recipient exhausts his or her rights to any unemployment compensation, and the recipient has a remaining balance in his or her personal reemployment account, the one-stop delivery system shall conduct periodic interviews with the recipient to assist the recipient in meeting his or her individual employment goals.

“(iii) USE OF PERSONAL REEMPLOYMENT ACCOUNTS.—The eligible entity receiving a grant shall ensure that eligible individuals receiving a personal reemployment account use the account in accordance with paragraph (7).

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

“(A) if the eligible entity is a State—

“(i) assurance that the application was developed in conjunction with the local board or boards and chief elected officials where the personal reemployment accounts shall be made available; and

“(ii) a description of the methods and procedures for providing funds to local areas where the personal reemployment accounts shall be made available;

“(B) a description of the criteria and methods to be used for determining eligibility for the personal reemployment account, including whether the eligible entity intends to include the optional categories described in paragraph (5)(C)(iii), and the additional criteria and priority for service that the eligible entity intends to apply, if any, pursuant to paragraph (5)(C)(ii)(II);

“(C) a description of the methods or procedures to be used to provide eligible individuals information relating to services and providers;

“(D) a description of safeguards to ensure that funds from the personal reemployment accounts are used for purposes authorized under this subsection and to ensure the quality and integrity of services and providers, consistent with the purpose of providing eligible individuals with enhanced flexibility, choice, and control in obtaining intensive reemployment, training, and supportive services;

“(E) a description of how the eligible entity will coordinate the activities carried out under this subsection with the employment and training activities carried out under section 134 and other activities carried out by local boards through the one-stop delivery system in the State or local area; and

“(F) an assurance that the eligible entity will comply with any evaluation and reporting requirements the Secretary may require.

“(7) USE OF PERSONAL REEMPLOYMENT ACCOUNTS.—

“(A) ALLOWABLE ACTIVITIES.—

“(i) IN GENERAL.—Subject to the requirements contained in clauses (ii) and (iii), a recipient of a personal reemployment account may use amounts in a personal reemployment account to purchase 1 or more of the following:

“(I) Intensive services, including those type of services specified in section 134(d)(3)(C).

“(II) Training services, including those types of services specified in section 134(d)(4)(D).

“(III) Supportive services, except for needs related payments.

“(ii) DELIVERY OF SERVICES.—The following requirements relating to delivery of services shall apply to the grants under this subsection:

“(I) Recipients may use funds from the personal reemployment account to purchase the services described in clause (i) through the one-stop delivery system on a fee-for-service basis, or through other providers, consistent with the safeguards described in paragraph (6)(D).

“(II) The eligible entity, through the one-stop delivery system in the participating local area, may pay costs for such services directly on behalf of the recipient, through a voucher system, or by reimbursement to the recipient upon receipt of appropriate cost documentation.

“(III) Each eligible entity, through the one-stop delivery system in the participating local area, shall make available to recipients information on training providers specified in section 134(d)(4)(F)(ii), information available to the one-stop delivery system on providers of the intensive and supportive services described in clause (i), and information relating to occupations in demand in the local area.

“(iii) LIMITATIONS.—The following limitations shall apply with respect to personal reemployment accounts under this subsection:

“(I) Amounts in a personal reemployment account may be used for up to 1 year from the date of the establishment of the account.

“(II) Each recipient shall submit cost documentation as required by the one-stop delivery system.

“(III) For the 1-year period following the establishment of the account, recipients may not receive intensive, supportive, or training services funded under this title except on a fee-for-services basis as specified in clause (ii)(I).

“(IV) Amounts in a personal reemployment account shall be non-transferable.

“(B) REEMPLOYMENT BONUS.—

“(i) IN GENERAL.—Subject to clause (ii)—

“(I) if a recipient determined eligible under paragraph (5)(C)(ii) obtains full-time employment before the 13th week of unemployment for which unemployment compensation is paid, the balance of his or her personal reemployment account shall be provided directly to the recipient in cash; and

“(II) if a recipient determined eligible under paragraph (5)(C)(iii) obtains full-time employment before the end of the 13th week after the date on which the account is established, the balance of his or her personal reemployment account shall be provided directly to the recipient in cash.

“(ii) LIMITATIONS.—The following limitations shall apply with respect to a recipient described in clause (i):

“(I) 60 percent of the remaining personal reemployment account balance shall be paid to the recipient at the time of employment.

“(II) 40 percent of the remaining personal reemployment account shall be paid to the recipient after 26 weeks of employment retention.

“(iii) EXCEPTION REGARDING SUBSEQUENT EMPLOYMENT.—If a recipient described in clause (i) subsequently becomes unemployed due to a

lack of work after receiving the portion of the reemployment bonus specified under clause (ii)(I), the individual may use the amount remaining in the personal reemployment account for the purposes described in subparagraph (A) but may not be eligible for additional cash payments under this subparagraph.

“(8) PROGRAM INFORMATION AND EVALUATION.—

“(A) INFORMATION.—The Secretary may require from eligible entities the collection and reporting on such financial, performance, and other program-related information as the Secretary determines is appropriate to carry out this subsection, including the evaluation described in subparagraph (B).

“(B) EVALUATION.—

“(i) IN GENERAL.—The Secretary, pursuant to the authority provided under section 172, shall, directly or through grants, contracts, or cooperative agreement with appropriate entities, conduct an evaluation of the activities carried out under any grants awarded under this subsection.

“(ii) REPORT.—The report to Congress under section 172(e) relating to the results of the evaluations required under section 172 shall include the recommendation of the Secretary with respect to the use of personal reemployment account as a mechanism to assist individuals in obtaining and retaining employment.”.

SEC. 124. TRAINING FOR REALTIME WRITERS.

Section 171 of the Workforce Investment Act of 1998 is further amended by adding at the end the following:

“(f) TRAINING FOR REALTIME WRITERS.—

“(1) IN GENERAL.—The Secretary may make competitive grants to eligible entities under paragraph (2)(A) to promote training and placement of individuals as realtime writers in order to meet the requirements for closed captioning of video programming set forth in section 723 of the Communications Act of 1934 (47 U.S.C. 613) and the rules prescribed thereunder.

“(2) LIMITATIONS.—

“(A) ELIGIBLE ENTITIES.—For purposes of this subsection, an eligible entity is a court reporting or realtime writing training program that—

“(i) can document and demonstrate to the Secretary that it meets appropriate standards of educational and financial accountability, with a curriculum capable of training realtime writers, qualified to provide captioning services and includes arrangements to assist in the placement of such individuals in employment as realtime writers; and

“(ii) is an entity that—

“(I) is an eligible provider of training services under section 122;

or

“(II) is accredited by an accrediting agency recognized by the Department of Education; and participates in student aid programs under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.).

“(B) PRIORITY IN GRANTS.—In determining whether to award grants under this section, the Secretary shall give priority to eligible entities that—

“(i) demonstrate the greatest ability to increase their capacity to train realtime writers;

“(ii) demonstrate the most promising collaboration with local workforce investment boards, local educational institutions, businesses, labor organizations, or other community-based organization having the potential to train or provide job placement assistance to realtime writers; and

“(iii) propose the most promising and innovative approaches for initiating or expanding training or job placement assistance efforts for realtime writers.

“(C) DURATION OF GRANT.—A grant under this subsection shall be for a period of 2 years.

“(D) MAXIMUM AMOUNT OF GRANT.—The amount of a grant provided under paragraph (1) to an entity eligible may not exceed \$1,500,000.

“(3) APPLICATION.—To receive a grant under paragraph (1), an eligible entity shall submit an application to the Secretary at such time and in such manner as the Secretary may require. The application shall include—

“(A) a description of the training and assistance to be funded using the grant amount, including how such training and assistance will increase the number of realtime writers;

“(B) a description of performance measures to be utilized to evaluate the progress of individuals receiving such training and assistance in matters relating to enrollment, completion of training, and job placement and retention;

“(C) a description of the manner in which the eligible entity intends to continue providing the training and assistance to be funded by the grant after the end of the grant period, including any partnerships or arrangements established for that purpose;

“(D) a description of how the eligible entity will work with local workforce investment boards to ensure that training and assistance to be funded with the grant will further local workforce goals, including the creation of educational opportunities for individuals who are from economically disadvantaged backgrounds or are dislocated workers; and

“(E) such other information as the Secretary may require.

(4) USE OF FUNDS.—

“(A) **IN GENERAL.**—An eligible entity receiving a grant under paragraph (1) shall use the grant amount for purposes relating to the recruitment, training, assistance, and job placement of individuals (including individuals who have completed a court reporting training program) as realtime writers, including—

“(i) recruitment activities;

“(ii) the provision of training grants to individuals for training in realtime writing;

“(iii) distance learning;

“(iv) design and development of curriculum to more effectively train realtime writing skills and education in the knowledge bases necessary for the delivery of high quality closed captioning services;

“(v) assistance in job placement for upcoming and recent graduates with all types of captioning employers; and

“(vi) encouragement of individuals with disabilities to pursue a career in realtime writing.

“(B) **ADMINISTRATIVE COSTS.**—The recipient of a grant under paragraph (1) may not use more than 5 percent of the grant amount to pay administrative costs associated with activities funded by the grant.

“(5) **REPORTS.**—Each eligible entity receiving a grant under paragraph (1) shall submit to the Secretary, at the end of each year of the grant period, a report which shall include—

“(A) a description of the use of grant amounts by the entity during such year;

“(B) an assessment, utilizing the performance measures submitted by the entity in the application for the grant under paragraph (2)(D), of the effectiveness of activities carried out using such funds in increasing the number of realtime writers; and

“(C) a description of the best practices identified by the entity as a result of the grant for increasing the number of individuals who are trained, employed, and retained in employment as realtime writers.”.

SEC. 125. BUSINESS PARTNERSHIP GRANTS.

Section 171 (29 U.S.C. 2916) is further amended by adding at the end the following:

“(g) BUSINESS PARTNERSHIP GRANTS.—

“(1) **DEMONSTRATION PROJECT.**—In addition to the demonstration projects under subsection (b), (d), and (e), the Secretary may make up to 10 competitive grants per year to eligible entities to expand local sector-focused training and workforce development in high growth, high wage industry sectors in one or more regions of particular States.

“(2) **ELIGIBLE ENTITIES.**—For purposes of this subsection an eligible entity is a business or business partnership, including associations of single or related industry employers and employee representatives, consortia of such employers, employee representatives, and workforce development community-based organizations, and higher education institutions.

“(3) **USE OF FUNDS.**—Grants awarded under this subsection may be used to—

“(A) provide workforce-directed business services to help employers in targeted industries better retain, support and advance their skilled workers;

“(B) provide capacity building through regional skill alliances, workforce intermediaries, and other collaborative entities to link businesses to public workforce systems and service providers targeted for their industry;

“(C) conduct analyses of skills that are needed in the workforce in such industries currently and in the future to project new market opportunities in particular industries;

“(D) develop rigorous training and education programs related to employment in high-growth, high-wage industries;

“(E) develop skill standards and industry-certified curricula used in preparing workers for employment in such industries;

“(F) train adults and dislocated workers in the skills and competencies needed to obtain or upgrade employment;

“(G) disseminate information on high-growth, high-wage occupations;

“(H) place trained individuals into employment in high-growth, high-wage industries;

“(I) increase integration between training providers, businesses, and the one-stop delivery system to meet the training needs of particular industries.

“(4) REPORTS.—The Secretary shall track and annually report to the chairmen and ranking minority members of the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor and Pensions of the Senate, on the industries receiving grants under this subsection, the performance results of each such grant, and the percentage and amount of grants awarded to eligible entities for programs serving each of the following populations: incumbent workers, dislocated workers, adults, and youth.”.

SEC. 126. NATIONAL DISLOCATED WORKER GRANTS.

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

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

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

(2) in subsection (a)—

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

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

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

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

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

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

(d) PARTICIPANT ELIGIBILITY FOR MILITARY SPOUSES.—Section 173(b)(2)(A) (29 U.S.C. 2918(b)(2)(A)) (as redesignated by subsection (b)(1) of this section) is amended—

(1) in clause (iii), by striking “; or” and inserting a semicolon;

(2) in clause (iv)(IV) by striking the period and inserting “; or”; and

(3) by inserting at the end the following:

“(v) is the spouse of a member of the Armed Forces who is on active duty or full-time National Guard duty, or who was recently separated from such duties, and such spouse is in need of employment and training assistance to obtain or retain employment.”.

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

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

SEC. 127. AUTHORIZATION OF APPROPRIATIONS FOR NATIONAL ACTIVITIES.

(a) IN GENERAL.—Section 174(a)(1) (29 U.S.C. 2919(a)(1)) is amended by striking “1999 through 2003” and inserting “2006 through 2011”.

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

“(b) TECHNICAL ASSISTANCE; DEMONSTRATION AND PILOT PROJECTS; EVALUATIONS; INCENTIVE GRANTS.—

“(1) DEMONSTRATION AND PILOT PROJECTS.—

“(A) IN GENERAL.—There are authorized to be appropriated to carry out section 171, \$211,000,000 for fiscal year 2006 and such sums as may be necessary for fiscal years 2007 through 2011.

“(B) RESERVATION FOR COMMUNITY-BASED JOB TRAINING.—Of the amount appropriated pursuant to subparagraph (A), the Secretary shall reserve up to \$125,000,000 for carrying out section 171(d).

“(2) TECHNICAL ASSISTANCE, EVALUATIONS.—There are authorized to be appropriated to carry out section 170, section 172, and section 136 such sums as may be necessary for each of fiscal years 2006 through 2011.”.

SEC. 128. REQUIREMENTS AND RESTRICTIONS.

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

(b) LIMITATIONS.—Section 181(e) (29 U.S.C. 2931(e)) is amended by striking “training for” and inserting “the entry into employment, retention in employment, or increases in earnings of”.

(c) REPORTS TO CONGRESS.—Section 185(e)(2) (29 U.S.C. 2935(e)(2)) is amended by inserting “and the Secretary shall submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate,” after “Secretary.”.

SEC. 129. NONDISCRIMINATION.

Section 188(a)(2) (29 U.S.C. 2931(a)(2)) is amended to read as follows:

“(2) PROHIBITION OF DISCRIMINATION REGARDING PARTICIPATION, BENEFITS, AND EMPLOYMENT.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), no individual shall be excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in the administration of or in connection with, any such program or activity because of race, color, religion, sex (except as otherwise permitted under title IX of the Education Amendments of 1972), national origin, age, disability, or political affiliation or belief.

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

SEC. 130. ADMINISTRATIVE PROVISIONS.

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

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

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

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

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

(2) by adding the following subparagraph:

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

SEC. 131. GENERAL PROGRAM REQUIREMENTS.

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

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

“(15) Any report required to be submitted to Congress, or to a Committee of Congress, under this title shall be submitted to both the chairmen and ranking minority members of the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate.”.

TITLE II—ADULT EDUCATION, BASIC SKILLS, AND FAMILY LITERACY EDUCATION

SEC. 201. TABLE OF CONTENTS.

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

“TITLE II—ADULT EDUCATION, 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 Institute for Literacy.
- “Sec. 243. National leadership activities.”.

SEC. 202. AMENDMENT.

Title II (29 U.S.C. 2901 et seq.) is amended to read as follows:

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

“SEC. 201. SHORT TITLE.

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

“SEC. 202. PURPOSE.

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

“(1) increase the literacy of adults, including the basic reading, writing, speaking, and math skills, to a level of proficiency necessary for adults to obtain employment and self-sufficiency and to successfully advance in the workforce;

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

“(3) assist adults who are parents to enable them to support the educational development of their children and make informed choices regarding their children’s education including, through instruction in basic reading, writing, speaking, and math skills; and

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

“SEC. 203. DEFINITIONS.

“In this title:

“(1) ADULT EDUCATION, BASIC SKILLS, AND FAMILY LITERACY EDUCATION PROGRAMS.—The term ‘adult education, basic skills, and family literacy education programs’ means a sequence of academic instruction and educational services

below the postsecondary level that increase an individual's ability to read, write, and speak in English and perform mathematical computations leading to a level of proficiency equivalent to at least a secondary school completion that is provided for individuals—

- “(A) who are at least 16 years of age;
 - “(B) who are not enrolled or required to be enrolled in secondary school under State law; and
 - “(C) who—
 - “(i) lack sufficient mastery of basic reading, writing, speaking, and math skills to enable the individuals to function effectively in society;
 - “(ii) do not have a secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent and have not achieved an equivalent level of education; or
 - “(iii) are unable to read, write, or speak the English language.
- “(2) ELIGIBLE AGENCY.—The term ‘eligible agency’—
- “(A) means the primary entity or agency in a State or an outlying area responsible for administering or supervising policy for adult education, basic skills, and family literacy education programs in the State or outlying area, respectively, consistent with the law of the State or outlying area, respectively; and
 - “(B) may be the State educational agency, the State agency responsible for administering workforce investment activities, or the State agency responsible for administering community or technical colleges.
- “(3) ELIGIBLE PROVIDER.—The term ‘eligible provider’ means—
- “(A) a local educational agency;
 - “(B) a community-based or faith-based organization of demonstrated effectiveness;
 - “(C) a volunteer literacy organization of demonstrated effectiveness;
 - “(D) an institution of higher education;
 - “(E) a public or private educational agency;
 - “(F) a library;
 - “(G) a public housing authority;
 - “(H) an institution that is not described in any of subparagraphs (A) through (G) and has the ability to provide adult education, basic skills, and family literacy education programs to adults and families; or
 - “(I) a consortium of the agencies, organizations, institutions, libraries, or authorities described in any of subparagraphs (A) through (H).
- “(4) ENGLISH LANGUAGE ACQUISITION PROGRAM.—The term ‘English language acquisition program’ means a program of instruction designed to help individuals with limited English proficiency achieve competence in reading, writing, and speaking the English language.
- “(5) ESSENTIAL COMPONENTS OF READING INSTRUCTION.—The term ‘essential components of reading instruction’ has the meaning given to that term in section 1208 of the Elementary and Secondary Education Act of 1965.
- “(6) FAMILY LITERACY EDUCATION PROGRAM.—The term ‘family literacy education program’ means an educational program that—
- “(A) assists parents and students, on a voluntary basis, in achieving the purposes of this title as described in section 202; and
 - “(B) is of sufficient intensity in terms of hours and of sufficient duration to make sustainable changes in a family, is based upon scientific research-based principles, and, for the purpose of substantially increasing the ability of parents and children to read, write, and speak English, integrates—
 - “(i) interactive literacy activities between parents and their children;
 - “(ii) training for parents regarding how to be the primary teacher for their children and full partners in the education of their children;
 - “(iii) parent literacy training that leads to economic self-sufficiency; and
 - “(iv) an age-appropriate education to prepare children for success in school and life experiences.
- “(7) GOVERNOR.—The term ‘Governor’ means the chief executive officer of a State or outlying area.
- “(8) INDIVIDUAL WITH A DISABILITY.—
- “(A) IN GENERAL.—The term ‘individual with a disability’ means an individual with any disability (as defined in section 3 of the Americans with Disabilities Act of 1990).
 - “(B) INDIVIDUALS WITH DISABILITIES.—The term ‘individuals with disabilities’ means more than one individual with a disability.
- “(9) INDIVIDUAL WITH LIMITED ENGLISH PROFICIENCY.—The term ‘individual with limited English proficiency’ means an adult or out-of-school youth who has

limited ability in reading, writing, speaking, or understanding the English language, and—

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

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

“(10) INSTITUTION OF HIGHER EDUCATION.—The term ‘institution of higher education’ has the meaning given to that term in section 101 of the Higher Education Act of 1965.

“(11) LITERACY.—The term ‘literacy’ means an individual’s ability to read, write, and speak in English, compute, and solve problems at a level of proficiency necessary to obtain employment and to successfully make the transition to postsecondary education.

“(12) LOCAL EDUCATIONAL AGENCY.—The term ‘local educational agency’ has the meaning given to that term in section 9101 of the Elementary and Secondary Education Act of 1965.

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

“(14) POSTSECONDARY EDUCATIONAL INSTITUTION.—The term ‘postsecondary educational institution’ means—

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

“(B) a tribally controlled community college; or

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

“(15) READING.—The term ‘reading’ has the meaning given to that term in section 1208 of the Elementary and Secondary Education Act of 1965.

“(16) SCIENTIFICALLY BASED RESEARCH.—The term ‘scientifically based research’ has the meaning given to that term in section 9101 of the Elementary and Secondary Education Act of 1965.

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

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

“(19) STATE EDUCATIONAL AGENCY.—The term ‘State educational agency’ has the meaning given to that term in section 9101 of the Elementary and Secondary Education Act of 1965.

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

“SEC. 204. HOME SCHOOLS.

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

“SEC. 205. AUTHORIZATION OF APPROPRIATIONS.

“There are authorized to be appropriated to carry out this title \$590,127,000 for fiscal year 2006 and such sums as may be necessary for fiscal years 2007 through 2011.

“CHAPTER 1—FEDERAL PROVISIONS

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

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

“(1) shall reserve up to 1.72 percent for incentive grants under section 213;

“(2) shall reserve 1.75 percent to carry out section 242; and

“(3) shall reserve up to 1.55 percent to carry out section 243.

“(b) GRANTS TO ELIGIBLE AGENCIES.—

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

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

“(c) ALLOTMENTS.—

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

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

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

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

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

“(1) is at least 16 years of age;

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

“(3) does not have a secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent; and

“(4) is not enrolled in secondary school.

“(e) SPECIAL RULE.—

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

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

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

“(f) HOLD-HARMLESS PROVISIONS.—

“(1) IN GENERAL.—Notwithstanding subsection (c), and subject to paragraphs (2) and (3), for fiscal year 2006 and each succeeding fiscal year, no eligible agency shall receive an allotment under this title that is less than 90 percent of the allotment the eligible agency received for the preceding fiscal year under this title.

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

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

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

“SEC. 212. PERFORMANCE ACCOUNTABILITY SYSTEM.

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

“(b) ELIGIBLE AGENCY PERFORMANCE MEASURES.—

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

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

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

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

“(2) INDICATORS OF PERFORMANCE.—

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

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

“(ii) Receipt of a secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent.

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

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

“(i) Entry into employment.

“(ii) Retention in employment.

“(iii) Increase in earnings.

“(3) LEVELS OF PERFORMANCE.—

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

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

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

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

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

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

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

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

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

“(v) AGREEMENT ON ELIGIBLE AGENCY ADJUSTED LEVELS OF PERFORMANCE FOR SECOND 3 YEARS.—Prior to the fourth program year covered by the State plan, the Secretary and each eligible agency shall reach agreement on levels of student performance for each of the core indica-

tors of performance for the fourth, fifth, and sixth program years covered by the State plan, taking into account the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the eligible agency adjusted levels of performance for the eligible agency for such years and shall be incorporated into the State plan.

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

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

“(c) REPORT.—

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

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

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

“(2) INFORMATION DISSEMINATION.—The Secretary—

“(A) shall make the information contained in such reports available to the general public through publication (including on the Internet site of the Department of Education) and other appropriate methods;

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

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

“SEC. 213. INCENTIVE GRANTS FOR STATES.

“(a) IN GENERAL.—From funds appropriated under section 211(a)(1), the Secretary may award grants to States for exemplary performance in carrying out programs under this title. Such awards shall be based on States exceeding the core indicators of performance established under section 212(b)(2)(A) and may be based on the performance of the State in serving populations, such as those described in section 224(b)(10), including the levels of service provided and the performance outcomes, and such other factors relating to the performance of the State under this title as the Secretary determines appropriate.

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

“CHAPTER 2—STATE PROVISIONS

“SEC. 221. STATE ADMINISTRATION.

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

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

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

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

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

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

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

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

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

“(b) MATCHING REQUIREMENT.—

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

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

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

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

“SEC. 223. STATE LEADERSHIP ACTIVITIES.

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

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

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

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

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

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

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

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

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

“(9) Activities to promote workplace literacy programs.

“(10) Activities to promote and complement local outreach initiatives described in section 243(7).

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

“(12) Integration of literacy, instructional, and occupational skill training and promotion of linkages with employees.

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

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

outlying area shall identify, to eligible providers, the rule or policy as being imposed by the State or outlying area.

“SEC. 224. STATE PLAN.

“(a) 6-YEAR PLANS.—

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

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

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

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

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

“(3) a description of how the eligible agency will evaluate and measure annually the effectiveness and improvement of the adult education, basic skills, and family literacy education programs based on the performance measures described in section 212 including—

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

“(B) how the eligible agency—

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

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

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

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

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

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

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

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

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

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

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

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

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

- “(A) low-income individuals;
- “(B) individuals with disabilities;
- “(C) the unemployed;
- “(D) the underemployed; and
- “(E) individuals with multiple barriers to educational enhancement, including individuals with limited English proficiency;

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

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

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

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

“(13) an assessment of the adequacy of the system of the State or outlying area to ensure teacher quality and a description of how the State or outlying area will use funds received under this subtitle to improve teacher quality, including professional development on the use of scientifically based research to improve instruction; and

“(14) a description of how the eligible agency will consult with any State agency responsible for postsecondary education to develop adult education that prepares students to enter postsecondary education without the need for remediation upon completion of secondary school equivalency programs.

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

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

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

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

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

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

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

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

- “(1) basic skills education;
- “(2) special education programs as determined by the eligible agency;
- “(3) reading, writing, speaking, and math programs; and
- “(4) secondary school credit or diploma programs or their recognized equivalent.

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

“(d) DEFINITIONS.—For purposes of this section:

“(1) CORRECTIONAL INSTITUTION.—The term ‘correctional institution’ means any—

- “(A) prison;
- “(B) jail;
- “(C) reformatory;
- “(D) work farm;
- “(E) detention center; or

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

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

“CHAPTER 3—LOCAL PROVISIONS

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

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

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

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

“(2) Workplace literacy programs.

“(3) English language acquisition programs.

“(4) Family literacy education programs.

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

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

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

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

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

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

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

“(4) the program—

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

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

“(5) educational practices are based on scientifically based research;

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

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

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

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

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

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

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

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

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

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

“(e) SPECIAL RULE.—Eligible providers may use grant funds under this title to serve children participating in family literacy programs assisted under this part, provided that other sources of funds available to provide similar services for such children are used first.

“SEC. 232. LOCAL APPLICATION.

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

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

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

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

“SEC. 233. LOCAL ADMINISTRATIVE COST LIMITS.

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

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

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

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

“CHAPTER 4—GENERAL PROVISIONS

“SEC. 241. ADMINISTRATIVE PROVISIONS.

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

“(b) MAINTENANCE OF EFFORT.—

“(1) IN GENERAL.—

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

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

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

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

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

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

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

“SEC. 242. NATIONAL INSTITUTE FOR LITERACY.

“(a) IN GENERAL.—

“(1) PURPOSE.—The purpose of the National Institute for Literacy is to promote the improvement of literacy, including skills in reading, writing, and English language acquisition for children, youth, and adults, through practices derived from the findings of scientifically based research.

“(2) ESTABLISHMENT.—There is established a National Institute for Literacy (in this section referred to as the ‘Institute’). The Institute shall be administered under the terms of an interagency agreement entered into, reviewed annually, and modified as needed by the Secretary of Education with the Secretary of Health and Human Services and the Secretary of Labor (in this section referred to as the ‘Interagency Group’).

“(3) OFFICES.—The Institute shall have offices separate from the offices of the Department of Education, the Department of Health and Human Services, and the Department of Labor.

“(4) ADMINISTRATIVE SUPPORT.—The Department of Education shall provide administrative support for the Institute.

“(5) DAILY OPERATIONS.—The Director of the Institute shall administer the daily operations of the Institute.

“(b) DUTIES.—

“(1) IN GENERAL.—To carry out its purpose, the Institute may—

“(A) identify and disseminate rigorous scientific research on the effectiveness of instructional practices and organizational strategies relating to programs on the acquisition of skills in reading, writing, and English language acquisition for children, youth, and adults;

“(B) create and widely disseminate materials about the acquisition and application of skills in reading, writing, and English language acquisition for children, youth, and adults based on scientifically based research;

“(C) ensure a broad understanding of scientifically based research on reading, writing, and English language acquisition for children, youth, and adults among Federal agencies with responsibilities for administering programs that provide related services, including State and local educational agencies;

“(D) facilitate coordination and information sharing among national organizations and associations interested in programs that provide services to improve skills in reading, writing, and English language acquisition for children, youth, and adults;

“(E) coordinate with the appropriate offices in the Department of Education, the Department of Health and Human Services, the Department of Labor, and other Federal agencies to apply the findings of scientifically based research related to programs on reading, writing, and English language acquisition for children, youth, and adults;

“(F) establish a national electronic database and Internet site describing and fostering communication on scientifically based programs in reading, writing, and English language acquisition for children, youth, and adults, including professional development programs; and

“(G) provide opportunities for technical assistance, meetings, and conferences that will foster increased coordination among Federal, State, and local agencies and entities and improvement of reading, writing, and English language acquisition skills for children, youth, and adults.

“(2) COORDINATION.—In identifying scientifically based research on reading, writing, and English language acquisition for children, youth, and adults, the

Institute shall use standards for research quality that are consistent with those established by the Institute of Education Sciences.

“(3) GRANTS, CONTRACTS, AND COOPERATIVE AGREEMENTS.—

“(A) IN GENERAL.—The Institute may award grants to, or enter into contracts or cooperative agreements with, individuals, public or private institutions, agencies, organizations, or consortia of such individuals, institutions, agencies, or organizations, to carry out the activities of the Institute.

“(B) REGULATIONS.—The Director may adopt the general administrative regulations of the Department of Education, as applicable, for use by the Institute.

“(C) RELATION TO OTHER LAWS.—The duties and powers of the Institute under this title are in addition to the duties and powers of the Institute under subparts 1, 2, and 3 of part B of the Elementary and Secondary Education Act of 1965 (commonly referred to as Reading First, Early Reading First, and the William F. Goodling Even Start Family Literacy Program, respectively).

“(c) VISITING SCHOLARS.—The Institute may establish a visiting scholars program, with such stipends and allowances as the Director considers necessary, for outstanding researchers, scholars, and individuals who—

“(1) have careers in adult education, workforce development, or scientifically based reading, writing, or English language acquisition; and

“(2) can assist the Institute in translating research into practice and providing analysis that advances instruction in the fields of reading, writing, and English language acquisition for children, youth, and adults.

“(d) INTERNS AND VOLUNTEERS.—The Institute, in consultation with the National Institute for Literacy Advisory Board, may award paid and unpaid internships to individuals seeking to assist the Institute in carrying out its purpose. Notwithstanding section 1342 of title 31, United States Code, the Institute may accept and use voluntary and uncompensated services as the Institute determines necessary.

“(e) NATIONAL INSTITUTE FOR LITERACY ADVISORY BOARD.—

“(1) ESTABLISHMENT.—

“(A) IN GENERAL.—There shall be a National Institute for Literacy Advisory Board (in this section referred to as the ‘Board’), which shall consist of 10 individuals appointed by the President with the advice and consent of the Senate.

“(B) QUALIFICATIONS.—The Board shall be composed of individuals who—

“(i) are not otherwise officers or employees of the Federal Government; and

“(ii) are knowledgeable about current effective scientifically based research findings on instruction in reading, writing, and English language acquisition for children, youth, and adults.

“(C) COMPOSITION.—The Board may include—

“(i) representatives of business, industry, labor, literacy organizations, adult education providers, community colleges, students with disabilities, and State agencies, including State directors of adult education; and

“(ii) individuals who, and representatives of entities that, have been successful in improving skills in reading, writing, and English language acquisition for children, youth, and adults.

“(2) DUTIES.—The Board shall—

“(A) make recommendations concerning the appointment of the Director of the Institute;

“(B) provide independent advice on the operation of the Institute;

“(C) receive reports from the Interagency Group and the Director; and

“(D) review the biennial report to the Congress under subsection (k).

“(3) FEDERAL ADVISORY COMMITTEE ACT.—Except as otherwise provided, the Board shall be subject to the provisions of the Federal Advisory Committee Act.

“(4) APPOINTMENTS.—

“(A) IN GENERAL.—Each member of the Board shall be appointed for a term of 3 years, except that the initial terms for members may be 1, 2, or 3 years in order to establish a rotation in which one-third of the members are selected each year. Any such member may be appointed for not more than 2 consecutive terms.

“(B) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member’s predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member’s term until a successor has taken office.

“(5) QUORUM.—A majority of the members of the Board shall constitute a quorum, but a lesser number may hold hearings. A recommendation of the Board may be passed only by a majority of the Board’s members present at a meeting for which there is a quorum.

“(6) ELECTION OF OFFICERS.—The Chairperson and Vice Chairperson of the Board shall be elected by the members of the Board. The term of office of the Chairperson and Vice Chairperson shall be 2 years.

“(7) MEETINGS.—The Board shall meet at the call of the Chairperson or a majority of the members of the Board.

“(f) GIFTS, BEQUESTS, AND DEVISES.—

“(1) IN GENERAL.—The Institute may accept, administer, and use gifts or donations of services, money, or property, whether real or personal, tangible or intangible.

“(2) RULES.—The Board shall establish written rules setting forth the criteria to be used by the Institute in determining whether the acceptance of contributions of services, money, or property whether real or personal, tangible or intangible, would reflect unfavorably upon the ability of the Institute or any employee to carry out the responsibilities of the Institute or employee, or official duties, in a fair and objective manner, or would compromise the integrity, or the appearance of the integrity, of the Institute’s programs or any official involved in those programs.

“(g) MAILS.—The Board and the Institute may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

“(h) DIRECTOR.—The Secretary of Education, after considering recommendations made by the Board and consulting with the Interagency Group, shall appoint and fix the pay of the Director of the Institute and, when necessary, shall appoint an Interim Director of the Institute.

“(i) APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.—The Director and staff of the Institute may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of the annual rate of basic pay payable for level IV of the Executive Schedule.

“(j) EXPERTS AND CONSULTANTS.—The Institute may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

“(k) BIENNIAL REPORT.—

“(1) IN GENERAL.—The Institute shall submit a report biennially to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate. Each report submitted under this subsection shall include—

“(A) a comprehensive and detailed description of the Institute’s operations, activities, financial condition, and accomplishments in identifying and describing programs on reading, writing, and English language acquisition for children, youth, and adults for the period covered by the report; and

“(B) a description of how plans for the operation of the Institute for the succeeding 2 fiscal years will facilitate achievement of the purpose of the Institute.

“(2) FIRST REPORT.—The Institute shall submit its first report under this subsection to the Congress not later than 1 year after the date of the enactment of the Job Training Improvement Act of 2005.

“(l) ADDITIONAL FUNDING.—In addition to the funds authorized under section 205 and reserved for the Institute under section 211, the Secretary of Education, the Secretary of Health and Human Services, the Secretary of Labor, or the head of any other Federal agency or department that participates in the activities of the Institute may provide funds to the Institute for activities that the Institute is authorized to perform under this section.

“SEC. 243. NATIONAL LEADERSHIP ACTIVITIES.

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

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

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

“(B) in developing valid, measurable, and reliable performance data, and using performance information for the improvement of adult education

basic skills, English language acquisition, and family literacy education programs;

“(C) on adult education professional development; and

“(D) in using distance learning and improving the application of technology in the classroom, including instruction in English language acquisition for individuals who have limited English proficiency.

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

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

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

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

“(6) Identifying model integrated basic and workplace skills education programs, including programs for individuals with limited English proficiency coordinated literacy and employment services, and effective strategies for serving adults with disabilities.

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

“(8) Initiating other activities designed to improve the measurable quality and effectiveness of adult education basic skills, English language acquisition, and family literacy education programs nationwide.”.

TITLE III—AMENDMENTS TO THE WAGNER-PEYSER ACT

SEC. 301. AMENDMENTS TO THE WAGNER-PEYSER ACT.

The Wagner-Peyser Act (29 U.S.C. 49 et. seq.) is amended—

- (1) by striking sections 1 through 13;
- (2) in section 14 by inserting “of Labor” after “Secretary”; and
- (3) by amending section 15 to read as follows:

“SEC. 15. WORKFORCE AND LABOR MARKET INFORMATION SYSTEM.

“(a) SYSTEM CONTENT.—

“(1) IN GENERAL.—The Secretary of Labor, in accordance with the provisions of this section, shall oversee the development, maintenance, and continuous improvement of a nationwide workforce and labor market information system that includes—

“(A) statistical data from cooperative statistical survey and projection programs and data from administrative reporting systems that, taken together, enumerate, estimate, and project employment opportunities and conditions at national, State, and local levels in a timely manner, including statistics on—

“(i) employment and unemployment status of national, State, and local populations, including self-employed, part-time, and seasonal workers;

“(ii) industrial distribution of occupations, as well as current and projected employment opportunities, wages, benefits (where data is available), and skill trends by occupation and industry, with particular attention paid to State and local conditions;

“(iii) the incidence of, industrial and geographical location of, and number of workers displaced by, permanent layoffs and plant closings; and

“(iv) employment and earnings information maintained in a longitudinal manner to be used for research and program evaluation;

“(B) information on State and local employment opportunities, and other appropriate statistical data related to labor market dynamics, which—

“(i) shall be current and comprehensive;

“(ii) shall meet the needs identified through the consultations described in subparagraphs (A) and (B) of subsection (e)(2); and

“(iii) shall meet the needs for the information identified in section 134(d);

“(C) technical standards (which the Secretary shall publish annually) for data and information described in subparagraphs (A) and (B) that, at a minimum, meet the criteria of chapter 35 of title 44, United States Code;

“(D) procedures to ensure compatibility and additivity of the data and information described in subparagraphs (A) and (B) from national, State, and local levels;

“(E) procedures to support standardization and aggregation of data from administrative reporting systems described in subparagraph (A) of employment-related programs;

“(F) analysis of data and information described in subparagraphs (A) and (B) for uses such as—

“(i) national, State, and local policymaking;

“(ii) implementation of Federal policies (including allocation formulas);

“(iii) program planning and evaluation; and

“(iv) researching labor market dynamics;

“(G) wide dissemination of such data, information, and analysis in a user-friendly manner and voluntary technical standards for dissemination mechanisms; and

“(H) programs of—

“(i) training for effective data dissemination;

“(ii) research and demonstration; and

“(iii) programs and technical assistance.

“(2) INFORMATION TO BE CONFIDENTIAL.—

“(A) IN GENERAL.—No officer or employee of the Federal Government or agent of the Federal Government may—

“(i) use any submission that is furnished for exclusively statistical purposes under the provisions of this section for any purpose other than the statistical purposes for which the submission is furnished;

“(ii) make any publication or media transmittal of the data contained in the submission described in clause (i) that permits information concerning individual subjects to be reasonably inferred by either direct or indirect means; or

“(iii) permit anyone other than a sworn officer, employee, or agent of any Federal department or agency, or a contractor (including an employee of a contractor) of such department or agency, to examine an individual submission described in clause (i),

without the consent of the individual, agency, or other person who is the subject of the submission or provides that submission.

“(B) IMMUNITY FROM LEGAL PROCESS.—Any submission (including any data derived from the submission) that is collected and retained by a Federal department or agency, or an officer, employee, agent, or contractor of such a department or agency, for exclusively statistical purposes under this section shall be immune from the legal process and shall not, without the consent of the individual, agency, or other person who is the subject of the submission or provides that submission, be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceeding.

“(C) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to provide immunity from the legal process for such submission (including any data derived from the submission) if the submission is in the possession of any person, agency, or entity other than the Federal Government or an officer, employee, agent, or contractor of the Federal Government, or if the submission is independently collected, retained, or produced for purposes other than the purposes of this Act.

“(b) SYSTEM RESPONSIBILITIES.—

“(1) IN GENERAL.—The workforce and labor market information system described in subsection (a) shall be planned, administered, overseen, and evaluated through a cooperative governance structure involving the Federal Government and States.

“(2) DUTIES.—The Secretary, with respect to data collection, analysis, and dissemination of labor employment statistics for the system, shall carry out the following duties:

“(A) Assign responsibilities within the Department of Labor for elements of the workforce and labor market information system described in subsection (a) to ensure that all statistical and administrative data collected is consistent with appropriate Bureau of Labor Statistics standards and definitions.

“(B) Actively seek the cooperation of other Federal agencies to establish and maintain mechanisms for ensuring complementarity and nonduplication in the development and operation of statistical and administrative data collection activities.

“(C) Eliminate gaps and duplication in statistical undertakings, with the systemization of wage surveys as an early priority.

“(D) In collaboration with the Bureau of Labor Statistics and States, develop and maintain the elements of the workforce and labor market information system described in subsection (a), including the development of consistent procedures and definitions for use by the States in collecting the data and information described in subparagraphs (A) and (B) of subsection (a)(1).

“(E) Establish procedures for the system to ensure that—

“(i) such data and information are timely;

“(ii) paperwork and reporting for the system are reduced to a minimum; and

“(iii) States and localities are fully involved in the development and continuous improvement of the system at all levels, including ensuring the provision, to such States and localities, of budget information necessary for carrying out their responsibilities under subsection (e).

“(c) NATIONAL ELECTRONIC TOOLS TO PROVIDE SERVICES.—The Secretary is authorized to assist in the development of national electronic tools that may be used to facilitate the delivery of core services described in section 134 and to provide workforce information to individuals through the one-stop delivery systems described in section 121 and through other appropriate delivery systems.

“(d) COORDINATION WITH THE STATES.—

“(1) IN GENERAL.—The Secretary, working through the Bureau of Labor Statistics and the Employment and Training Administration, shall regularly consult with representatives of State agencies carrying out workforce information activities regarding strategies for improving the workforce and labor market information system.

“(2) FORMAL CONSULTATIONS.—At least twice each year, the Secretary, working through the Bureau of Labor Statistics, shall conduct formal consultations regarding programs carried out by the Bureau of Labor Statistics with representatives of each of the 10 Federal regions of the Department of Labor, elected from the State directors affiliated with State agencies that perform the duties described in subsection (e)(2).

“(e) STATE RESPONSIBILITIES.—

“(1) IN GENERAL.—In order to receive Federal financial assistance under this section, the Governor of a State shall—

“(A) be responsible for the management of the portions of the workforce and labor market information system described in subsection (a) that comprise a statewide workforce and labor market information system and for the State’s participation in the development of the annual plan;

“(B) establish a process for the oversight of such system;

“(C) consult with State and local employers, participants, and local workforce investment boards about the labor market relevance of the data to be collected and disseminated through the statewide workforce and labor market information system;

“(D) consult with State educational agencies and local educational agencies concerning the provision of employment statistics in order to meet the needs of secondary school and postsecondary school students who seek such information;

“(E) collect and disseminate for the system, on behalf of the State and localities in the State, the information and data described in subparagraphs (A) and (B) of subsection (a)(1);

“(F) maintain and continuously improve the statewide workforce and labor market information system in accordance with this section;

“(G) perform contract and grant responsibilities for data collection, analysis, and dissemination for such system;

“(H) conduct such other data collection, analysis, and dissemination activities as will ensure an effective statewide workforce and labor market information system;

“(I) actively seek the participation of other State and local agencies in data collection, analysis, and dissemination activities in order to ensure complementarity, compatibility, and usefulness of data;

“(J) participate in the development of the annual plan described in subsection (c); and

“(K) utilize the quarterly records described in section 136(f)(2) of the Workforce Investment Act of 1998 to assist the State and other States in measuring State progress on State performance measures.

“(2) **RULE OF CONSTRUCTION.**—Nothing in this section shall be construed as limiting the ability of a Governor to conduct additional data collection, analysis, and dissemination activities with State funds or with Federal funds from sources other than this section.

“(f) **NONDUPLICATION REQUIREMENT.**—None of the functions and activities carried out pursuant to this section shall duplicate the functions and activities carried out under the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

“(g) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the fiscal years 2006 through 2011.

“(h) **DEFINITION.**—In this section, the term ‘local area’ means the smallest geographical area for which data can be produced with statistical reliability.”.

TITLE IV—AMENDMENTS TO THE REHABILITATION ACT OF 1973

SEC. 401. FINDINGS.

Section 2(a) of the Rehabilitation Act of 1973 (29 U.S.C. 701(a)) is amended—

- (1) in paragraph (5), by striking “and” at the end;
- (2) in paragraph (6), by striking the period and inserting “; and”; and
- (3) by adding at the end the following:
“(7) there is a substantial need to improve and expand services for students with disabilities under this Act.”.

SEC. 402. REHABILITATION SERVICES ADMINISTRATION.

Section 3(a) of the Rehabilitation Act of 1973 (29 U.S.C. 702(a)) is amended—

- (1) by striking “Office of the Secretary” and inserting “Department of Education”;
- (2) by striking “President by and with the advice and consent of the Senate” and inserting “Secretary, except that the Commissioner appointed under the authority existing on the day prior to the date of enactment of the Job Training Improvement Act of 2005 may continue to serve in the former capacity”; and
- (3) by striking “, and the Commissioner shall be the principal officer,”.

SEC. 403. DIRECTOR.

(a) **IN GENERAL.**—The Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.) is amended—

- (1) by striking “Commissioner” each place it appears, except in sections 3(a) (as amended by section 402) and 21, and inserting “Director”;
- (2) in section 100(d)(2)(B), by striking “COMMISSIONER” and inserting “DIRECTOR”;
- (3) in section 706, by striking “commisioner” and inserting “director”; and
- (4) in section 723(a)(3), by striking “COMMISSIONER” and inserting “DIRECTOR”.

(b) **EXCEPTION.**—Section 21 of the Rehabilitation Act of 1973 (29 U.S.C. 718) is amended—

- (1) in subsection (b)(1)—
 - (A) by striking “Commissioner” the first place it appears and inserting “Director of the Rehabilitation Services Administration”; and
 - (B) by striking “(referred to in this subsection as the ‘Director’)”; and
- (2) by striking “Commissioner and the Director” each place it appears and inserting “both such Directors”.

SEC. 404. DEFINITIONS.

Section 7 of the Rehabilitation Act of 1973 (29 U.S.C. 705) is amended—

- (1) by redesignating paragraphs (35) through (39) as paragraphs (36), (37), (38), (40), and (41), respectively;

(2) in subparagraph (A)(ii) of paragraph (36) (as redesignated in paragraph (1)), by striking “paragraph (36)(C)” and inserting “paragraph (37)(C)”;

(3) by inserting after paragraph (34) the following:

“(35)(A) The term ‘student with a disability’ means an individual with a disability who—

“(i) is not younger than 16 and not older than 21;

“(ii) has been determined to be eligible under section 102(a) for assistance under this title; and

“(iii)(I) is eligible for, and is receiving, special education under part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.); or

“(II) is an individual with a disability, for purposes of section 504.

“(B) The term ‘students with disabilities’ means more than 1 student with a disability.”; and

(4) by inserting after paragraph (38) (as redesignated by paragraph (1)) the following:

“(39) The term ‘transition services expansion year’ means—

“(A) the first fiscal year for which the amount appropriated under section 100(b) exceeds the amount appropriated under section 100(b) for fiscal year 2004 by not less than \$100,000,000; and

“(B) each fiscal year subsequent to that first fiscal year.”.

SEC. 405. STATE PLAN.

(a) COORDINATION WITH EDUCATION OFFICIALS AND ASSISTIVE TECHNOLOGY PROGRAMS.—Section 101(a)(11) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(11)) is amended—

(1) in subparagraph (D)(i) by inserting “, which may be provided using alternative means of meeting participation (such as video conferences and conference calls)” before the semicolon; and

(2) by adding at the end the following:

“(G) COORDINATION WITH ASSISTIVE TECHNOLOGY PROGRAMS.—The State plan shall include an assurance that the designated State unit and the lead agency responsible for carrying out duties under the Assistive Technology Act of 1998 (29 U.S.C. 3001), as amended, have developed working relationships and coordinate their activities.”.

(b) ASSESSMENT AND STRATEGIES.—Section 101(a)(15) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(15)) is amended—

(1) in subparagraph (A)

(A) in clause (i)—

(i) in subclause (II), by striking “and” at the end;

(ii) in subclause (III), by adding “and” at the end; and

(iii) by adding at the end the following:

“(IV) in a transition services expansion year, students with disabilities, including their need for transition services;”;

(B) by redesignating clauses (ii) and (iii) as clauses (iii) and (iv), respectively, and inserting after clause (i) the following:

“(ii) include an assessment of the transition services provided under this Act, and coordinated with transition services under the Individuals with Disabilities Education Act, as to those services meeting the needs of individuals with disabilities;”;

(2) in subparagraph (D)—

(A) by redesignating clauses (iii), (iv), and (v) as clauses (iv), (v), and (vi), respectively; and

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

“(iii) in a transition services expansion year, the methods to be used to improve and expand vocational rehabilitation services for students with disabilities, including the coordination of services designed to facilitate the transition of such students from the receipt of educational services in school to the receipt of vocational rehabilitation services under this title or to postsecondary education or employment;”.

(c) SERVICES FOR STUDENTS WITH DISABILITIES.—Section 101(a) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)) is further amended by adding at the end the following:

“(25) SERVICES FOR STUDENTS WITH DISABILITIES.—The State plan for a transition services expansion year shall provide an assurance satisfactory to the Secretary that the State—

“(A) has developed and implemented strategies to address the needs identified in the assessment described in paragraph (15), and achieve the goals and priorities identified by the State, to improve and expand vocational re-

habilitation services for students with disabilities on a statewide basis in accordance with paragraph (15); and

“(B) from funds reserved under section 110A, shall carry out programs or activities designed to improve and expand vocational rehabilitation services for students with disabilities that—

“(i) facilitate the transition of the students with disabilities from the receipt of educational services in school, to the receipt of vocational rehabilitation services under this title, including, at a minimum, those services specified in the interagency agreement required in paragraph (11)(D);

“(ii) improve the achievement of post-school goals of students with disabilities, including improving the achievement through participation (as appropriate when vocational goals are discussed) in meetings regarding individualized education programs developed under section 614 of the Individuals with Disabilities Education Act (20 U.S.C. 1414);

“(iii) provide vocational guidance, career exploration services, and job search skills and strategies and technical assistance to students with disabilities;

“(iv) support the provision of training and technical assistance to State and local educational agency and designated State agency personnel responsible for the planning and provision of services to students with disabilities; and

“(v) support outreach activities to students with disabilities who are eligible for, and need, services under this title.”.

SEC. 406. SCOPE OF SERVICES.

Section 103 of the Rehabilitation Act of 1973 (29 U.S.C. 723) is amended—

(1) in subsection (a), by striking paragraph (15) and inserting the following:

“(15) transition services for students with disabilities, that facilitate the achievement of the employment outcome identified in the individualized plan for employment, including, in a transition services expansion year, services described in clauses (i) through (iii) of section 101(a)(25)(B);”;

(2) in subsection (b), by striking paragraph (6) and inserting the following:

“(6)(A)(i) Consultation and technical assistance services to assist State and local educational agencies in planning for the transition of students with disabilities from school to post-school activities, including employment.

“(ii) In a transition services expansion year, training and technical assistance described in section 101(a)(25)(B)(iv).

“(B) In a transition services expansion year, services for groups of individuals with disabilities who meet the requirements of clauses (i) and (iii) of section 7(35)(A), including services described in clauses (i), (ii), (iii), and (v) of section 101(a)(25)(B), to assist in the transition from school to post-school activities.”; and

(3) in subsection (b) by inserting at the end, the following:

“(7) The establishment, development, or improvement of assistive technology demonstration, loan, reutilization, or financing programs in coordination with activities authorized under the Assistive Technology Act of 1998 (29 U.S.C. 3001), as amended, to promote access to assistive technology for individuals with disabilities and employers.”.

SEC. 407. STANDARDS AND INDICATORS.

Section 106(a) of the Rehabilitation Act of 1973 (29 U.S.C. 726(a)) is amended by striking paragraph (1)(C) and all that follows through paragraph (2) and inserting the following:

“(2) MEASURES.—The standards and indicators shall include outcome and related measures of program performance that—

“(A) facilitate the accomplishment of the purpose and policy of this title;

“(B) to the maximum extent practicable, are consistent with the core indicators of performance, and corresponding State adjusted levels of performance, established under section 136(b) of the Workforce Investment Act of 1998 (29 U.S.C. 2871(b)); and

“(C) include measures of the program’s performance with respect to the transition to post-school vocational activities, and achievement of the post-school vocational goals, of students with disabilities served under the program.”.

SEC. 408. RESERVATION FOR EXPANDED TRANSITION SERVICES.

The Rehabilitation Act of 1973 is amended by inserting after section 110 (29 U.S.C. 730) the following:

“SEC. 110A. RESERVATION FOR EXPANDED TRANSITION SERVICES.

“(a) RESERVATION.—From the State allotment under section 110 in a transition services expansion year, each State shall reserve an amount calculated by the Director under subsection (b) to carry out programs and activities under sections 101(a)(25)(B) and 103(b)(6).

“(b) CALCULATION.—The Director shall calculate the amount to be reserved for such programs and activities for a fiscal year by each State by multiplying \$50,000,000 by the percentage determined by dividing—

“(1) the amount allotted to that State under section 110 for the prior fiscal year, by

“(2) the total amount allotted to all States under section 110 for that prior fiscal year.”.

SEC. 409. CLIENT ASSISTANCE PROGRAM.

Section 112(e)(1) of the Rehabilitation Act of 1973 (29 U.S.C. 732(e)(1)) is amended by redesignating subparagraph (D) as subparagraph (E) and inserting after subparagraph (C) the following:

“(D) The Secretary shall make grants to the protection and advocacy system serving the American Indian Consortium to provide services in accordance with this section. The amount of such grants shall be the same as provided to territories under this subsection. ”.

SEC. 410. PROTECTION AND ADVOCACY OF INDIVIDUAL RIGHTS.

Section 509(g)(2) of the Rehabilitation Act of 1973 (29 U.S.C. 794e(g)(2)) is amended by striking “was paid” and inserting “was paid, except that program income generated from such amount shall remain available to such system for one additional fiscal year”.

SEC. 411. CHAIRPERSON.

Section 705(b)(5) of the Rehabilitation Act of 1973 (29 U.S.C. 796d(b)(5)) is amended to read as follows:

“(5) CHAIRPERSON.—The Council shall select a chairperson from among the voting membership of the Council.”.

SEC. 412. AUTHORIZATIONS OF APPROPRIATIONS.

The Rehabilitation Act of 1973 is further amended—

(1) in section 100(b)(1) by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2006 through 2011”;

(2) in section 100(d)(1)(B) by striking “fiscal year 2003” and inserting “fiscal year 2011”;

(3) in section 110(c) by amending paragraph (2) to read as follows:

“(2) The sum referred to in paragraph (1) shall be, as determined by the Secretary, not less than 1 percent and not more than 1.5 percent of the amount referred to in paragraph (1) for each of fiscal years 2003 through 2011.”;

(4) in section 112(h) by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2006 through 2011”;

(5) in section 201(a) by striking “fiscal years 1999 through 2003” each place it appears and inserting “fiscal years 2006 through 2011”;

(6) in section 302(i) by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2006 through 2011”;

(7) in section 303(e) by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2006 through 2011”;

(8) in section 304(b) by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2006 through 2011”;

(9) in section 305(b) by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2006 through 2011”;

(10) in section 405 by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2006 through 2011”;

(11) in section 502(j) by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2006 through 2011”;

(12) in section 509(l) by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2006 through 2011”;

(13) in section 612 by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2006 through 2011”;

(14) in section 628 by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2006 through 2011”;

(15) in section 714 by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2006 through 2011”;

(16) in section 727 by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2006 through 2011”; and

(17) in section 753 by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2006 through 2011”.

SEC. 413. CONFORMING AMENDMENT.

Section 1(b) of the Rehabilitation Act of 1973 is amended by inserting after the item relating to section 110 the following:

“Sec. 110A. Reservation for expanded transition services.”.

SEC. 414. HELEN KELLER NATIONAL CENTER ACT.

(a) GENERAL AUTHORIZATION OF APPROPRIATIONS.—The first sentence of section 205(a) of the Helen Keller National Center Act (29 U.S.C. 1904(a)) is amended by striking “1999 through 2003” and inserting “2006 through 2011”.

(b) HELEN KELLER NATIONAL CENTER FEDERAL ENDOWMENT FUND.—The first sentence of section 208(h) of such Act (29 U.S.C. 1907(h)) is amended by striking “1999 through 2003” and inserting “2006 through 2011”.

TITLE V—TRANSITION AND EFFECTIVE DATE

SEC. 501. TRANSITION PROVISIONS.

The Secretary of Labor shall take such actions as the Secretary determines to be appropriate to provide for the orderly implementation of this Act.

SEC. 502. EFFECTIVE DATE.

Except as otherwise provided in this Act, this Act and the amendments made by this Act, shall take effect on the date of enactment of this Act.

PURPOSE

H.R. 27, the Job Training Improvement Act of 2005, enhances the workforce investment system created under the Workforce Investment Act of 1998 by strengthening One-Stop Career Centers, providing for more effective governance arrangements, promoting consumer choice, establishing a more targeted approach to serving youth, and improving performance accountability. The bill also improves our nation’s adult education system using practices based on scientific research, and enhances vocational rehabilitation services for individuals with disabilities seeking to return to or enter the integrated workplace.

COMMITTEE ACTION

107TH CONGRESS

Subcommittee hearings

On Tuesday, March 12, 2002, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, held a hearing in Washington D.C. on “Welfare to Work: Ties Between Temporary Assistance for Needy Families (TANF) and Workforce Development.” The purpose of the hearing was to learn about the interaction between the TANF block grant and the workforce investment system created through the Workforce Investment Act (WIA). Sigurd Nilsen, Ph.D., Director of Health, Education, and Human Services Division, General Accounting Office (now known as the Government Accountability Office, GAO), Washington, D.C. testified before the Subcommittee about the GAO study regarding an increased coordination between the TANF programs and the One-Stop Centers. Mr. John B. O’Reilly, Jr., Executive Director, Southeast Michigan Community Alliance, Taylor, Michigan; Ms. Barbara Gault, Ph.D., Director of Research, Institute for Women’s Policy Research, Washington, D.C.; Mr. Greg Gardner, Acting Director, Utah Department of Workforce Services, Salt Lake City,

Utah; and Ms. Erika Kates, Ph.D., Executive Director, Welfare Education Training Access Coalition Center for Youth and Communities, Brandeis University, Boston, Massachusetts, also testified before the Committee.

On Thursday, September 12, 2002, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, held a hearing in Washington D.C. on the "Implementation of the Workforce Investment Act: Promising Practices in Workforce Development." The purpose of the hearing was to encourage and promote a seamless system that improves services to job seekers and employers. Testifying before the Subcommittee were Mr. Bruce Stenslie, Director, Ventura County Workforce Investment Board, Ventura, California; Ms. Diane D. Rath, Chair, Texas Workforce Commission, Austin, Texas; Mr. Danny Wegman, President, Wegmans Food Markets, Rochester, New York; and Mr. Timothy Barnicle, Co-Director, Workforce Development Program, National Center on Education and the Economy, Washington, D.C.

108TH CONGRESS

Subcommittee hearings

On Tuesday, March 4, 2003, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, held a hearing in Washington, D.C. on "Improving Adult Education for the 21st Century." The purpose of the hearing was to learn about pertinent issues to be addressed in the reauthorization of the Adult Education and Family Literacy Act, Title II of the Workforce Investment Act. The Honorable Carol D'Amico, Assistant Secretary, U.S. Department of Education, Washington, D.C. testified before the Subcommittee on the first panel on methods to improve accountability for academic results while ensuring the flexibility necessary to help adult education participants receive the services they need. Dr. Beth Buelmann, Executive Director, Center for Workforce Preparation for the U.S. Chamber of Commerce, Washington, D.C.; Dr. Randy Whitfield, Associate Vice President of Academic and Student Services, North Carolina Community College System, Raleigh, North Carolina; Ms. Ann-Marie Panella, Director of Human Resources, MCS Industries, Inc., Easton, Pennsylvania; and, Ms. Hermelinda Morales Herrera, Adult Education Participant, Aurora, Colorado, testified before the Subcommittee on the second panel.

On Tuesday, March 11, 2003, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, held a hearing in Washington D.C. on "Workforce Investment and Rehabilitation Acts: Improving Services and Empowering Individuals." The purpose of the hearing was to learn about methods to strengthen and improve current programs and results for both job seekers and employers. The Honorable Emily DeRocco, Assistant Secretary, U.S. Department of Labor, Washington, D.C., and the Honorable Robert Pasternack, Assistant Secretary, U.S. Department of Education, Washington, D.C., testified before the Subcommittee on the first panel about the potential benefits of streamlining programs and funding to better serve populations as well as the need to improve coordination between vocational rehabilitation services and WIA programs to better serve individuals with disabil-

ities. Mr. Thomas J. White, President and CEO, Greater Durham Chamber of Commerce, Durham, North Carolina; Mr. Steven Savner, Senior Staff Attorney, Center for Law and Social Policy, Washington, D.C.; Mr. John Twomey, President, National Workforce Association, Washington, D.C.; and Ms. Bettie Shaw-Henderson, District Manager, Michigan Department of Vocational Rehabilitation, Grand Rapids, Michigan, testified before the Subcommittee on the second panel.

Full committee hearing

On Wednesday, February 12, 2003, the Committee on Education and the Workforce held a hearing in Washington D.C. on “Back to Work: The Administration’s Plan for Economic Recovery and the Workforce Investment Act.” The purpose of the hearing was to learn about the Administration’s proposal to speed the country’s economic recovery, a component of which included Personal Reemployment Accounts that provide assistance to help unemployed Americans who are struggling to return to work, and to learn about the Administration’s proposal for the Workforce Investment Act reauthorization. The Honorable Elaine Chao, Secretary of Labor, Washington, D.C., testified before the Committee on the first panel. Mr. Kenneth Mayfield, President, National Association of Counties, Washington, D.C., and Dr. Lawrence Mishel, President, Economic Policy Institute, Washington, D.C. testified before the Committee on the second panel.

On Tuesday, February 18, 2003, the Committee on Education and the Workforce held a field hearing in Las Vegas, Nevada on “H.R. 444, the Back to Work Incentive Act.” The purpose of the hearing was to examine and discuss the Back to Work Incentive Act, which reflected the Administration’s initial plan to create personal reemployment accounts to help unemployed individuals return to work quickly. Ms. Myla Florence, Director, Nevada Department of Employment, Training, and Rehabilitation, Carson City, Nevada; Mr. Ardell Galbreth, Deputy Board Manager, Southern Nevada Workforce Investment Board, Las Vegas, Nevada; Mr. Robert Brewer, Chair, Southern Nevada Workforce Investment Board, Las Vegas, Nevada; and, Ms. Debi Lindemenn, Employment Specialist Supervisor, Department of Employment, Training, and Rehabilitation, North Las Vegas, Nevada testified before the Committee at the field hearing.

Legislative action

On March 13, 2003, 21st Century Competitiveness Subcommittee Chairman Howard P. “Buck” McKeon (R-CA) and Chairman John Boehner (R-OH) introduced H.R. 1261, the Workforce Reinvestment and Adult Education Act of 2003, a bill to amend the Workforce Investment Act of 1998 to provide for the nation’s One-Stop workforce development system. The legislation also contains the Adult Basic Education Skills Act, which reauthorizes state programs for adult education, and reauthorizes the Rehabilitation Act of 1973, which provides services to help individuals with disabilities become employable and achieve full integration into society.

On March 20, 2003, the Subcommittee on 21st Century Competitiveness considered H.R. 1261 in legislative session and reported it favorably, as amended, to the Committee on Education and the

Workforce by a vote of 15–12. The Subcommittee accepted two amendments, including a substitute amendment offered by Subcommittee Chairman McKeon (R–CA).

On March 27, 2003, the Committee on Education and the Workforce considered H.R. 1261 in legislative session and reported it favorably, as amended, to the House of Representatives by a vote of 26–21. The Committee considered 19 amendments and adopted nine amendments, including a substitute amendment offered by Subcommittee Chairman McKeon (R–CA).

On May 8, 2003, the House of Representatives passed H.R. 1261 by a vote of 220–204.

On November 14, 2003, the Senate passed a substitute version of H.R. 1261 by unanimous consent.

On June 3, 2004, the House of Representatives appointed conferees to resolve differences with the Senate on H.R. 1261.

The Senate did not appoint conferees to resolve differences with the House on H.R. 1261.

109TH CONGRESS

Legislative action

On January 4, 2005, 21st Century Competitiveness Subcommittee Chairman Howard P. “Buck” McKeon (R–CA) and Chairman John Boehner (R–OH) introduced H.R. 27, the Job Training Improvement Act of 2005, a bill to amend the Workforce Investment Act of 1998 to provide for the nation’s One-Stop workforce development system. The legislation also contains the Adult Basic Education Skills Act, which reauthorizes state programs for adult education, and provisions reauthorizing the Rehabilitation Act of 1973, which provides services to help individuals with disabilities become employable and achieve full integration into society. Original cosponsors included Rep. Pat Tiberi (R–OH), Rep. Jon Porter (R–NV), and Rep. John Kline (R–MN). The bill is substantially the same as H.R. 1261, which was considered by the House in the 108th Congress.

On February 9, 2005, the Subcommittee on 21st Century Competitiveness considered H.R. 27 in legislative session and reported it favorably, as amended, to the Committee on Education and the Workforce by a vote of 18–15. The Subcommittee considered 13 amendments and accepted the following amendments:

- The Subcommittee adopted, by voice vote, a substitute amendment offered by Subcommittee Chairman McKeon (R–CA). The amendment creates new authority within the demonstration section of the WIA to authorize the President’s proposal for community-based job training grants; defines administrative costs; makes projects that focus on employment in advanced manufacturing allowable pilot projects; removes the calculation of program efficiency as a core indicator of performance; clarifies that in order to be eligible for WIA youth services, an out-of-school youth who has finished high school and has low basic skills must not be attending any school; allows services for youth during the school day if youth are participating in programs that have demonstrated effectiveness in high school youth achieving diplomas; reinstates the business and community liaison for Job Corps centers; and makes other technical and conforming changes to Titles I and II.

- The Subcommittee adopted, by voice vote, an en bloc amendment offered by Mr. Fortuño (R-PR) that requires states to describe in their plans how they will serve individuals with limited English proficiency and allows local areas to offer training that integrates occupational skills training with English language acquisition.

- The Subcommittee adopted, by voice vote, an amendment offered by Mr. Kind (D-WI) that allows the Secretary, through available demonstration funding, to award competitive grants to train real-time writers.

- The Subcommittee adopted, by voice vote, an amendment offered by Mr. Holt (D-NJ) that requires the Secretary to submit states' quarterly reports to the House Committee on Education and the Workforce and the Senate Committee on Health, Education, Labor and Pensions.

On February 16 and 17, 2005, the Committee on Education and the Workforce considered H.R. 27 in legislative session and reported it favorably, as amended, to the House of Representatives by a vote of 26–20. The Committee considered 20 amendments and adopted the following 4 amendments:

- The Committee adopted, by voice vote, a substitute amendment offered by Subcommittee Chairman McKeon (R-CA). The substitute amendment authorizes \$211 million for the WIA pilot and demonstration authority (of which \$125 million could be used for the President's community-based job training grants) and also authorizes the Labor Secretary to use up to \$125 million more from WIA national reserve funds to fund the community-based job training grants; clarifies that community colleges are the only training providers eligible to participate in the community-based job training grants; allows governors to consider whether training providers allow participants to attain a certification, credential, or mastery as they develop their criteria for determining eligible providers of training; authorizes the American Indian Consortium to receive funds under the Client Assistance Program to provide protection and advocacy services to Native Americans; allows programs under the Protection and Advocacy of Individual Rights program to retain program income generated by the system for up to one additional year after it was generated; requires the state vocational rehabilitation agency to coordinate with the lead agencies established under the Assistive Technology Act of 1998, as amended; allows state vocational rehabilitation agencies to spend funds to support activities authorized under the Assistive Technology Act of 1998, as amended; and makes other technical and conforming changes.

- The Committee adopted, by voice vote, an amendment offered by Rep. Drake (R-VA) to require state and local performance indicators to be adjusted based on the number of veterans with disabilities being served.

- The Committee adopted, by unanimous consent, an amendment offered by Rep. Andrews (D-NJ) to allow local areas to provide information regarding the availability of micro-credit loans when providing entrepreneurship training.

- The Committee adopted, by unanimous consent, an amendment offered by Rep. Andrews (D-NJ) to allow the Secretary to award competitive grants to business partnerships, using pilot and demonstration funding.

SUMMARY

H.R. 27, the Job Training Improvement Act of 2005, reauthorizes and amends the Workforce Investment Act of 1998 (WIA), which provides for the nation's One-Stop workforce development system. The legislation also contains the Adult Basic Education Skills Act, which reauthorizes state programs for adult education, and reauthorizes the Rehabilitation Act of 1973, which provides services to assist individuals with disabilities become employable and achieve full integration into society. The bill extends the authorization of these programs, which expired on September 30, 2003, through fiscal year 2011.

WORKFORCE INVESTMENT

H.R. 27 provides workforce investment services and programs through state and local One-Stop Career Center systems. The goals of the legislation are to provide (1) enhanced employment, retention, and earnings of individuals; (2) increased occupational skills attainment; and (3) improved national economic growth through increased productivity and competitiveness. The bill adds that it also is the purpose of WIA to provide workforce investment activities in a manner that promotes the informed choice of participants and actively involves participants in decisions affecting their participation.

The bill streamlines current WIA funding in order to provide more efficient and results-oriented services and programs to strengthen the corresponding infrastructure, eliminate duplication, strengthen resource allocation, improve accountability, enhance the role of employers, and increase state and local flexibility. H.R. 27 provides enhanced improvements to the WIA system to effectively address the changing needs of both workers and employers and further address the needs of special populations by promoting a more productive workforce and youth development programs that are connected to the private sector, postsecondary education and training, social services, and economic development systems.

STATE AND LOCAL WORKFORCE INVESTMENT BOARDS

H.R. 27 strengthens the membership requirements and the role of the State Workforce Investment Boards. Required membership includes: (1) state agencies responsible for administering the One-Stop partner programs; (2) the state economic development agency; (3) business representatives; (4) local elected officials; (5) worker advocates; and (6) state legislators. The bill continues the current law requirement that a majority of the board represents business, and a member of the business community must chair the board. State boards will establish criteria for certification of One-Stop Career Centers for the purpose of awarding infrastructure funds. Furthermore, state boards will set policies and priorities affecting the integration of services at the One-Stop Career Center to increase support for partner usage and create a more coordinated approach to addressing the workforce needs of each community.

Local Workforce Investment Board membership is streamlined to ensure greater responsiveness to local area needs by appropriately reflecting leading industry sectors and geographical areas and removing the requirement that One-Stop partner programs have a

seat on the local boards. H.R. 27 eliminates the requirement that each area have a Youth Council. Local boards will have the option of creating advisory committees, including a Youth Council, comprised of One-Stop partners and other key parties to provide advice on operational issues. State and local area requirements to submit strategic plans are reduced from five to two years to reflect better economic conditions or state/local priorities.

ONE-STOP CAREER CENTER SYSTEM

The bill streamlines the operational cost of the One-Stop system through One-Stop infrastructure funding to alleviate current local negotiation issues. Each mandatory partner program will contribute a portion of its funding, which will be determined by the governor in consultation with the state board, toward One-Stop infrastructure funding. In addition, the state board will establish criteria for and issue certifications of One-Stop Career Centers to ensure appropriate integration of services and consistency across states. Only certified centers are eligible for infrastructure grants.

COMPREHENSIVE SERVICES FOR ADULTS

H.R. 27 combines the funding streams of the WIA Adult, WIA Dislocated Worker and Wagner-Peyser programs into one funding structure to reduce current duplication and inefficiency. H.R. 27 authorizes this program at \$3.14 billion for fiscal year 2006 and such sums as necessary for fiscal years 2007 through 2011. The bill reserves 10 percent of the funds for the Secretary for national activities. A new formula is instituted, but the bill holds states harmless against what they would have received under the current law formulas for the three separate programs. Fifty percent of the funds are allocated to the local areas and 50 percent is retained by states. Of the state portion, 50 percent is required to go to the local areas for the delivery of core services, which can include the provision of state staff to provide the services. In addition, the bill defines "accrued expenditures" and bases the re-allotment of funds among states and the redistribution of funds within states on expenditures, minus accrued expenditures, rather than obligations to effectively redistribute unspent, available funds among areas with greater needs.

H.R. 27 also provides greater flexibility in the delivery of services. Individuals are no longer required to spend a specific amount of time in one tier of service. Individuals are now able to receive the services that are most appropriate for their needs. A priority is placed on unemployed workers, and if funds are determined by a state to be limited, a second-tier priority is placed on low-income individuals. In addition, the bill gives states the authority to determine the standards, information, and data required for eligible training providers to offer services to individuals. Such criteria must comply with the Family Educational Rights and Privacy Act (FERPA). In addition, states will address the needs of individuals with barriers to employment, including individuals with disabilities.

The bill allows faith-based providers to engage fully as service providers in the One-Stop Career Centers without relinquishing their religious identities by restoring the civil liberties these orga-

nizations already enjoy under Title VII of the Civil Rights Act, including the right to hire on a religious basis.

The bill allows demonstration and pilot project funding under WIA to be used by states and local boards to offer personal reemployment accounts (PRAs) of up to \$3,000 to help unemployed individuals return to work. With the funds from these accounts, unemployed workers may purchase a variety of employment-related services, such as training, child care, transportation, career counseling, relocation services, and more, to help them find a new job and reenter the workforce. Workers who become reemployed within 13 weeks keep the balance of the account as a reemployment bonus.

H.R. 27 strengthens the role of community colleges that provide job training services to Americans striving to get a new or better job. The bill authorizes a community-based job training demonstration program to enhance partnerships among high-growth, high demand industries, community colleges, and the local workforce investment system.

PERFORMANCE MEASURES

H.R. 27 reduces the number of required performance measures from seventeen to six, three for adult outcomes and three for youth outcomes, to effectively evaluate the system. As provided under current law, the performance indicators are negotiated between each state and the Department of Labor. State-specific performance targets shall reflect appropriate economic and demographic factors of the population served so as not to create a disincentive to serve hard-to-serve populations. Governors have the authority to add additional measures for use within their state.

YOUTH PROGRAM

H.R. 27 authorizes the youth program at \$1.25 billion for fiscal year 2006. The Secretary may reserve 25 percent of the funds, up to \$250 million, to provide Youth Challenge Grants. The remaining funds are distributed to states and local workforce investment boards to operate youth programs. Of these funds, states and local areas must spend at least 70 percent of the funds on out-of-school youth. Such youth currently are underserved and face significant challenges to post-secondary activities. States and local areas may use up to 30 percent of youth funds to serve in-school youth during non-school hours.

ADULT EDUCATION AND LITERACY

Title II of H.R. 27 maintains the structure and purpose of the 1998 consolidation of adult education programs as reflected in P.L. 105–220. The funding formula remains the same, however accountability measures have been strengthened, and faith-based providers are allowed to compete to be local providers of adult education services. Because of the increasing number of individuals needing basic skills education in reading, writing, English language acquisition, and math, there is more focus on providing courses in these areas. Programs offered by local providers should include a sequence of rigorous, academic courses and activities leading to proficiency in the basic skills and family literacy. The mission of the

National Institute for Literacy is to include all levels of instruction in reading for children, youth and adults, improving the management structure by streamlining the decision making process, and aligning the activities with the objectives of the No Child Left Behind Act in areas of reading instruction and scientifically based research.

VOCATIONAL REHABILITATION

H.R. 27 contains the vocational rehabilitation state grants program, which is the primary federal program to assist individuals with disabilities prepare for, obtain, and retain employment in order to achieve full integration into society. The bill reauthorizes through fiscal year 2011 a variety of vocational rehabilitation services, research, training, and advocacy programs designed to assist individuals with disabilities obtain employment. H.R. 27 also includes transition improvements, state plan strategies used to address the needs identified in an assessment of transition services, and coordination with the Individuals with Disabilities Education Act (IDEA) services, including authorizing the use of alternative means of communication when participating in meetings under IDEA. Once annual appropriations exceed \$100 million over the fiscal year 2004 funding level, the bill requires states to reserve a portion of their formula grant funds to provide transition services to students with disabilities served under IDEA as they prepare to move out of school to postsecondary education, employment, or independent living.

The bill also reauthorizes the Helen Keller National Center Act through fiscal year 2011.

EFFECTIVE DATE

The Job Training Improvement Act of 2005 shall be effective immediately upon enactment.

COMMITTEE VIEWS

TITLE I—AMENDMENTS TO THE WORKFORCE INVESTMENT ACT

The Job Training Improvement Act of 2005 builds upon the historic Workforce Investment Act (WIA). In 1998, under this Committee's leadership, Congress passed WIA to reform the nation's job training system that formerly was fragmented, contained overlapping programs, and did not serve either job seekers or employers well. WIA consolidated and integrated employment and training services at the local level in a more unified workforce development system.

The WIA system contains the federal government's primary programs for investment in our nation's workforce preparation. Even though the system is still maturing since its full implementation in July 2000, states and local areas have created effective one-stop delivery systems.

During program year 2003, which ended June 30, 2004, 1.1 million people were assisted through WIA funds. (This figure captures only those individuals who receive intensive or training services. Millions of additional individuals accessed self-service job listings

and placement assistance through core services available in the one-stop centers.) Nationally, states and localities met or exceeded negotiated performance levels for 15 of 17 required performance indicators. Of the adults served, who are mostly low-income individuals, 74.3 percent achieved employment. Of these individuals, 84.5 percent retained employment after six months. Overall, 82 percent of dislocated workers gained employment and 90.2 percent of these individuals retained employment after six months. In addition, 62.2 percent of youth attained diplomas, up from 54 percent in 2001.

Strengthening and improving programs that help Americans get back to work is essential in this time of economic growth. Since August 2003, the U.S. economy has added 2.7 million jobs. As of January 2005, the unemployment rate is 5.2 percent, which is the lowest level in three years and lower than the average unemployment rate during the 1970s, 1980s, and 1990s. However, even during this time of dramatic growth, many individuals need training to find new or better jobs in our knowledge-based economy. We know that the majority of jobs and career fields require at least some postsecondary education and training to succeed. H.R. 27 aims to strengthen opportunities for individuals to get the training they need to acquire employment in high-growth, high-demand occupations.

This legislation builds upon and improves the innovative system created in WIA. The Committee believes it is essential that Congress remove barriers in current law that hamper Americans in their efforts to take full advantage of the assistance WIA offers.

Locally elected officials, who are accountable for implementation at the local level, support H.R. 27. Larry E. Naake, Executive Director of the National Association of Counties, wrote Subcommittee Chairman McKeon on January 19, 2005 to express the Association's support:

NACo is very pleased to offer support of H.R. 27, the Job Training Improvement Act of 2005 * * * America's counties believe that you and members of the Committee have crafted a bill that is fair, balanced and designed to add in the further development and improvement of the nation's job training, one stop and workforce development system. As you know, enactment of the Workforce Investment Act reauthorization legislation is extremely important at this pivotal time in our nation's economic recovery. The United States prosperity and long-term economic security depend in large part on a highly skilled workforce. Meeting the ever-increasing needs of America's workers and employers is crucial to U.S. Competitiveness, both today and in the future.

Purpose

The Committee believes that all individuals should be able to participate actively in the decisions that will affect his or her employment and training choices. Therefore, the Committee has added that it is also the purpose of WIA "to provide workforce investment activities in a manner that promotes the informed choice of participants and actively involves participants in decisions affecting their participation in such activities."

State workforce investment boards

The bill amends the membership requirements and required functions of state workforce investment boards. To better focus the state board on statewide labor market and economic issues, H.R. 27 streamlines membership requirements. Members include the state agencies responsible for administering the one-stop partner programs; the state economic development agency; business representatives; labor representatives; chief local elected officials; and, state legislators. As under current law, governors would retain the right to expand board membership. In addition, the Committee has maintained the requirements that a majority of board members be business representatives and the chairperson of the board be a business representative in order to emphasize the importance of the role of business in the system.

The Committee notes that, while strategic planning and delivery of services most appropriately belongs with the local delivery system, the one-stop delivery system created through WIA would be improved with greater continuity of services within states. As a result, H.R. 27 includes new functions for the state board regarding statewide policies for the one-stop career center system. These include the development of criteria for and issuance of certifications of one-stop centers, allocation of one-stop infrastructure funding, and approaches to facilitating equitable and efficient cost allocation in the one-stop delivery system. The establishment of state-level criteria for one-stop centers should lead to more consistent and better performance within states. In addition, through the functions of the state board, the state-level administrators of the one-stop partner programs will have greater involvement in setting policies regarding the integration of services within the one-stop centers. The Committee asserts that new role should result in their increased participation in the one-stop system.

H.R. 27 eliminates the grandfathering provisions that give authority for states to use entities that were in existence prior to the enactment of WIA in place of state workforce investment boards. The Committee notes that the state boards are an important component of the reforms underlying WIA, and this change is intended to ensure state boards, with their enhanced functions, are established. Without enforcing the new board membership, one-stop partner programs may not have appropriate involvement in the workforce development system. The bill also allows the state board to hire staff to assist in carrying out its functions.

H.R. 27 also revises the WIA planning cycle to require that state plans be submitted every two years instead of every five years. This is intended to ensure that the state plans are dynamic documents that are regularly updated to reflect changing economic situations and reflect state and local priorities. The Committee believes that this change will not create an undo burden on states because the submission of a new plan simply requires the review and updating of the previous plan if significant changes are not warranted.

The Committee wants to ensure that the workforce development needs of certain populations are addressed. Therefore, H.R. 27 adds additional groups to those for which the states already must include a description in their state plans of how the states will address their needs. The new groups are individuals with limited

English proficiency; homeless individuals; ex-offenders; and displaced farmers, ranchers and fishermen. Added emphasis is placed on serving individuals with disabilities by requiring states to assure that services for such individuals are consistent with President Bush's Executive Order 13217, which promotes community-based alternatives for assisting individuals with disabilities.

The Committee recognizes the obligation that states and local agencies have in providing services to individuals with disabilities in a manner consistent with the requirements of civil rights laws, such as the Americans with Disabilities Act and sections 504 and 508 of the Rehabilitation Act of 1973. These laws are crucial to protecting the rights of individuals with disabilities to participate fully in society. In H.R. 27, the Committee reaffirms this obligation by including requirements for state plans and local plans to ensure that the rights of individuals with disabilities are protected, and to ensure that reasonable accommodations are provided so that individuals with disabilities can fully participate in the programs and services supported under this Act, and not just physically access them. The Committee expects the Department of Labor to carefully review state plans, and states to review local plans. The Committee also expects the Department of Labor to improve enforcement of existing federal statutes that protect the rights of individuals with disabilities. The Committee believes the Department's role in enforcing these laws extends beyond just physical access to one stop centers and services and must increase its focus on ensuring that individuals with disabilities are afforded reasonable accommodations in accessing and benefiting from these programs and services.

In addition, the states must address in their plans the methodology they will use for determining one-stop partner programs' contributions to one-stop infrastructure funding. The issue of infrastructure is discussed in more detail later in the report.

The Committee seeks to make the entire workforce investment system more demand-driven and responsive to the needs of employers. By doing so, the workforce system will train workers for available jobs in growing sectors of the economy or those that are being transformed by technology or other innovations. Therefore, H.R. 27 requires states to include in their plans a description of any programs and strategies that the states will utilize to meet the needs of businesses in the states, including small businesses. These could include providing incentives and technical assistance to assist local areas in engaging employers in local workforce development activities.

Local workforce investment boards

Currently, a unit of local government with a population of 500,000 or more, or an area served by a rural concentrated employment program grant recipient, receives an automatic designation as a local workforce investment area, if so desired. H.R. 27 retains this requirement but limits the duration of such designation to each two-year planning cycle and provides that continued automatic designation may be denied if the local area did not perform successfully during the preceding two-year period. The bill retains other provisions regarding the designation of local areas so as not to disrupt the operations of local areas.

Current law also permits states to require regional planning and cooperation among local areas that serve a single labor market area, economic development region, or other appropriate contiguous sub-area of a state. H.R. 27 enhances this authority by allowing states to require a regional plan from such local areas in lieu of separate local plans.

The Committee acknowledges that the large size of the local workforce investment boards under current law have been unwieldy, making strategic decisions more difficult and deterring the participation of business representatives, in particular. The General Accounting Office, now known as the Government Accountability Office (GAO), in its October 2001 report entitled "Workforce Investment Act: Better Guidance Needed to Address Concerns Over New Requirements," observed:

Private-sector representatives we spoke with are frustrated with the operations of the workforce investment boards under WIA, believing that the boards are too large to effectively address their concerns * * * We were told that the size of the boards makes it difficult to recruit the necessary private-sector board members for several reasons * * * because private-sector representatives must make up the majority of board membership, the larger the board, the greater the requirement for private-sector members, which increases the difficulty of recruiting the requisite number of private-sector members.

The Committee believes that streamlined local board membership will provide greater representation and influence by local business representatives, education officials (particularly community colleges), community groups, and representatives of employees who frequently are frustrated that they are not able to connect with or access resources from the local boards.

To facilitate a more manageable board size, the requirement that each of the one-stop partner programs have a seat on the board is eliminated. The partners would retain significant opportunities to affect local policy, including as a part to the local memoranda of understanding (MOU) establishing one-stop arrangements. In addition, the partner programs have new authority as members of the state boards. The bill also permits the creation of specialized advisory councils as necessary, such as a council of one-stop partners.

Local leaders support the changes to the local workforce investment boards. In a letter to Subcommittee Chairman McKeon regarding the bill considered last Congress, dated March 20, 2003, Stephanie Powers, Chief Executive Officer of the National Association of Workforce Boards (which represents the nation's local business-led boards), said, "We support the changes you have proposed in H.R. 1261 for local WIBs (workforce investment boards), especially the emphasis on private sector leadership and increased local flexibility regarding size and membership." H.R. 27 includes the same changes.

To increase the effectiveness of the local boards further, the bill provides additional guidance on the type of representatives from business (including representatives from leading industries and large and small businesses), education (including the local secondary school superintendents and presidents or chief executive of-

ficers of postsecondary education institutions), adult education providers that are not representing a mandatory partner, and community-based organizations (including faith-based organizations) that are to be appointed. In addition, board members must represent diverse geographic sections within each local area.

Current law requires each local area to have a youth council to advise the local board on activities related to youth. The Committee understands that these councils have been ineffective in some areas and burdensome to create and operate. Maintaining participation by parents, youth, educators, and other groups has proven difficult. However, local areas should have the option to create such councils if they add value and benefit services to youth in the area. Therefore, H.R. 27 eliminates the requirement that local boards establish a youth council component, but permits a local board to maintain a youth council if it chooses.

Under WIA, states were given authority to use entities that were in existence prior to the enactment of WIA in place of local boards. This grandfathering provision is eliminated to ensure that the most effective local boards are in place. Further, the local workforce investment planning cycle is reduced from five years to two years to be consistent with the state planning cycle and to promote using the plan to address changing economic circumstances and priorities.

Just as states are required to describe in their plans how they will address the needs of individuals with disabilities consistent with civil rights laws, local areas also must provide services to individuals with disabilities in a manner consistent with the requirements of civil rights laws, such as the Americans with Disabilities Act and sections 504 and 508 of the Rehabilitation Act of 1973. To that end, the bill includes the same requirement for local plans as for state plans.

The Committee recognizes that the economy is dynamic and the types of growing industries are changing. Many new jobs are in technology-based industries and services industries, such as health care, retail, construction, advanced manufacturing, information technology (IT), geospatial technology, and biotechnology, just to name a few. In order to ensure that the local workforce investment activities remain demand-driven and responsive to changing employer needs, the local areas must include in their plans a description of the strategies and services that will be initiated in the local area to engage employers, including small employers, in workforce development activities. Some local areas successfully have initiated employer-focused efforts such as sectoral training, career ladder programs, utilization of business intermediaries, and coordination with economic development activities. Numerous other strategies could help local areas ensure that the one-stop system contributes to the economic growth of local areas. The Committee encourages local areas to continue such outreach to employers.

In recognition of the growing importance of the Information Technology (IT) industry, the Committee believes greater involvement of IT industry representatives is needed on the local and state workforce investment boards. Although there remains significant demand for certified IT workers in many parts of the country, many workforce investment boards have failed to adequately address the needs of the IT industry and the need for IT skilled work-

ers by employers in industries across the board. There needs to be greater awareness within workforce investment boards on the importance of investing training funds in IT-training. Once a determination is made for the need for IT skilled workers, matches can be made between workers selecting IT training, or dislocated IT workers, and employers.

One-stop delivery system

One of the hallmarks of WIA is that, in order to encourage the development of comprehensive efforts that improve services to both employers and job seekers, local services are provided through a one-stop delivery system. The one-stop delivery system is a methodology for service delivery. It is an effort to increase access to federal and state resources available to help individuals obtain training of their choice. While the WIA funding streams are available for occupational training, there are numerous other federal programs that provide employment and training services. WIA created One-Stop Career Centers to provide a single point of access for individuals desiring services through these programs.

Currently, 17 federal programs operate as mandatory partner programs within the one-stop delivery system. In addition to the programs authorized under WIA, the programs include vocational education, veterans' employment and training programs, welfare-to-work, employment services, vocational rehabilitation, trade adjustment assistance, and adult education, just to name a few. These programs must make their services available through the one-stop centers. In addition, optional partner programs may provide their services through the system if the local board and the chief elected official for the area permit the inclusion and the partner program agrees to such participation.

The Committee believes that mandatory partnership creates benefits for the partner programs, in addition to improving service delivery for consumers. For example, Dr. Robert Pasternack, Assistant Secretary for Special Education and Rehabilitative Services at the Department of Education, testified before the 21st Century Competitiveness Subcommittee on March 11, 2003 regarding the value of including state vocational rehabilitation programs as a mandatory partner in the one-stop delivery system:

As partners in the one-stop center, State VR programs have contributed significantly to the enhancement of the one-stop system and the expansion of its capabilities. State VR agencies provide expertise relating to the needs of people with disabilities in many of the local workforce areas. Participation of VR agencies has also been instrumental in creating an awareness of its consumer population among other partners * * * Our partnership in WIA allows greater access to the traditional employment and training resource of one-stop centers for those individuals with less significant disabilities who might otherwise be forced to wait for services, or not receive any services. The VR program has also benefited from closer coordination and collaboration among related workforce programs and services and from increased exposure to an array of additional service providers and resources (such as the Individual Training Accounts).

The bill makes the Temporary Assistance for Needy Families (TANF) program a mandatory partner program within the one-stop centers. However, a governor may opt-out of this requirement if the governor notifies the Secretaries of Labor and Health and Human Services in writing of a determination by the governor not to include the program as a required partner. The Committee strongly encourages states to include TANF in the one-stop delivery system. In many states, the TANF system and the workforce development systems are overseen by different entities at the state and local levels. Yet, both operate work programs. The Committee believes that operating TANF in conjunction with the one-stop system will reduce the stigma associated with accessing welfare services and should increase TANF clients' exposure to employers who utilize the one-stop centers to find new workers. In addition, it would encourage a continuum of services for low-income families that may become unemployed after leaving welfare, or may need additional training to move up the career ladder. Creating a formal connection to the WIA system would ensure TANF clients have access to labor market information and job listings maintained at the One-Stops and should enhance connections to the business community. It also could eliminate some duplication at the state level.

The bill removes from the mandatory partner list the welfare-to-work program authorized under Section 403 of the Social Security Act because the program has expired and funding was rescinded.

H.R. 27 includes additional optional partner programs, which are child support enforcement programs, employment and training programs operated by the Small Business Administration, employment and training services provided by public libraries, and programs serving individuals with disabilities. The addition of these programs will enhance opportunities to coordinate employment and training services, particularly for special populations.

Under H.R. 27, the current provisions regarding the establishment of one-stop delivery systems is moved from Chapter 5 (Comprehensive Adult Employment and Training Activities) to Chapter 3 (Workforce Investment Activities Providers) so as to reinforce the creation of a one-stop delivery system that is independent of WIA employment and training funds. Incorporating these provisions in the general one-stop delivery system chapter is intended to clarify the requirements applicable to the one-stop delivery system.

As previously stated in the description of the state boards' functions, the one-stop centers across states have not provided consistent services to consumers, both job seekers and employers. Therefore, H.R. 27 provides that the state board is to establish procedures and criteria for certifying one-stop centers and to issue certifications based on those procedures and criteria. The criteria are to include state-developed minimum standards relating to the scope and degree of service integration achieved by the centers involving the programs provided by the one-stop partners. The effect of certification would be to make one-stop centers eligible for infrastructure grants. The intent of the certification process is to promote consistency and quality in the services provided by one-stop centers in a state. No one-stop is required to obtain certification, and local boards retain authority over the identification of one-stop operators.

Under current law, one stop centers must provide access to the programs and activities carried out by the partner programs. In addition, each partner must make available to clients the core services that are applicable to their program. There must be at least one comprehensive one-stop center in each local area, which can be supplemented through a network of affiliated sites if the mandatory partners do not fully co-locate. One-stop partner programs are required to contribute a portion of their funds for the operation of the one-stop delivery system. The appropriate portion is to be determined through the MOU development process at the local level. However, this process has resulted in uncertainty of funding and contention among program operators and has forced the WIA funding streams to pay for a large share of infrastructure costs, thus reducing the funds available for training. This concern was highlighted by Bruce Stenslie, Director of the Ventura County, CA, Workforce Investment Board who testified before the 21st Century Competitiveness Subcommittee on September 12, 2002, when he said, "Currently, local Boards and administrators have little to no leverage to require local participation, and few incentives to offer those who do engage. The result of this non-participation is that WIA dollars pay an extraordinary share of One-Stop infrastructure costs for core services, leaving little revenue for training."

In order to provide a stable source of infrastructure funding on a statewide basis, H.R. 27 provides that each of the one-stop partner programs shall provide a portion of program funds to the governor, who then will allocate such funds to the local areas for the certified one-stop centers in the state. The portion of funds to be provided by each one-stop partner will be determined by the governor in consultation with the state board. Therefore, the directors of each mandatory partner program will have input into the appropriate amount to contribute. The Committee believes the decision on the amount of such funding is best determined within each state depending on each state's needs and delivery systems and arbitrary limits or floors should not be established at the federal level.

When determining the amount of contribution from each program, the governor must consider the proportionate use of the one-stop centers by the programs and costs of administration for the programs not related to one-stop centers. The infrastructure funding must come from the programs' administrative funds and are subject to the programs' administrative cost limits. All mandatory partner programs, except vocational rehabilitation and unemployment insurance, have administrative caps that either are established in statute or are negotiated as part of a grant. For instance, vocational education currently has a five percent administrative cap, and veterans programs' administrative limits are negotiated as part of the grant. For federal mandatory spending programs, which include TANF and vocational rehabilitation services, the programs' contributions cannot be in excess of their proportionate use of the centers. The Native American program, authorized under WIA, is excluded from this requirement because the tribes operating these programs are sovereign and the governors should not have authority over programs not operated by states. Native American programs will continue to determine their contribution to the costs of infrastructure through the development of MOUs. The Committee expects the portion of the funds provided by remaining mandatory

partners for infrastructure costs will be a very small percentage of the programs' funds, proportionate to the programs' contribution to and use of the one-stop system.

The governor shall distribute the funds to certified one-stop centers based on a formula that the state board will develop. The formula shall include such factors as the state determines are appropriate, which may include the number of certified centers in a local area, the population served by such centers, and the centers' performance.

While the infrastructure funding provided through these grants will address the primary common costs of operating one-stop centers, some common costs that would not be covered by these funds would remain. Thus, partner programs and the local boards would continue to develop MOUs to specify how such costs would be paid. Remaining common costs include personnel and the costs of providing the core services that are applicable to participants for each program. Since the basic infrastructure costs would already be addressed, these remaining cost items should be easier to resolve.

Providers of training services

H.R. 27 significantly changes the requirements relating to the certification of eligible providers of training services. WIA created an eligible training provider list to allow customers flexibility in selecting a provider that meets their individual training needs. (Under the law preceding WIA, the Job Training Partnership Act, training participants could only receive services through contracted providers.) However, current eligible training provider provisions include requirements that have proven to be overly burdensome with respect to the specific information required and the scope of the reporting (i.e. reporting performance outcomes for all students in a training program and not just WIA-funded students). Rather than increasing consumer choice as intended, the current requirements have had the unintended effect of reducing customer choice, as many qualified providers choose not to participate in the system. Community colleges, in particular, have chosen in many areas not to participate in the system.

H.R. 27 gives states the authority to determine what provider information and data will be required to establish a list of eligible training providers. This will allow for flexibility to design procedures that respond to the needs of each state. To ensure the quality of providers, states must establish criteria including the performance of providers with respect to WIA's performance indicators. A state may include other factors appropriate to ensure the quality of services and the accountability of providers, including whether providers of training allow participants to attain a certification, credential, or mastery. In addition, the state shall require that the provider submit appropriate information to assist consumers in selecting a training program. Such state-developed criteria will be developed with the input of local areas and training providers.

The intent is to ensure the retention of key elements promoting consumer choice and provider accountability while allowing states to simplify the process so that more qualified training providers will participate.

The Committee encourages states to examine whether providers of training offer the opportunity to obtain an industry-developed

and maintained certification or credential. The Committee recognizes that such certifications or credentials may allow states to validate the training that providers offer, and the attainment of a certification or credential may increase individuals' ability to find good jobs that utilize such training.

The Committee remains committed to protecting the confidentiality of all personally identifiable information about students, and believes such information must not be released without permission of the students or their parents, as appropriate. Therefore, H.R. 27 specifies that the new training provider eligibility criteria must comply with the Family Educational Rights and Privacy Act (FERPA).

Certified apprenticeship programs are automatically qualified to serve as training providers. In addition, H.R. 27 retains language from current law that allows governors to create separate requirements for providers of on-the-job training or customized training, since these generally are tailored specifically to one employer or occupational field.

Current law requires local areas to determine eligible providers of youth services using a competitive process. The Committee notes that this has proven overly prescriptive and difficult in areas with few providers, particularly rural areas. Therefore, the bill allows a local board to award grants or contracts on a sole source basis if the board determines that there are insufficient numbers of eligible providers in a local area for grants to be awarded on a competitive basis.

Youth activities

H.R. 27 refocuses the current youth development program under Chapter 4 of WIA by targeting activities to out-of-school youth. These youth are currently underserved and face significant challenges to successful employment. No other federal funding stream that is operated through states and local areas is dedicated toward addressing the needs of the out-of-school youth population.

However, there are numerous programs that serve in-school youth, largely through the Department of Education. These include: Title I grants to improve education for the disadvantaged, Reading First, Neglected and Delinquent grants to local educational agencies, Safe and Drug Free state grants, bilingual education instructional services, dropout prevention, special education grants to states through the Individuals with Disabilities Education Act, vocational education, and tech prep education.

H.R. 27 revises the allotment of funds to the states for youth programs. The Secretary will reserve 25 percent of the appropriation for any fiscal year (up to a maximum amount of \$250 million) to provide Youth Challenge Grants. These new grants will replace the expired Youth Opportunity Grant program. The bill authorizes \$1.25 billion for the youth program, which will ensure stable funding for the state and local youth program while also providing funds for the Youth Challenge Grants.

Of the remaining 75 percent of the appropriated funds, current law reservations of funds for youth activities in outlying areas and Native American programs would be retained. The bill clarifies that the Republic of Palau shall receive funding only until such time as Palau enters into an agreement for extension of United

States educational assistance under the Compact of Free Association, just as the Federated States of Micronesia and the Republic of the Marshall Islands already have.

The Committee recognizes that under current law, the formula for distribution of funds to states for youth activities is based on factors that do not reflect the number of at-risk youth in states. Two-thirds of the allocation is based on the relative number of unemployed individuals in the state and the relative number of excess unemployed individuals in the state, only one-third is based on the relative number of disadvantaged youth in the state. However, altering the methodology for distribution of funds to states could produce significant funding changes and result in program disruption. Therefore, H.R. 27 keeps the current formula but institutes a new formula to distribute any funds appropriated above the amount provided in fiscal year 2005. This amount will be allotted to states on the basis of three factors: $33\frac{1}{3}$ percent on the relative number of individuals in the civilian labor force who are ages 16–19 in the state; $33\frac{1}{3}$ percent on the relative number of unemployed individuals in the state; and $33\frac{1}{3}$ on the relative number of disadvantaged youth who are ages 16–21 in the state. The formula for new funds would target funds based on the youth population that is to be served by the amended program.

No state may receive an allotment that is less than 90 percent of the allotment percentage of the state for the preceding fiscal year (as under current law), nor can a state receive an allotment that is more than 130 percent of the allotment percentage of the state for the previous fiscal year (which is new). The Committee intends these stop-loss and stop-gain measures to promote funding stability and enhance planning. In addition, the bill contains a small-state minimum of at least $\frac{3}{10}$ of one percent of the amount available for allotment to the states to ensure that all states have sufficient resources to administer a viable program.

States are permitted to retain up to 10 percent of the youth funds for statewide activities (down from 15 percent under current law) to ensure that more funds are distributed by formula to local areas. Eighty percent of the remaining funds will be distributed to local areas based on the relative number of individuals in the civilian labor force who are ages 16–19 in each local area, the relative number of unemployed individuals in each local area, and the relative number of disadvantaged youth who are ages 16–21 in each local area. The remaining 20 percent of the funds will be allocated using a formula determined by the governor in consultation with the state board and local boards. The formula is to reflect appropriate demographic and economic factors. The discretionary distribution will allow the states to address state-specific issues.

H.R. 27 establishes new eligibility criteria for the revised youth program. These criteria target services to out-of-school youth. The age for eligibility is changed from 14–21 years old to 16–24 years old. The exclusion of 14 and 15 year olds reflects a shift to focus on serving out-of-school youth. The maximum age is increased to allow greater coordination with other federal programs in which the maximum age is 24, which include YouthBuild and Job Corps. To be eligible, youths must be one or more of the following: school dropouts; recipients of a secondary diploma, General Educational Development credential (GED), or other state-recognized equivalent

(including recognized alternative standards for individuals with disabilities), but who are basic skills deficient and not attending school; court-involved youth attending an alternative school; or youth in or formerly in foster care. Priority in the provision of services would be given to school dropouts.

While the primary focus will be on serving out-of-school youth, the Committee recognizes that low-income, at-risk in-school youth can be served effectively with WIA funds, largely through summer employment programs and dropout prevention programs. Therefore, H.R. 27 allows state and local areas to continue to use up to 30 percent of their youth funds to serve in-school youth if they choose. Services may be provided on school grounds, as appropriate, but only during non-school hours (such as before and after school, or during the summer). The bill allows services to be provided during school hours only if youth are participating in a program that has demonstrated effectiveness in high school youth attaining diplomas. This exception will allow programs with proven success rates, like the Jobs for America's Graduates program, to continue to offer elective programs to at-risk youth.

Eligible in-school youth include low-income youth who are one or more of the following: deficient in literacy skills; homeless, run-away, or foster children; pregnant or parents; offenders; or individuals who require additional assistance to complete an educational program, or to secure and hold employment. To help ease eligibility determinations for in-school youth, those eligible to receive or who are receiving free or reduced price school lunch will meet the definition of "low-income" for purposes of this program.

H.R. 27 establishes a revised list of discretionary statewide activities that includes: assistance to local areas that have a high concentration of eligible youth; supporting the provision of core services in the one-stop delivery system; conducting evaluations of youth activities (in coordination with evaluations carried out by the Department of Labor); providing incentive grants to local areas; providing technical assistance and capacity building to local areas, one-stop operators, one-stop partners, and eligible providers; operating a fiscal and management accountability system; and carrying out monitoring and oversight. Not more than five percent of the youth funds allotted to the state may be used by the state for administrative activities related to youth and adult programs.

Local program design requirements are revised to require that service strategies developed for each participant be directly linked to one or more of the performance outcomes relating to youth activities.

Additions to the program design requirements include activities leading to the attainment of a secondary school diploma, GED, or other state-recognized equivalent (including recognized alternative standards for individuals with disabilities); preparation for advanced training; and effective connections to employers in sectors of the local labor market experiencing high growth in employment opportunities. The Committee notes that some states and local areas have interpreted the phrase "secondary school diploma or its recognized equivalent," which is used in current law, to include skill credentials other than a diploma or an academic equivalent, contrary to Congressional intent. Therefore, in all areas of the legislation, such language is replaced with "secondary school diploma,

the General Educational Development credential (GED), or other state-recognized equivalent (including recognized alternative standards for individuals with disabilities).”

The Committee added on-the-job training opportunities and financial literacy skills to the program elements that youth service providers may offer.

H.R. 27 maintains current law safeguards against using WIA youth funds in schools. These protections include prohibitions against federal control over education, the use of the funds for the School-to-Work Opportunities Act, interference with or replacement of regular academic requirements, and development of curricula.

Re-allotment and reallocation of funds

For both the youth and adult programs, current law re-allots states’ unobligated funds that at the end of a program year are in excess of 20 percent of the prior year’s allotment and re-allots the funds in accordance with the prior year’s formula distribution. The amended provision would re-allot unexpended funds that are in excess of 30 percent of all funds available to the state during the program year prior to the program year for which the determination is being made, including funds carried-over from previous allotments, and re-allot the funds based on the most recent formula distribution. Since expenditures indicate the funds have actually been used by the program, while obligations only indicate commitment to some future use, the change to unexpended funds as the basis for re-allotment provides a better indicator of whether the state is using the resources provided. However, H.R. 27 excludes accrued expenditures from the amount considered to be unexpended. Such accrued costs may include overhead costs and unpaid bills for training contracts or services rendered. In practice, local areas must set-aside funds for accrued costs and therefore such funds truly are not available for other expenditures. The bill defines accrued expenditures.

To accommodate these tighter standards, the required level of use is reduced from 80 percent to 70 percent. However, the overall effect of these changes would be to better identify those states with a significant percentage of unused funds. As under current law, only those states that do not have funds that are being re-allotted are eligible to receive re-allotted funds.

Similar language is included in both the youth and adult programs for re-allotment among state and reallocation among local areas within states.

This revised re-allotment and reallocation language addresses a need to identify accurately the amount of funds available in state and local areas. The Administration has argued that states are carrying over significant amounts of funding from year to year, yet states and local areas respond that these funds have been obligated, meaning the funds have been committed on behalf of WIA customers. Unfortunately, no uniform definition for obligation exists, so the Department of Labor has considered such information unreliable. Therefore, the Department has been using only expenditure data to gauge budgetary need. For the Committee, the GAO examined states’ levels of spending and determined that currently, “Labor does not take into account longer-term commitments made to customers and service providers and, as a result, overestimates

available funds. Budget decisions based on underestimated spending levels contribute to funding instability in the system and impair the ability of state and local officials to plan.”¹ GAO’s analysis shows that states have spent an average of 90 percent of program year funding within two years, and the law allows states three years to spend the funds.

In addition, the GAO suggests that the Department needs to communicate spending benchmarks that states should meet. The revised re-allotment provisions for youth and adult funding do just that. H.R. 27 makes clear the expectation that states should spend at least 70 percent of their available funds each year, while maintaining the ability to carry-forward some funds to address unexpected future needs.

Comprehensive employment and training activities for adults

H.R. 27 amends Chapter 5 of WIA to establish a comprehensive program of employment and training activities for adults. The Committee consolidates three separate funding streams currently providing overlapping employment-related services to adults into a single, more flexible, comprehensive and effective program. The three current funding streams are the adult employment and training funding stream and the dislocated worker employment and training funding stream authorized under Chapter 5 of WIA and the Wagner-Peyser Act funding for state-administered employment services. These three programs have separate funding formulas, eligibility criteria, performance measures, reporting requirements and other elements, although they largely serve the same populations. Employment services are to be co-located with the one-stop centers now. However, contrary to the intent of WIA, some areas have retained separate employment services offices. Consequently, unnecessary duplication of services and confusion for customers (both job seekers and employers) has resulted. Consistent with the principles of program integration underlying WIA, this consolidation will simplify and enhance the delivery of services to adults.

Consolidated funding will allow states and local areas to tailor services to meet the needs of their local communities. Diane Rath, Chair of the Texas Workforce Commission, testified before the 21st Century Competitiveness Subcommittee on September 12, 2002 on the need for additional flexibility:

The restrictive formula allocations in WIA, however, limit the assistance that states and local workforce areas can provide * * * one-size-fits all truly does not fit in a large and diverse state such as Texas * * * in the Rio Grande Valley, the unemployment rate in the McAllen-Edinburg-Mission MSA stood at 13.3 percent in July 2002, the state’s highest. Despite this high rate, the area does not need additional Dislocated Worker funding or Youth funds, but instead needs funding to upgrade the skills of Adult residents in the area to enable them to meet employers’ needs. Similarly in the Dallas area, with unemployment at 7.2 percent, the local workforce board does not need Adult funds, but it desperately needs Dislocated

¹ Workforce Investment Act: State’s Spending Is on Track, but Better Guidance Would Improve Financial Reporting. GAO, November 2002, page 30.

Worker funding in order to respond to the needs of the employers and residents in the area.

The Committee also believes that the consolidated grant will help facilitate further coordination with the welfare system authorized under the Temporary Assistance for Needy Families (TANF) program. In areas where TANF is provided through the one-stop delivery system, TANF funds could be used for low-income individuals and WIA funds would be available to assist unemployed workers and those seeking better jobs or new careers.

H.R. 27 changes the title of chapter 5 of WIA from "Adult and Dislocated Worker Employment and Training Activities" to "Comprehensive Employment and Training Activities for Adults." Throughout the bill, references to the separate dislocated worker funding, which is being consolidated, are eliminated.

The bill revises the allotment of funds to states and reservations for national activities. Under current law, the Secretary of Labor reserves 20 percent of the dislocated worker funding stream to fund national activities. H.R. 27 allows the Secretary to reserve 10 percent of the amount appropriated for the consolidated adult program, with not less than 75 percent of that amount to be used for national dislocated worker grants (currently referred to as national emergency grants) to assist workers displaced by mass layoffs and natural disasters. The Secretary may use up to \$125 million of funds reserved for national dislocated worker grants to provide community-based job training grants, as well. These grants are described in more detail later in the report. In addition, not more than 20 percent of the Secretary's reserved funds are to be used for demonstration projects, and not more than five percent are to be used to provide technical assistance. The national reservation will provide some additional resources specifically dedicated for serving dislocated workers. These grants (currently called national emergency grants) have proven to be invaluable in providing additional, targeted assistance to states and local areas responding to large worker dislocations. The remaining 90 percent of the appropriated amount would be allotted to the states, with up to $\frac{1}{4}$ of one percent reserved for the provision of services in outlying areas.

Under current law, the funds are distributed based on three separate formulas for the three adult programs. H.R. 27 creates a new formula and revises the allotment formula to the states to reflect the more relevant criteria from the funding streams that are being consolidated. The formula will be two-part. Part one, 26 percent of the funds, is intended to create a base amount of funding for each state in 2006 that reflects each state's relative share of funds currently received under the Wagner-Peyser Act for employment services in 2005. If funds available exceed the required base amount, such excess funds would be distributed based on a state's relative share of the civilian labor force.

Part two of the formula would dictate the distribution of the remaining 74 percent of the consolidated adult grant to states. Sixty percent of these remaining funds would be distributed on the basis of the relative number of unemployed individuals in each state, 25 percent would be distributed on the basis of relative excess number of unemployed individuals in each state, and 15 percent would be distributed on the basis of the relative number of disadvantaged adults in each state. These factors are similar to the current for-

mula factors for adult and dislocated workers, but minimize the most volatile factors.

The bill also contains a provision that holds states harmless against what they would have received under the current law formulas for the three separate programs. For states that would receive an increase in 2006 under the new formula as compared to what they would have received under the old formulas, their increases will be capped at three percent. Any funding that would have supported a gain above three percent is redistributed to states that come out worse under the new formula than under current law, so no state will lose funds. If additional funds are needed to ensure states are held harmless, the Secretary will use national reserve funds to make up the difference.

The allotment formula includes a minimum percentage that would ensure states receive an allotment percentage not less than 90 percent of the previous year's allotment percentage (for fiscal year 2006 the previous year's percentage would be based on the percentage of funds allotted to states under the three separate funding streams). The Adult and Wagner-Peyser funding streams currently include this 90-percent hold harmless. The allotment formula also includes a maximum percentage of 130 percent of the previous year's allotment percentage, which is part of the current adult formula. The Committee notes that these protections should create more stability in funding for states. Currently, the dislocated worker funding stream has no stop-loss or stop-gain protections. While the formula in current law was designed to allow funds to flow to those states most in need, there have been significant shifts in funding from year to year. As a result, states have been unable to plan their programs effectively. The new provisions should reduce this instability.

The formula also includes a small state minimum allotment of $\frac{2}{10}$ of one percent to ensure small states have sufficient resources to operate a viable program. Currently, both the adult and Wagner-Peyser formulas include small state minimums.

H.R. 27 further specifies within state allocation of funding. A governor may reserve up to 50 percent of the state's allotment for statewide activities. The adult program under WIA currently allows the governor to reserve up to 15 percent for statewide activities, the dislocated worker program allows the governor to reserve up to 40 percent (including 25 percent for rapid response, which will continue to be a statewide activity), and employment services under the Wagner-Peyser Act are entirely state-administered. The 50 percent reserve allows the state to retain a comparable level of resources to what is currently administered at the state level under the three programs.

However, the Committee notes that funds currently received by states to operate the employment services system largely are administered at the local level through the One-Stop Career Centers or in separate employment services offices. The Committee aims to provide funding for the provision of local employment and training services at least equivalent to current funding. Therefore, governors are required to use at least 50 percent of each state's share of the adult funding to support "core" services in local areas, consistent with local plans, through one-stop delivery systems. The governor of each state will distribute such funds to local areas

through a method of distribution developed in consultation with the state board and local boards. The method of distribution shall be objective and geographically equitable. The funds may be used by states to employ state personnel to provide core services in designated local areas in consultation with local boards.

The remaining 50 percent of the overall state allotment is to be allocated to the local areas within the state. The separate formulas for adults and dislocated workers are eliminated. Under the bill, 85 percent of the funds are to be allocated in accordance with an established formula (i.e., 60 percent on each local area's relative share of unemployment, 25 percent on excess unemployment, and 15 percent on disadvantaged adults) and also include stop-loss and stop-gain provisions to stabilize funding.

The remaining 15 percent of funds are to be allocated to local areas based on a state-developed formula. Currently, the WIA adult program permits states to use a discretionary formula under which 70 percent of the formula is based on established factors and 30 percent may be based on factors that relate to excess unemployment or excess poverty. The dislocated worker program allows the governor to establish a formula that includes certain prescribed factors. Under the bill, the governor is to determine, after consultation with the state board and local boards, the appropriate economic and demographic factors to be used to allocate this portion of the funds. The formula must be objective and geographically equitable. This provision gives state and local areas the ability to target funds as necessary to address unique state or local factors.

H.R. 27 also retains the current local administrative cost limit under which local areas may not expend more than 10 percent of the allocation for administrative costs. As under current law, these funds may be used for the administrative costs of both the adult and youth programs (as may youth administrative funds).

H.R. 27 adds a new definition of "administrative costs" which includes expenditures incurred by state and local workforce investment boards, direct recipients, local grant recipients, local fiscal agents or local grant subrecipients, and one-stop operators in the performance of administrative functions and in carrying out activities which are not related to the direct provision of workforce investment services (including services to participants and employers). Administrative costs currently are defined by regulation. The Committee intends this definition to be a placeholder definition, pending further discussion on the issue. The Department of Labor asserts that WIA program funds are inappropriately being spent on overhead costs at one-stop centers. The Committee is examining this issue and will continue to explore what functions or activities should be classified as administrative as the reauthorization process moves forward. The Committee hopes to find common ground that maximizes program services while also ensuring the local one-stop delivery system is able to perform all of the functions necessary to serve our job seekers and employers well.

The bill also specifies statewide employment and training activities. Under current law, rapid response services to assist dislocated workers are a required statewide activity with a specific reserve of 25 percent of the state's dislocated worker allotment. The bill would retain the requirement that these services be provided by the state, but eliminates a specific reserve amount. The intent is

to allow the governor to manage the portion of the state reserve that is not spent to support core services, in accordance with the needs of the state.

After requiring rapid response activities, the bill, similar to the provisions relating to statewide activities for youth, removes the remaining categories distinguishing allowable and required statewide activities to allow greater administrative flexibility. The developing of strategies for effectively serving hard-to-serve populations, for integrating one-stop partner programs, and for meeting the needs of businesses, including small businesses, are added as allowable statewide activities. In addition, states are permitted to carry out activities to facilitate remote access to services provided through a one-stop delivery system including facilitating access through the use of technology. Utilization of the internet and other methods, such as on-line training, are especially important for serving rural areas. The other identified activities, including incumbent worker training projects and services to displaced homemakers, are retained from current law. Also retained is the current law limitation on state administrative expenses, which are not to exceed five percent of the allotment.

With the consolidation of the three adult funding streams, the Committee expects that all former employment services functions will be maintained through the provision of core services within the one-stop delivery system. Under current law, both WIA and the Wagner-Peyser Act provide funds for services to connect job seekers with available jobs, including job search and placement assistance. Regardless of income, all adults are eligible to receive these services. Many One-Stop Career Centers offer such services through self-serve computer stations where individuals may access job listings, write a resume, and more. Under WIA, these are called "core services" while under Wagner-Peyser they are called "labor exchange services." Although each law has a different term, the services are essentially the same.

H.R. 27 incorporates as core services two functions specifically identified in the Wagner-Peyser Act that are not specified as core services in current law: appropriate recruitment services for employers and the administration of the work test for the unemployment compensation system.

Through the consolidation of the three adult funding streams, the Committee aims to provide states and local areas flexibility to provide core services without the bureaucratic headache of administering three funding streams that provide the same services under current law. This structure should allow funds to be freed to provide other services and activities. As a witness before the Subcommittee on 21st Century Competitiveness on March 11, 2003, Emily Stover DeRocco, Assistant Secretary at the Department of Labor for the Employment and Training Administration, testified that "[i]n this streamlined proposal, labor exchange services would be the foundation of the One-Stop Career Center system, with the remaining funds focused on training and intensive services."

As previously described, H.R. 27 also includes a sub-state allocation that provides local areas with adequate funding to maintain services, while also assuring that state funds that formerly supported employment services flow locally to support core services.

Governors have the option of either providing the funds to the local areas or utilizing the talents of state employees to provide the services locally in the One-Stop Centers. Therefore, the expertise of current state employees will be maintained and will continue to benefit individuals and employers seeking services through the One-Stop Centers.

Under current WIA law, one-stop operations can be competitively bid with services typically being provided by government employees. Under Wagner-Peyser, there is a regulatory requirement that labor exchange services be provided by state merit staff employees. However, there is a demonstration program operating in Colorado, Michigan and Massachusetts through which the three states are relieved of this burdensome requirement. Having local government staffs provide all core and labor exchange services in these three states has worked well, and the Committee believes all states should be afforded this same flexibility.

Through WIA, two other levels of services also are provided. "Intensive" services include comprehensive assessments, case management and one-on-one career counseling, short-term prevocational services, and more. "Training" services include occupational skills training, on-the-job training, entrepreneurial training, customized training, and more. Under current law, one must utilize at least one service in each level before moving on to the next level of service, but there is no federally required minimum time period for participation in core and intensive services before one can access training assistance. However, some states have interpreted current law as requiring that all participants must participate in core services for a specified period of time before being eligible for intensive services, and likewise requiring intensive services before training. This has sometimes resulted in services being denied or delayed, and limited the flexibility of states and local areas in tailoring services to meet individual needs. There have also been questions as to what sort of employment is the appropriate goal in assessing whether an individual can obtain employment through particular services. Current law simply refers to the term "employment" in reference to unemployed individuals and uses the term "employment that leads to self-sufficiency" for employed workers.

To address these issues regarding the "sequencing of services," H.R. 27 amends the eligibility requirements for intensive services to provide that if an individual is "unlikely or unable to obtain suitable employment" through core services, and, as in current law, is determined to be in need of those services, he or she would be eligible. This provision also provides that the governor is to define the term "suitable employment." Adding the language "unlikely or" clarifies that the determination of whether core services will be sufficient to obtain employment may be made prospectively, not only after a time period has elapsed. Therefore, if an assessment indicates that intensive services will be needed in addition to core services, those services could be provided. In addition, by identifying the employment for purposes of this determination to be "suitable employment," as defined by the governor, the particular circumstances of the participant could be taken into account. For example, while one might be able to find a job it may not be comparable to the person's previous employment or consistent with the individual's employment goals, and therefore it would not be suit-

able employment. Individuals should be able to pursue employment in high-growth fields or other areas that allow advancement. Similar provisions apply to individuals' eligibility for training services. These amendments, therefore, provide important flexibility to states and local areas in the provision of core, intensive, and training services.

Tim Barnicle, Co-Director of the Workforce Development Program at the National Center on Education and the Economy, who testified before the 21st Century Competitiveness Subcommittee on September 12, 2002, explained how the required sequencing of services may have resulted in individuals failing to receive some necessary training when he said, "While training is increasingly being provided to individuals in need of such services throughout the workforce system, there was some confusion in the initial implementation of the Act. Many states and localities interpreted WIA as encouraging a "work-first" only approach to service delivery resulting in a reduction in the provision of training services."

Three services are added to the list of allowable intensive services: internships and work experience; literacy activities relating to basic work readiness, information and communication technology literacy activities, and financial literacy activities; and out-of-area job search assistance and relocation assistance. The Committee believes that allowing literacy activities to be provided as an intensive service, and not just as a training service, will increase access to such services for those who need them. The Committee also recognizes that common among nearly all job seekers is the need to know how to find, use, manage, and evaluate information resources efficiently so that they can create and effectively convey information and ideas to others. The Committee encourages one-stop centers to offer opportunities to acquire skills in the area of communication technology literacy.

Among the types of entities local boards may contract with to provide intensive services are public non-profit service providers. The Committee notes that this current law language should not be construed as limiting eligibility to non-profit entities that exist solely to provide these types of services. In particular, the Committee notes that there are a wide variety of non-profit entities that may have broader missions, but have the capacity to leverage funds that would be received through local workforce boards. One such example is public libraries. Although not a common provider of intensive services under WIA, there are examples of such arrangements. In Jacksonville, Florida the local library works with WorkSource, the regional workforce development board, to provide training and recruitment assistance and operate a number of regional centers where local job seekers can go to search a database of job listings, develop resumes and sharpen their interview skills. The Committee encourages local areas to consider creating relationships with entities such as libraries in cases where they already are providing similar intensive services.

The Committee also notes that private-sector employment agencies play an important role in providing employment opportunities to America's workforce. The Committee encourages local boards and one-stop operators to refer to and contract with such firms. This would enhance the ability of local boards and one-stop opera-

tors to make job placements, especially to businesses that do not traditionally use one-stop services to fill vacancies.

The Committee aims to address the unique training needs of individuals with limited English proficiency. Therefore, H.R. 27 allows occupational skills training to be combined with English language acquisition. Integrated training programs that provide language instruction in the context of job training have demonstrated remarkable employment outcomes for job seekers and positive results for employers. These enhancements to training opportunities should increase the employment for our country's immigrant populations.

Local areas already may offer entrepreneurial training. H.R. 27 builds upon this opportunity by also allowing local areas to provide information on the availability of micro-credit loans. The Committee encourages local areas to provide such information to help individuals start small businesses.

Since H.R. 27 consolidates three funding streams, a new priority of service delivery must be included. Under current law, the dislocated worker funding stream serves primarily unemployed workers, and the adult funding stream has a priority for low-income individuals. The revised provision would create a priority of service for unemployed individuals in the provision of intensive or training services under the comprehensive adult program. In addition, if funds in the local area for serving recipients of public assistance and other low-income individuals are limited, then the priority for intensive or training services is to be extended to such recipients and low-income individuals.

Training currently is provided primarily through "individual training accounts," or ITAs. Individuals that receive an ITA voucher can choose training courses available through eligible training providers.

The Committee believes that local areas should have the flexibility to combine funds available for training under WIA with other training resources. Therefore, H.R. 27 authorizes local areas to assist participants in enhancing these accounts so that funds from sources other than the adult program may be included. This is intended to facilitate the acquisition of training and maximize the number of individuals that can be assisted through training.

H.R. 27 clarifies that local areas may purchase computer technology for use by an individual if the purchase is part of an ongoing training program and such purchase is necessary to ensure the individual can participate in such training. Any computer technology purchased shall remain property of the one-stop operator. However, the Committee intends that the one-stop operator may temporarily permit individuals participating in training to use such computer technology at home.

H.R. 27 adds new activities to the current list of permissible activities that local areas may carry out. Current activities include customized screening and referral services for employers and other customized employment-related services for employers on a fee-for-service basis. The first new allowable activity is customer support to navigate among multiple services and activities for special participant populations that face multiple barriers to employment, including individuals with disabilities. These "navigators" are intended to facilitate the access of special populations to the services

and activities available through the one-stop system. The Committee has heard that such populations, especially individuals with disabilities, have not been as well served through the one-stop system as Congress intended. The Committee anticipates this additional assistance to such individuals will increase their utilization of the one-stop delivery system and improve the quality of services they receive.

The second new permissible activity is employment and training assistance provided in coordination with child support enforcement activities of the state agency carrying out title IV–D of the Social Security Act. This coordination is intended to facilitate the employment of unemployed or underemployed non-custodial parents, thus enabling them to pay child support.

In addition, local areas may engage in activities to improve services to businesses, including small employers in the local area, and increase linkages between the local workforce investment system and employers. Local areas also may facilitate remote access to services provided through the one-stop delivery system, including facilitating access through the use of technology. This is critical for ensuring rural areas are served adequately.

Program operators continue to search for ways to “make work pay” for low-income families. Work supports, such as child care, often contribute to job retention. In addition, many low-income workers need and desire advancement services. Therefore, H.R. 27 authorizes the provision of work support activities for low-wage workers. Specifically, the adult program, in collaboration with appropriate one-stop partners, is authorized to provide work support activities designed to assist low-wage workers in retaining and enhancing employment. These activities may include assistance in accessing financial supports. In addition, these activities may include the provision of services through the one-stop delivery system in a manner that makes it easier for these workers to participate in the one-stop activities, such as employment and training activities during non-traditional hours, and on-site child care.

An additional permissible activity for local areas will be incumbent worker training programs. Under current law incumbent worker programs are only authorized at the state level. Under this provision, the local board may use up to ten percent of funds allocated to a local area to provide incumbent worker training. The training must be carried out in conjunction with the workers’ employers for the purpose of helping the workers in obtaining the skills necessary to retain employment and avert layoffs. Training leaders recognize that, increasingly, employers must upgrade the skills of their workers to remain competitive. ASTD, the American Society for Training and Development, expressed this dynamic in a January 21, 2005 letter to Congressman McKeon:

In today’s economy, there are ample jobs in high-demand fields but not enough trained workers to fill them. As a result, it has become critically important for organizations to retrain and upskill incumbent workers. According to ASTD’s 2004 State of the Industry Report, investing in employee learning continues to be a priority for business. The report shows that leading organizations—those that understand the critical link between employee learning and organizational performance—typically invest more in

employee learning than the average organization. These leaders align learning with business goals and measure the efficiency and effectiveness of their learning investments. They know that they must attract and retain highly skilled employees in order to sustain competitive advantage and growth.

Employers participating in incumbent worker training programs would be required to pay a portion of the costs of training for the incumbent workers. The governor may establish the portion or delegate this responsibility to the local board, but the portion may not be less than 10 percent for employers of 50 or fewer employees, 25 percent for employers with 51–99 employees, and 50 percent for employers with 100 or more employees. The wages paid by an employer may be included in the calculation of the match.

This provision is intended to provide some flexibility for the one-stop system to respond to the needs in the local area and assist in avoiding potential layoffs. The matching requirement is intended to ensure there is appropriate employer commitment to the training program.

Bruce Stenslie, Director of the Ventura County, CA, Workforce Investment Board, testified before the Subcommittee on 21st Century Competitiveness on September 12, 2002 that incumbent worker training is valuable for several reasons:

Our work doesn't stop when a welfare recipient or any worker is employed, but rather continues to help clients attain self-sufficiency and to become full participating members of the labor force. This requires a continuing engagement with employers * * * We have documented the prevention of layoffs by investing in business through employed and incumbent worker training, to improve their skills and to keep them employed.

Performance accountability system

Since implementation of WIA, states and local areas have raised concerns regarding the seventeen statutory performance measures applicable to the formula programs. The current performance measures have been perceived as too numerous and overly burdensome. In addition, the utility of some of the measures (such as customer satisfaction) as federally required measures has been raised. In order to promote consistency in the measures applicable to federal employment and job training, the Bush Administration has undertaken a common measures initiative for all employment and training programs. In response to the concerns raised and in furtherance of the common measures objectives presented by the Administration, the Committee reduced the number of performance measures from seventeen to six (three for adults and three for youth).

The Committee believes that the customer satisfaction measure does not provide a uniform measurement by which to evaluate the program on a national level. Therefore, the bill strikes references to the customer satisfaction measure. However, states are explicitly permitted to utilize customer satisfaction measures, and the Committee urges states and local areas to utilize such measures to

evaluate the effectiveness of their outreach programs and to engage in continuous improvement.

To simplify the adult measures, the bill also eliminates the current adult program performance indicator regarding the attainment of a credential. The core indicators for the consolidated adult program, which are retained from current law, are entered employment, earnings, and retention in employment.

In addition, H.R. 27 amends the youth performance indicators to establish the following three indicators: entry into employment, education or advanced training, or military service; attainment of a secondary school diploma, GED, or other state-recognized equivalent (including a recognized alternative standard for individuals with disabilities); and attainment of literacy or numeracy skills.

Currently, outcomes data only is collected for those individuals that register for intensive or training services. Individuals accessing only core services are not required to register for such services and little information is available regarding the employment status of such individuals and the impact of one-stop services. Therefore, performance data is collected only on a small percentage of individuals utilizing the one-stop delivery system. For instance, according to the U.S. Conference of Mayors, in San Diego County 30,000 individuals were served in the county's six One-Stop Centers during program year 2001. Of those individuals, 1,200 received training through WIA. The Committee believes that it is critical to capture performance information about all those that the system serves and not just those receiving training. H.R. 27 drops the exclusion of those receiving self-service and information activities from the measures. Therefore, all participants would be included in the performance measures. This change is intended to ensure accountability in the provision of basic core services, which is a significant component of the one-stop delivery system. The Committee notes that this new requirement should not create a new burden on local areas as most local areas already have the technology (such as swipe cards) to capture information about those that are using the system.

In addition, in an effort to gauge program efficiency, states also will report the number of participants served and the cost per participant.

Under current law, the levels of performance for each indicator are negotiated between the Secretary of Labor and each state. One concern that has been raised is that these negotiations do not sufficiently take into account economic conditions and the characteristics of the population to be served, thus discouraging services to special populations. H.R. 27 would revise the current language requiring that such factors shall be taken into account by the Secretary and replace it with a requirement that levels must be adjusted based on those factors. The bill also identifies the kinds of economic (unemployment rates and job losses in particular industries) and participant characteristics (indicators of poor work history, lack of work experience, disability status, low levels of literacy or English proficiency, and welfare dependency) to be considered.

H.R. 27 clarifies that, when states adjust performance indicators based on disability status, they must consider the number of veterans with disabilities to be served by the state. The one-stop delivery system already has a general priority to provide services to vet-

erans. Unfortunately, at this time of war, numerous veterans have disabilities and may need additional and specialized assistance to find new work. States and local areas with a large military presence and populations of service members must assist such individuals as they transition into civilian life. By taking into account the number of veterans with disabilities, the Committee aims to ensure that states and local one-stops do not have any disincentive to serve our veterans. The Committee wants to provide as much assistance as our military veterans need to get back to work—it is the least we can do, given the sacrifices they have made for us.

Local performance measures parallel the amendments made regarding the state performance measures. The same performance indicators are applied to local areas and the requirement that the levels of performance negotiated between the governor and local areas be adjusted based on economic conditions and the characteristics of the population served is incorporated.

State and local performance measures will be negotiated every two years, consistent with the length of the planning cycles.

Under current law, performance incentives are only available to states that meet or exceed performance measures for all of the following three programs: WIA, adult literacy and vocational education. This approach separates the incentives from the performance of a particular program, and thus reduces the incentive effect. H.R. 27 links the funding and process for awarding incentives specifically to WIA Title I performance measures. The Secretary may use funds appropriated for national activities to award grants to states for exemplary performance. The Secretary may base the award on performance of states with respect to the performance measures or the performance of the state in serving special populations (which includes individuals with disabilities). The states may use these funds to carry out any youth or adult activities authorized under chapters 4 or 5 of WIA, including demonstrations and innovative programs for special populations.

The bill contains parallel language for rewarding local areas' performance. The governor may use state reserve funds under chapters 4 and 5 toward grants for exemplary performance, which may be tied to the performance measures or services to special populations. Local areas may use the funds for authorized youth or adult activities.

Consistent with the Bush Administration's efforts to ensure consistency in performance requirements across federal employment and training programs, the bill requires the Secretary to use the core indicators of performance included in WIA to assess the effectiveness of mandatory partner programs that are carried out by DOL. This action must be consistent with the requirements of the applicable authorizing laws of those programs.

Authorized appropriations

H.R. 27 authorizes appropriations for the youth and adult funding streams for fiscal years 2006 through 2011. The Committee authorizes \$1,250,000,000 for fiscal year 2006 and such sums as may be necessary for each of fiscal years 2007 through 2011 for youth activities. The Committee authorizes \$3,140,000,000 for fiscal year 2006 and such sums as may be necessary for each of fiscal years 2007 through 2011 for adult activities. The Committee notes that

this is the same funding for 2006 that was provided through the three separate adult funding streams in 2005. The separate authorizations for adult and dislocated worker funding streams are deleted.

Job Corps

Current law requires that each Job Corps center establish an industry council responsible for such activities as reviewing labor market information to determine the employment opportunities in the local areas for Job Corps students. The bill removes the requirement that the majority of industry council members be “local and distant” employers and instead adds language that encourages the participation of employers outside of the local area who are likely to hire a large portion of Job Corps students. In addition, the Committee specifies that the same performance indicators applicable to the WIA formula youth program are applicable to the Job Corps program. This is consistent with the Bush Administration’s initiative to apply common performance indicators to federal job training programs.

The Committee commends Job Corps for efforts to increase opportunities for participants to earn a high school diploma. While Job Corps’ success rate to date is encouraging, obstacles at the state and local levels make it difficult for the program to ensure that all participants, regardless of center location, have access to the opportunity to obtain a high school diploma. The Committee urges the Department of Labor, in consultation with the Department of Education, states and local educational agencies, to examine obstacles to Job Corps’ participants’ ability to earn and receive high school diplomas from a local educational agency.

The bill authorizes the appropriation of such sums as necessary for the continuation of the Job Corps program through fiscal year 2011.

National activities

H.R. 27 removes language within the national Native American program that was necessary to help programs transition from the former Job Training Partnership Act (JTPA) to WIA, since it no longer is needed. In addition, the bill clarifies the duties of the Native American Employment and Training Council.

The Committee has maintained authorization for the Migrant and Seasonal Farmworker Programs. However, the Committee encourages one-stops to improve services to the population served through this separate program and further notes that the allowance for one-stop centers to provide access to social and supportive services, housing, and other assistance available through partner programs should increase services for such populations in one-stop centers. The bill ensures that housing assistance provided through the program will include permanent housing.

As noted previously, 25 percent of the youth activities appropriation, up to \$250 million, is reserved for the Secretary to provide Youth Challenge Grants. Of the funds available for the grants, 80 percent would be available for competitive grants and 20 percent would be available for discretionary grants.

The purpose of the competitive grants is to promote collaboration and innovation in providing activities to assist youth in acquiring

the skills and employment experience necessary for employment. The competitive grants may be awarded to states, local boards, recipients of Native American program grants, and public or private entities (including consortia of such entities) applying in conjunction with local boards. Initial awards would be made for one year, with four option years available depending upon satisfactory progress and availability of funds. The Secretary is authorized to require that grantees provide a nonfederal share of the cost of activities carried out under a grant.

Funds would be used for the activities described in the youth formula program to states and for other activities designed to assist youth. These include internships in high-growth sectors for out-of-school youth; after-school dropout prevention programs for in-school youth; activities to assist special youth populations, such as court-involved youth and youth with disabilities; and activities combining remediation of academic skills, work readiness training, and work experience.

To be eligible to receive a Youth Challenge Grant, an entity must submit an application to the Secretary that includes a description of the activities the eligible entity will provide to eligible youth; a description of the programs of demonstrated effectiveness on which the provision of the activities are based; a description of how such activities will expand the base of knowledge relating to the provision of activities for youth; a description of the private and public local and state resources that will be leveraged to provide the activities described; and the levels of performance the eligible entity expects to achieve with respect to the indicators of performance for youth.

Factors to be considered in awarding Youth Challenge Grants include the quality of the proposed project, the goals to be achieved, the likelihood of successful implementation, the extent to which the project is based on proven strategies or the extent to which the project will expand the knowledge base on activities for youth, and the additional state, local or private resources that will be provided. The Secretary may reserve up to five percent of the Youth Challenge Grant funds to conduct evaluations of the projects.

The Secretary is encouraged to consider the economic and demographic factors of local areas when determining whether to approve a Youth Challenge Grant application. The Committee expects such funds will be targeted toward at risk areas, such as those previously served through the youth opportunity grants, particularly rural areas. In addition, the Committee encourages the Secretary to provide technical assistance to such rural areas to assist them in competing for the grants.

Discretionary Youth Challenge Grants for youth activities are intended to provide the flexibility to assist a variety of entities and organizations in providing innovative and effective activities for eligible youth, including special populations. The Secretary may award discretionary grants to public or private entities that the Secretary determines would effectively carry out activities relating to youth. Discretionary grant funds may be used for activities that will assist youth in preparing for, entering into, and retaining employment. These include the activities described in the youth formula program for out-of-school youth, activities designed to assist in-school youth to stay in school, and other activities the Secretary

determines are appropriate. To be eligible to receive a discretionary grant, an eligible entity must submit an application to the Secretary. The Secretary may require the provision of a nonfederal share for discretionary projects, and may require participation of grantees in evaluations of such projects.

H.R. 27 amends the current provisions authorizing the Secretary of Labor to provide, coordinate and support training, technical assistance, and other activities. The current law provision establishing separate technical assistance activities under the dislocated worker funding stream would be deleted. However, the staff training activities for rapid response are retained. Funding for peer review activities and training of staff of recipients of funds under WIA and assistance on implementation of the Job Training Improvement Act of 2005 also are authorized as allowable uses of technical assistance funds, and the Secretary may provide technical assistance to states to assist them in meeting their state-developed performance indicators. In addition, the Secretary shall establish a system for the sharing of best practices among states.

Current law relating to demonstration, pilot, multi-service, research and multi-state projects is amended to align requirements better with current priorities and the new overall direction of the workforce investment system. Allowable projects include: projects that assist national employers to enhance connections with the workforce investment system; systems development activities that benefit recipients under this title and improve the effectiveness and efficiency of programs; projects focused on high-growth industry sectors, including information technology; projects focused on industries and sectors of industries being transformed by technology and innovation requiring new knowledge or skill sets for workers, including advanced manufacturing; and projects that promote states and local areas to test innovative approaches to delivering workforce services. In addition, the Secretary may establish projects carried out by states and local areas to assist adults or out-of-school youth in starting a small business. The Committee recognizes the contributions that small businesses make to our economy and encourages making them a viable option for job seekers. The list of entities eligible to carry out demonstration and pilot programs is removed in order to allow a broader array of entities to carry out these programs, promoting greater innovation.

The Committee encourages the Secretary to fund a pilot or project focused on the opportunities for workforce development in the aerospace industry, which is a high-growth and high-wage industry. The aerospace industry generates nearly 15 percent of the gross domestic product of the United States, supports approximately 11 million jobs in the United States, and leads the United States economy in net exports. The aerospace industry contributes directly to the economic and national security of the United States through military, space, air transport, and information technology applications. However, in 2004, total employment in the aerospace industry fell to its lowest point in 50 years, and over 27 percent of the aerospace manufacturing workforce will become eligible for retirement by 2008. Employers within the aerospace industry are concerned that U.S. students, who rank near the bottom of leading industrialized countries of the world in performance on math and science tests, lack the necessary training and skills to fulfill the an-

ticipated workforce needs of the industry. This industry could benefit from a national investment in aerospace workforce recruitment, training, and cultivation.

Community-based job training

President Bush proposed \$250 million in his fiscal year 2005 budget for community-based job training grants. These funds would be used to build upon the Department's successful High Growth Job Training Initiative. The fiscal year 2005 appropriations process provided the Department with \$125 million in new funds and authority to use \$125 million in WIA national reserve funds to support these grants.

The Job Training Improvement Act creates new authority within the demonstration section of WIA, section 171, to authorize the Department to award these grants using available funding. The demonstration project would serve to enhance training and opportunities for employment in high-growth, high-skill occupations. The grants would support partnerships among community colleges, the public workforce investment system, and businesses in high-growth, high-skill industries to develop solutions to the workforce challenges facing these industries and develop maximum access for American workers to gain the education and skills they need to get good jobs in these industries.

Through the demonstration, the Secretary shall award competitive grants, in accordance with generally applicable federal requirements, to community colleges that shall work in conjunction with the local workforce investment system and a business or businesses in a qualified industry or an industry association in a qualified industry.

Community colleges are institutions of higher education, as defined by section 101 of the Higher Education Act of 1965, that provide not less than a 2-year program that is acceptable for full credit toward a bachelor's degree, or are tribally controlled colleges or universities. The Committee recognizes that the nation's public community colleges have substantial experience preparing the American workforce and the ability to respond quickly to emerging training needs. The Committee believes that these institutions, which in most areas already work with industry and the one-stop delivery system, are well-suited to meet the requirements of these grants.

In addition, consortia of community colleges, working with applicable required partners, could apply for a grant. This would allow grants to be used to address regional training needs, or even state-wide needs where practicable, in particular sectors of the economy. For example, the California community colleges have established networks to address the workforce needs within particular industries, such as health occupations and biotechnology. The colleges participating in such networks may choose to work collaboratively to address broader workforce needs.

The initiative targets growing industries. Industries qualified to participate include those projected to add substantial numbers of new jobs to the economy, have significant impact on the economy, impact the growth of other industries and economic sectors, are being transformed by technology and innovation requiring new knowledge or skill sets for workers, are new or emerging industries

or economic sectors that are projected to grow, or have high-skilled occupations with significant labor shortages in the local area.

Grants awarded under this demonstration may be used for: the development, in consultation with industry representatives, of rigorous training and education programs related to employment in the high-growth industry identified in the application; training of workers in the skills and competencies needed to obtain or upgrade employment in a qualified industry; disseminating, through the one-stop delivery system, information on high-growth, high-demand occupations in such industries; placing, through the one-stop delivery system, trained individuals; and increasing the integration of qualified training providers with the activities of businesses and the one-stop delivery system to meet training needs.

The community college shall submit an application to the Secretary, containing at a minimum: a description of the training provider; an economic analysis of the local labor market identifying the high-growth, high-demand industry and its workforce challenges; a description of the industry for which training will occur and the availability of competencies on which training will be based; an assurance that the application was developed in consultation with the local workforce investment board or board in the area or areas where the grant will be used; performance outcomes for the grant; a description of how the activities funded by the grant will be coordinated with the one-stop delivery system; and a description of any local or private resources that will support the activities and allow the activities to continue after the expiration of the grant.

The Committee believes that this effort should be consistent with the efforts of the local workforce investment boards and within the framework of the local one-stop delivery system. To ensure that appropriate coordination occurs and that separate training systems are not created, the community college must obtain the input of the local board or boards where the grant is to be used. The local boards' analysis of local labor market needs and the expertise of the local boards' business majority will help inform the development of the applications and lead to successful implementation.

The Secretary shall require that grant recipients report on the employment outcomes obtained by individuals receiving training under the grant and may require that they participate in an evaluation of the activities.

Personal reemployment accounts

H.R. 27 incorporates President Bush's proposal to allow states and local areas to offer innovative new assistance to unemployed workers in the form of Personal Reemployment Accounts (PRAs) to those workers most likely to need additional assistance in finding new jobs. PRAs offer new flexibility and individual choice in accessing services. The language in H.R. 27 on this issue is identical to H.R. 26, the Worker Reemployment Accounts Act of 2005, and H.R. 444, which passed the House last Congress. Both bills were introduced by Congressman Jon Porter (R-NV).

Training leaders recognize the potential PRAs hold for job seekers. ASTD, the American Society for Training and Development, states in a January 21, 2005 letter to Congressman McKeon that the PRA proposal "will provide eligible workers with the necessary

flexibility to purchase job training and key services so they can obtain employment. ASTD supports its flexibility, which encourages—but does not mandate—individuals to seek out training that connects them to the high-growth industries identified by the Department of Labor.”

The Secretary already has used her discretionary authority to begin a small demonstration project, funded at approximately \$7.9 million, to test the PRA concept in seven states. The seven states are Florida, Idaho, Minnesota, Mississippi, Montana, Texas, and West Virginia.

The bill allows the Secretary, using demonstration funding available under section 171 of WIA, to award competitive grants to states or local boards or a consortium of local boards for the purpose of providing PRAs to eligible unemployed workers. For purposes of this demonstration, states include the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, and the United States Virgin Islands. The Virgin Islands is the only outlying area permitted to participate because no other outlying area operates an unemployment insurance program. In awarding grants under this demonstration authority, the Secretary shall take into consideration awarding grants to entities from diverse geographic areas, including rural areas.

States or local areas that receive a grant under a demonstration shall use the grant funds to provide, through a local area or areas, eligible individuals with personal reemployment accounts. If the recipient is a state, the state may choose to use the grant statewide if practicable. The grant recipient shall set the amount of the PRAs, but the amount must be uniform in the area in which the PRAs are to be available and cannot exceed \$3,000. U.S. Labor Secretary Elaine Chao testified before the Committee on February 12, 2003 that \$3,000 is the average amount that local areas spend on an individual to help obtain employment. The \$3,000 maximum is a reasonable level that allows choice of a wide array of reemployment services while maximizing the number of individuals who can be served under any funding made available for the new initiative.

The grant recipients shall establish eligibility criteria for the accounts and may establish criteria for the priority in the provision of assistance to such eligible individuals. However, at a minimum, to be eligible an individual must be receiving regular unemployment compensation and be eligible for at least 20 weeks of such compensation. Under current law, when individuals apply for unemployment compensation benefits, states profile such individuals to determine whether they are likely to exhaust their benefits. To do this, the state identifies permanently separated workers who are not expecting recall to their previous employers and then determines whether such workers are likely to be long-term benefit recipients. Criteria often used when making this determination include education, job tenure, changes in employment in the previous industry or occupation, and the local unemployment rate. Variables for age, gender, and race are prohibited by civil rights laws. States will use this profiling system to determine those most likely to benefit from this new assistance. To be eligible for a PRA, an unemployed person also must be identified as likely to exhaust regular unemployment compensation and in need of job search assistance to make a successful transition to new employment or be an indi-

vidual whose unemployment can be attributed in substantial part to unfair competition from Federal Prison Industries, Inc.

Currently such profiled individuals are referred to the One-Stop Career Center system created under WIA for reemployment assistance. Therefore, the personal reemployment accounts will be administered efficiently through the easily accessible one-stop delivery system where the unemployed already seek assistance in obtaining employment.

This assistance is in addition to unemployment benefits payments if the eligible individual has not exhausted such benefits. However, instead of only providing temporary income support, as the unemployment compensation system does, H.R. 27 provides services designed exclusively to help someone to return to work.

Grant recipients also may make individuals who were similarly profiled within the 13 week period ending the week prior to the week of enactment eligible for assistance, as long as such individuals also are eligible for at least 20 weeks of regular unemployment compensation. In addition, to address the needs of individuals who already may have exhausted all unemployment compensation benefits, states may make individuals who have exhausted such benefits within 26 weeks prior to the date of enactment eligible for a PRA if such individuals are enrolled in training and need additional support to complete the training or if the individuals are separated from employment in an industry or occupation that has experienced declining enrollment in the local labor market.

H.R. 27 specifies that there is no individual entitlement to a personal reemployment account.

An account holder may use his or her PRA to purchase intensive services, supportive services, or training. Examples of intensive services include one-on-one career counseling and short-term prevocational classes. Supportive services include child care, transportation assistance, housing assistance, and relocation assistance. Generally, an individual could access any service or product that would help him or her become reemployed.

Recipients have full flexibility to use their PRAs to tailor a package of reemployment services that best meets their needs and helps them to get a job of their choice. As such, recipients may use the account funds to purchase such services through the one-stop delivery system on a fee-for-service basis or through other providers, consistent with safeguards described in the grant recipient's application. The flexibility afforded recipients of PRAs is particularly valuable since these individuals are struggling to return to work.

The grant recipient, through the one-stop delivery system, may pay for the costs for such services directly on behalf of the recipient, through a voucher system, or by reimbursement to the recipient upon receipt of appropriate cost documentation.

Certain limitations on the use of the accounts apply. Recipients may use the PRAs for up to one year from the date of the establishment of the account, and for the one-year period following the establishment of the account recipients may only receive intensive, supportive or training services provided through the one-stop delivery system on a fee-for-service basis using the account funds. Also, amounts in the PRA are nontransferable.

The Committee wants to ensure eligible individuals have the opportunity to make an informed choice when selecting to accept a

PRA. Consequently, before becoming a recipient of an account, the grant recipient, through the one-stop delivery system, shall ensure that the individual is informed of the requirements applicable to the PRA, the limitations on access to services, a description of the allowable services, and the conditions for receiving a reemployment bonus. An eligible individual must sign an attestation that he or she will comply with the requirements relating to the PRA and will reimburse the account or one-stop delivery system for any amounts expended that are not allowable.

In addition, the Committee intends for eligible individuals to have access to the expertise of the professional career counselors available through the one-stop delivery system. H.R. 27 requires the grant recipient, through the one-stop delivery system, to provide an eligible individual the option to create a reemployment plan that will identify the employment goals and appropriate combination of services selected by the individual to achieve the employment goals. In addition, to receive an account, an individual must attest in writing that he or she was given the option to create such a plan before accepting the account.

The Committee believes that it is important for individuals to be aware of the options they have as they pursue employment, including the jobs that are in demand in the local areas. As a result, H.R. 27 requires each grant recipient, through the one-stop delivery system, to make available to account holders information on training providers that are on the eligible training provider list, information available to the one-stop delivery system on providers of intensive and supportive services, and information relating to occupations in demand in the local area.

No individual will be required to accept a PRA. If an individual needs training that costs more than \$3,000, the individual will have the choice to refuse the PRA and access training through the current WIA system.

However, a wide variety of training services can be purchased for under \$3,000. Examples of training services that can be purchased for \$3,000 or less include information technology certifications (including Microsoft Systems), courses to become a licensed realtor, courses to become a certified financial planner, preparation classes for other certifications or credential exams, training to become a licensed insurance planner, plus numerous courses of training available through community colleges. In addition, using a PRA, an individual could pay to take a certification exam. The Committee notes that during the year the account is in effect an individual could obtain, at a minimum, a year's education from a public community college, where the average annual tuition is \$1,518.²

The added flexibility available through the use of the account will allow some recipients to customize a package of services that may not be readily available in all local areas. For example, while all local areas are to provide information on supportive services in the area, paying for such services is optional now. Therefore, if an individual previously received child care through an employer and now needs child care assistance in order to look for new employment, he or she could use the account to pay for child care. In addi-

²Statistic from National Profile of Community Colleges: Trends and Statistics, Third Edition (2000).

tion, if he or she did not meet the current prioritization for training in the local area, the recipient still could choose immediately to use the funds for training.

Even if a recipient expends the funds in the account, he or she will have access at all times to core services available at the One-Stop Career Centers. These services include job search and placement assistance, information on available providers of services, initial career counseling, and access to a variety of labor market information.

H.R. 27 rewards individuals who find jobs quickly. Recipients will be able to keep the balance of the account as a cash reemployment bonus if they become reemployed in full-time employment within 13 weeks. To encourage workers to stay on the job longer, the remaining balance will be paid in two installments—60 percent at the time of employment, and the remaining 40 percent after six months job retention. The sooner one gets a job, the larger the employment bonus will be.

If an individual becomes unemployed again before the second portion of the bonus is provided, he or she may use the amount remaining in the account for reemployment services but may not receive any additional cash payments.

Past experiments with cash reemployment bonuses have proven to be effective in reducing individuals' weeks of unemployment compensation benefits while not compromising the quality of jobs and have been cost effective to the government.

Between 1984 and 1989, four reemployment bonus experiments were conducted on unemployment insurance recipients in Illinois, New Jersey, Washington, and Pennsylvania. When Secretary Chao appeared before the Committee in February 2003, she testified that the Department of Labor's evaluations of the reemployment bonuses in these states showed that such a bonus motivated the recipients to become reemployed, reduced the duration of unemployment compensation benefits by approximately one week, and resulted in new jobs comparable in earnings to those obtained by workers who were not eligible for the bonus. An additional evaluation in Illinois showed that bonuses did not lead to lower earnings at the worker's next job.

The final report on the Pennsylvania Reemployment Bonus Demonstration, prepared for the Department of Labor by Mathematica Policy Research, Inc. and published in September 1991, expands on these assertions. According to the report, "There is no evidence that the bonus offers prompted claimants to take less desirable jobs in an effort to qualify for the bonus * * *, the first post-unemployment jobs held by bonus-eligible claimants were similar to their pre-unemployment jobs in many respects, including their weekly wage rate."

In addition, the Committee believes that labor market attachment helps individuals advance in the workplace and taking a job may lead to promotions and new career opportunities. Being reemployed quickly is important to maintaining skills and work habits, and builds self-esteem.

Staff of the W.E. Upjohn Institute for Employment Research recently reviewed available research on the impact of reemployment bonuses. The staff working paper, published in January 2003, suggests that targeting those most likely to exhaust their unemploy-

ment compensation benefits could be the most cost effective mechanism for providing reemployment bonuses. H.R. 27 targets those that have been so profiled.

Another likely benefit of the reemployment bonuses is a reduction in the duration of unemployment compensation benefits for those eligible for a bonus. According to Walter A. Corson and Robert G. Spiegelman of the Upjohn Institute, who published a book titled "Reemployment Bonuses in the Unemployment Insurance System in 2001", studies have found that, "the availability of unemployment benefits led to voluntary and unproductive reduction in work effort, thereby leading to unnecessarily high costs to the UI system." (page 1) R. Glenn Hubbard, then-Chairman of the Council of Economic Advisors, corroborated this statement when he testified before the Joint Economic Committee of Congress on February, 26, 2003 when he stated, "One advantage of these (personal reemployment) accounts compared to traditional unemployment insurance is that traditional insurance encourages workers to wait until their insurance runs out before finding a new job." Mr. Hubbard presented evidence that reemployment spikes when benefits expire, whether regular or extended benefits.

In order for a state, local board, or consortium of local boards to receive funding under this chapter, the entity must submit to the Secretary an application containing such information as the Secretary may require. If the applicant is a state, the state must provide assurance that the application was developed in conjunction with the local board or boards and chief elected officials where the personal reemployment accounts are to be made available and must specify the methods and procedures for providing funds to the local areas where accounts are to be made available. Requiring these assurances reinforces that both states and local workforce investment areas have significant roles to play in the delivery of workforce development services. The inclusion of local boards in the development of the application will ensure that services are integrated at the local level with the one-stop delivery system.

In addition, at a minimum, the application must include a description of the criteria and methods to be used for determining eligibility for a PRA; a description of the methods or procedures to be used to provide eligible individuals information relating to services and providers; a description of safeguards to ensure that funds from the PRAs are used for purposes authorized and to ensure the quality and integrity of service providers, consistent with the purpose of providing individuals with enhanced flexibility, choice and control in obtaining services; and a description of how the entity will coordinate the activities carried out as part of the demonstration with other employment and training activities provided through the one-stop delivery system.

The Committee intends that safeguards specified through the state or local applications will provide accountability for the use of federal funds spent through personal reemployment accounts and enable recipients to select appropriate service providers. Through these safeguards, the state and local areas will be able to guard against the use of funds for "fly-by-night" providers that otherwise may try to entice recipients into using their services. The provisions are intended to maintain individual flexibility and choice while ensuring program integrity.

The Secretary may require from grant recipients the collection and reporting on such financial, performance, and other program-related information as the Secretary determines appropriate to carry out this chapter. The Committee anticipates that the Secretary will work with states and local areas to establish appropriate tracking mechanisms so that information will be readily available regarding use of funds and results achieved. Such information will be essential for conducting an evaluation of the assistance. The Committee expects the Secretary to work with states and local areas to minimize any administrative burden.

H.R. 27 requires the Secretary to conduct an evaluation of any PRA demonstration. The Secretary shall report the results to Congress, including the recommendation of the Secretary with respect to the use of personal reemployment accounts as a mechanism to assist individuals in obtaining and retaining employment.

Realtime writers

The Telecommunications Act of 1996 requires that by 2006, 100 percent of all new broadcast programming must be closed captioned. However, over the past five years, student enrollment in programs that train court reporters to become realtime writers has decreased to the point that several such programs have closed. Due to the highly specialized nature of this service, the workforce is unlikely to expand adequately without federal assistance. Estimates suggest that twice the number of individuals currently providing these closed captioning services for television will be needed to meet the government ordered increase in services. Accordingly, H.R. 27 authorizes the Secretary to award competitive grants, under existing demonstration authority in section 171, to qualified, accredited college and university programs to promote the training and placement of realtime writers. Grant funds could be used for recruitment activities, the development and provision of training, job placement of individuals as realtime writers, and to encourage individuals with disabilities to pursue careers in realtime writing.

Business partnership grants

Section 171 is further amended to allow the Secretary to utilize existing demonstration funding to award up to ten competitive grants to expand local sector-focused training and workforce development in high-growth, high-wage industry sectors. Grants may be awarded to a business or business partnership, including associations of industry employers and employee representatives. Grants may be used to help employers in targeted industries retain, support and advance their skilled workers; provide capacity building through regional alliances to link businesses to the public workforce investment system; conduct analyses of skills that are needed in the workforce in such industries; develop rigorous training and education programs related to employment in high-growth, high-wage industries; and train workers in the skills and competencies needed to obtain or upgrade employment.

National dislocated worker grants

Currently the Secretary can provide supplemental funds, upon request of a state, to assist states and local areas in addressing the needs of dislocated workers through national emergency grants.

H.R. 27 changes the name of “National Emergency Grants” to “National Dislocated Worker Grants” to better reflect the population that is to be served through the grants. Current law that requires the Secretary to designate a dislocated worker office to coordinate the functions of the Secretary under title I of WIA relating to employment and training activities for dislocated workers, including activities carried out under the national emergency grants, is repealed to allow the Secretary the discretion to determine how the grants could best be administered within the Department of Labor.

The separate funding authorization for the grants that were authorized under the Trade Act of 2002 to provide assistance in providing health insurance coverage to certain participants in the Trade Adjustment Assistance (TAA) program and certain beneficiaries of the Pension Benefit Guaranty Corporation is maintained.

The Committee recognizes that spouses of members of our Armed Forces often make great sacrifices for their families and in service to our country as they move based on their spouses’ military assignment. Such individuals may not be able to find employment that fits their skills and experience. In addition, during this time of war when many military reservists and National Guard members have been called to active duty, some military spouses have chosen to pursue employment to supplement their families’ incomes. In order to help such spouses with obtaining new or better employment, the bill allows states to use a national dislocated worker grant to serve a spouse of a member of the Armed Forces who is on active duty or full-time National Guard duty, or who was recently separated from some duties if such spouse is in need of employment and training assistance to obtain or retain employment. Some existing National Emergency Grants already have included special exemptions to provide such services, including those in San Diego, CA and Hampton Roads, VA.

Current law permits “other entities that demonstrate to the Secretary the capability to effectively respond to the circumstances relating to particular dislocations” to apply for a national emergency grant. This provision is deleted, since the appropriate entities to carry out these grants are the grantees in the workforce investment system and entities approved by the Governor. No entity in this deleted category has received these grants under WIA.

Authorization for national activities

H.R. 27 authorizes \$211 million to be appropriated for section 171, pilots and demonstrations, for fiscal year 2006 and such sums as may be necessary for fiscal years 2007 through 2011. Of this amount, the Secretary may use up to \$125 million to fund the community-based job training grants. When combined with funding available to the Secretary under the national reserve of the consolidated adult grant, up to \$250 million would be available to provide these grants.

Such sums as may be necessary are authorized to be appropriated for fiscal years 2006 through 2011 to provide technical assistance, evaluations and incentive grants. Current law reservations within these programs are eliminated to provide the Secretary with greater flexibility in determining how funds will be utilized.

Faith-based providers

Faith-based organizations, such as churches, synagogues, mosques and faith-based charities are a central part of the fabric of communities across America. Many of these organizations provide assistance and services to the neediest members of society, offering a helping hand to the least fortunate among us. And many of these same faith-based organizations can make a vital contribution to federal assistance programs. These organizations have a federally protected right to maintain their religious nature and character through those they hire.

Currently under federal law, religious organizations may consider religion in employment decisions, and any federal legislation governing federal social service or workforce development funds should continue to protect the rights of religious organizations to hire on a religious basis when they take part in federal social services (in this case, job training) efforts. President Bill Clinton signed four laws that explicitly allow religious organizations to retain their right to staff on a religious basis when they receive federal funds, including the Substance Abuse and Mental Health Services Administration Act; the Community Services Block Grant Act of 1998; the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (the welfare reform law); and the Community Renewal Tax Relief Act of 2000. In *Corporation of the Presiding Bishop v. Amos*, a unanimous Supreme Court upheld the freedom to hire those who share the religious organization's beliefs. Faith-based organizations cannot be expected to sustain their religious mission without the ability to employ individuals who share the tenets and practices of their faith because it is that faith that motivates them to serve their neighbors in need.

However, often these faith-based organizations have been excluded from delivering services for which the federal government commits substantial resources—many simply because they have a religious name or identity. President Bush has called on his Administration and Congress to remove these barriers. Accordingly, the programmatic provisions of WIA are amended in this bill to restore the civil liberties of religious organizations participating in the program. This language incorporates the current protections regarding employment decisions by religious organizations contained in Title VII of the Civil Rights Act. This change is supported by a diverse coalition including the Center for Public Justice, the Coalition to Preserve Religious Freedom, World Vision, the National Center for Neighborhood Enterprise, the Latino Coalition for Faith and Community Initiatives, the National Commander of the Salvation Army, Family and Children Faith Coalition, and Evangelicals for Social Action. Consequently, faith-based organizations can now serve their communities by participating in job training services without being forced to give up their civil liberties.

Administration

Under current law, the Secretary must investigate each allegation of violations of the requirements of title I of WIA. This provision is amended to authorize investigations of such allegations since it may not be necessary or appropriate to conduct an investigation of each one.

H.R. 27 requires the Secretary to submit states' quarterly reports to the House Committee on Education and the Workforce and the Senate Committee on Health, Education, Labor and Pensions to ensure the committees have sufficient information to evaluate the program.

Current law prohibits use of WIA funds for employment generating activities, economic development activities and similar activities that are not directly related to training for eligible title I participants. The bill clarifies this restriction in order to encourage closer ties between workforce development and economic development activities. The new language only would prohibit such activities if they do not relate to the entry in employment, retention of employment, or increases in earnings.

Under current law, funds under title I of WIA are to be made available for obligation only on the basis of a program year beginning on July 1 in the fiscal year for which the appropriation is made. Youth funds were made available on April 1 of any fiscal year. The bill would delete this exception. This provision was important when summer employment opportunities were a key part of the youth strategy. Having the funds available on April 1 allowed local areas to plan their summer activities. Since the youth program now will be focused on services to out-of-school youth, the funds should be made available on July 1, the same date as are the funds for the consolidated adult program. This change will also reduce planning and reporting burdens on states and local areas.

Under current law, states have three years to spend each year's allotment. H.R. 27 clarifies that this allowance also applies to Native American grantees.

H.R. 27 provides new waiver authority for the Secretary. DOL will establish an expedited process for extending waivers approved for one state to additional states, provided they meet other applicable requirements. In administering the waiver process it has been found that some waivers to address particular issues appear to be appropriate for all states, but under current authority each state must go through a detailed application process to have a waiver extended to their state. This provision would allow the Secretary to expedite that process.

In addition, H.R. 27 prohibits using funds provided under WIA from being used to establish or operate stand-alone fee-for-service enterprises that compete with private sector employment agencies. Such an enterprise does not include one-stop centers. The Committee understands that in some local areas, local boards have established free-standing enterprises specifically designed to compete with private sector employment agencies. This is contrary to the intent of WIA.

TITLE II—ADULT EDUCATION

The purpose of the federal adult education program is to ensure that eligible adults have opportunities to improve their basic and literacy skills in high-quality research-based programs that will equip them to succeed in the next step of their education and employment.

As we begin the 21st Century, the need for an educated populace is critical to our success in maintaining our place in the knowledge-based economy, and providing opportunities for all our citizens to

reach their highest potential. But there are major challenges ahead of us. In 2001, English as a Second Language (ESL) enrollment was 42 percent of the total enrollment in state-administered adult education programs. The U.S. Census Bureau data from 1999 show that full-time workers, 18 years and older, who have not completed high school earn an average of \$23,447 per year. The average for all workers is \$43,396. Those without a high school diploma or its equivalent on average earn almost half the salary of the average worker. Employers searching for qualified employees over the past five years have noticed an increasing trend in the number of employees lacking the basic skills needed in the workplace. Increasing numbers of beginning college students are required to take basic skills courses in reading and math before moving into the standard college program.

Currently the federal adult education program serves 2.7 million adults in more than 5,000 federally sponsored centers with 53,000 part time teachers and 10,000 full time teachers.

The 21st Century Workforce Commission reported that, “As never before, there is a premium on American workers who are able to read and understand complex material, think analytically, and use technology efficiently. To stay competitive in the knowledge-based economy employers will need workers who can read, write, compute, solve problems, and communicate well.”

In reauthorizing Title II, the Adult Basic Skills and Family Literacy Education section of WIA, the Committee has placed additional emphasis on ensuring that states and local providers offer research validated basic skills instruction in reading, writing, English language acquisition, and math. Making sure that these skills are solidly in place for all students is a priority, whether it is those with limited English proficiency, high school dropouts who have not mastered these vital skills, or even high school graduates who have slipped through the cracks in the system and need additional instruction in the basics.

Purpose

In revising the purpose of Title II the Committee believes that clearly defining the skills that are necessary for an adult to become educated enough to compete in a knowledge-based economy is essential. Reading with comprehension, writing with clarity and purpose, speaking the English language proficiently and fluently, and mastering the basic computational math skills remain essential if an individual is to move on to higher levels of education and employment. To make sure that states and local providers clearly understand the terms included in this reauthorization the definitions section has been expanded, or modified to correspond with those in the No Child Left Behind Act. The Committee specifically added definitions for the “essential components of reading instruction,” “reading,” and “scientifically based reading research.”

Measuring success

The Committee has expanded the accountability provisions for both state and local providers. The requirement for measuring improvement in “basic skills levels in reading, writing, English language acquisition, and math, leading to proficiency in each skill” have been added to the “eligible agency performance measures”

that are in current law. Course offerings in the basic skills must include “sufficiently rigorous instructional practices” as to assure continuous and significant improvement. Progress in these skills must be “objective, quantifiable, and measurable” if the purposes of this title are to be achieved.

The Committee also has provided funds for states to use in offering eligible providers of adult education technical assistance and professional development training on ways to “develop, implement and report measurable progress in achieving the objectives of this title.” States are required to include in their state plans “how they will evaluate and measure annually such effectiveness on a grant-by-grant basis,” and how they will hold eligible providers accountable in “improving the academic achievement of participants in adult education programs.” The Committee believes that cooperation and coordination between state and local providers in offering research based instructional programs in reading, writing, English Language Acquisition and math will ensure that participants will reach their goals. States are authorized to “use technical assistance, sanctions, and rewards (including allocation of grant funds based on performance and termination of grant funds based on nonperformance” to hold local adult education providers accountable.

Coordination between adult educators, employers, and providers of higher education

The Committee believes that it is essential that adult educators work closely with “State Workforce Investment Boards, state agencies on higher education, representatives of business and industry, immigrant assistance organizations, including community-based and faith based organizations” in providing appropriate skill development programs for eligible adults.

National leadership activities

The Committee has authorized national activities to assist states and local providers in developing valid, measurable, and reliable performance data, and in using such performance information for the improvement of adult basic skills and family literacy education programs. The development of model basic and workplace skills education programs, and their effective integration with employment services are important components of improving the delivery of adult education programs. In addition, the Committee has encouraged support for the development of a more efficient delivery system of technology-based, basic skills programs and materials for adult reading, writing, English language acquisition, math, and family literacy education.

Authorization

Title II (A) is authorized at \$590,000,000 for fiscal year 2006 and such sums as are necessary for fiscal years 2007 through 2011.

SECTION 242—NATIONAL INSTITUTE FOR LITERACY

The National Institute for Literacy (NIFL) was established in 1991, and its mission was primarily focused on disseminating information on adult literacy. In 1998, the mission was expanded to include dissemination on scientifically based reading research on

K-3 programs as identified through the Reading Excellence Act and the Even Start Act. More than \$96 million has been appropriated for NIFL since 1991. In this reauthorization, the National Institute for Literacy is re-focused on dissemination of scientifically based research in reading at all levels of instruction, identification of model programs in professional development for reading teachers, and assistance with state and local schools, adult education programs, and family literacy programs to improve their delivery of reading instruction.

Purpose

The mission of NIFL has been modified to be consistent with the provisions of the No Child Left Behind Act (NCLB) for national leadership in “promoting reading research, reading instruction, and professional development in reading based on scientifically based research.” In addition to the \$6.7 million currently authorized for NIFL an additional \$7 million is authorized under Part B of NCLB and the Even Start Family literacy program for NIFL. The Committee has modified the mission to focus on widely disseminating “information on scientifically based reading research to improve academic achievement for children, youth, and adults.” Since learning to read is the gateway skill that opens the door to all other learning, the Committee believes that the most effective way to reduce the number of illiterate adults is to educate children and youth before they graduate from high school. That process will take time, and thus the Committee is committed to ensuring that adults receive the most effective instruction in reading that is available.

Establishment

NIFL is to be administered by a Director appointed by the Secretary of Education in consultation with the Secretary of Labor, and the Secretary of Health and Human Services. The Director manages the day-to-day activities of the Institute. The Committee has ensured that there will be coordination between other federal agencies, such as the Departments of Labor, Health and Human Services, and the National Institute for Child Health and Human Development as part of an interagency group consisting of the three Cabinet Departments referred to above.

Administration and accountability

A biennial report is to be submitted to the Committee on Education and the Workforce in the House, and the Committee on Health, Education, Labor, and Pensions in the Senate providing a comprehensive and detailed description of the Institute’s operations, activities, financial condition, and accomplishments in carrying out the purposes of the Institute, along with a summary description of how the Institute will advance its mission in the next biennium.

National leadership

It is the intent of the Committee that the National Institute for Literacy (NIFL) will work closely with the Secretary of Education, in particular with the Reading First Director, the Director of the Institute for Education Sciences, the Director of the National Institute for Child Health and Human Development, and the National

Research Council in advancing scientifically based reading instruction for children, youth and adults. For decades reading scores for children, youth and adults have been inadequate for a nation with more resources and programs dedicated to improving reading instruction than any other nation on earth. Under the No Child Left Behind Act (NCLB), the budget for reading instruction was tripled, and the Committee believes it is essential to provide the currently available information on scientifically based reading instruction for teachers, parents, school boards, state legislators, Members of Congress, and federal agencies.

The National Institute for Literacy will “establish a national electronic database and Internet site describing and fostering communication on scientifically based programs in reading, writing, and English language acquisition for children, youth, and adults, including professional development programs.” The Committee continues to be specifically concerned that the “Literacy Information And Communications System (LINCS),” has strayed from the specific intent of Congress and continues to be abused by those who have a political agenda. The “national electronic database” envisioned by Congress is to be specifically designed to provide adult educators, parents, teachers and policymakers with the most up to date information on scientifically based, effective instructional practices on reading, writing, speaking, English language acquisition and math knowledge. The Committee has made it clear that debating particular political philosophies, or lobbying on behalf of any legislation is outside the mission of the NIFL, and should be stopped immediately. The Committee believes that the best and most effective way to provide the American public with the tools necessary to reduce and ultimately eliminate the scourge of illiteracy is to widely disseminate objective, unbiased information on reading instruction and not promote a political agenda through a federally-funded electronic database.

Definitions

The Committee has included the definitions of “scientifically based reading research,” “reading” and the “essential components of reading instruction” that have the meanings given to those terms in NCLB. It is important to have definitions that are consistent throughout federal law so that states and local providers understand the intent of Congress in federal reading policy.

TITLE III—AMENDMENTS TO THE WAGNER-PEYSER ACT

The Wagner-Peyser Act authorizes the current employment services system and the employment statistics system. Because the employment services funding is part of the consolidated adult grant under WIA, and because the employment services functions are being assumed into the one-stop delivery system, H.R. 27 repeals sections one through thirteen of the Wagner-Peyser Act. These sections authorize the stand-alone employment services system.

H.R. 27 amends the current employment statistics system authorized under the Wagner-Peyser Act and renames the system the Workforce and Labor Market Information System. The requirement for the Secretary to prepare an annual plan for management of the nationwide employment statistics system is eliminated. This plan has not proven useful. In place of the plan requirement is an au-

thorization for the Secretary to assist in the development of national electronic tools that may be used to facilitate the delivery of core services and provide workforce information to individuals through the one-stop and other appropriate delivery systems.

The bill eliminates the requirement that the governor designate a state agency to oversee the labor market information system and gives the governor flexibility to operate the system as appropriate for the state's delivery system. Our rapidly changing economy and labor markets require a new, flexible, demand-driven workforce investment system that is fully aligned with the state's economic development strategies. This system, in turn, requires a broader view of workforce, labor market, and economic data and information than the traditional labor market information system of the past. Governors need to have the flexibility to determine how this function is performed and not be bound by outdated institutional arrangements. Through this change, the Committee recognizes that quality workforce information is more important than ever; it should be utilized as a tool to drive system investments, including types of training needed by individuals to compete in local labor markets, the development of targeted high growth strategies as part of economic development, and use by businesses looking to grow and compete both locally and globally.

The current law provisions relating to consultations between the Secretary and state employment statistics officials would be simplified to provide that the Secretary, working through the Bureau of Labor Statistics (BLS) and the Employment and Training Administration, must regularly consult with representatives from the designated state agencies on strategies for improving the workforce and labor market information system. At least twice each year, the Secretary, working through BLS, would conduct formal consultations on BLS programs with representatives, elected by and from state directors affiliated with state entities, from each of the ten Department of Labor regions. This formal consultation and election process is similar to current law.

The authorization for appropriation for the Workforce and Labor Market Information System is extended to 2006 through 2011.

TITLE IV—AMENDMENTS TO THE REHABILITATION ACT OF 1973

The Rehabilitation Act of 1973 is the nation's major program providing comprehensive vocational rehabilitation (VR) services to help persons with disabilities become employable and achieve full integration into society. The primary program within the Act is the state grant VR program under Title I. It provides formula grant funds to states for VR services to assist persons with significant disabilities to become employed in integrated work settings.

The 1998 reauthorization of this Act simplified certain aspects for VR consumers, expanded consumer choice of services and providers, and required that the VR system be coordinated with the WIA system. The last reauthorization also required VR consumers to be involved in their VR planning process, giving them more choice in the development of their individualized plans for employment. The Committee believes these changes are impacting the VR system positively and are resulting in improved outcomes for clients. As a result, few changes are deemed necessary in this Act.

The President's Commission on Excellence in Special Education suggested that the transition from Individuals with Disabilities Education Act (IDEA) services to postsecondary education, employment, and independent living needed significant improvement. Therefore, H.R. 27 contains new language requiring states to set clear goals about improving the alignment of transition services in both vocational rehabilitation and special education. There is also new language directing states to conduct an assessment of transition services and how those services are coordinated with services under IDEA. The bill provides additional coordination with IDEA services by clarifying that rehabilitation counselors (under VR) may use alternative means of communication (such as video conferencing and conference calls) when participating in Individualized Education Program meetings under IDEA.

The Committee recognizes that with unemployment rates of adults with disabilities approaching 70 percent, the need to improve the transition of youth with disabilities from school to postsecondary education and employment is significant. With an increased focus on improved results in education, providing a successful transition to post-school employment or education is an essential component of providing services to individuals with disabilities.

A 2003 General Accounting Office (now known as the Government Accountability Office, GAO) report states that poor linkages between schools and youth service providers and a lack of community work experience impedes the successful transition of youth. Without the involvement of agencies that support youth with disabilities, the responsibility for transition is left to special education teachers who may not have the capacity or training to access the necessary community resources. The involvement of the VR program in transition provides students with disabilities and special education teachers with assistance, training, and access to community resources that can be critical to success. However, many youth with disabilities who are eligible for VR services while in high school do not access them because they lack knowledge of the program or the program does not have the capacity to serve all those who are eligible.

The Committee recognizes that state vocational rehabilitation agencies currently have an affirmative obligation to provide transition services to students with disabilities as they prepare to leave secondary education and move on to post-secondary education, employment, and independent living. Despite this obligation, the state vocational rehabilitation agencies have not sufficiently addressed this important problem. To improve and expand the provision of vocational rehabilitation services to students with disabilities during their transition years, the Committee makes several improvements to the Rehabilitation Act. In order to improve planning and coordination, states will be required to address the needs of students with disabilities as a part of the state's comprehensive statewide assessment of vocational rehabilitation needs and to describe the methods to be used to expand and improve services to students with disabilities, including the coordination of services designed to facilitate the transition of such students to post-secondary education or employment. The bill establishes a trigger to target \$50 million for the expanded transition services beginning in the first

year that the appropriation under section 100(b) exceeds the fiscal year 2004 appropriation by \$100 million. States would be required to use these targeted funds to carry out programs or activities to improve and expand services that facilitate student transition, improve the achievement of post-school goals, support training and technical assistance to personnel, support outreach activities, and to provide vocational guidance, career exploration services, and job search skills to students with disabilities.

The bill also changes the position that heads the Rehabilitation Services Administration within the Department of Education from a Commissioner appointed by the President and approved by the Senate to a Director appointed by the Secretary. The Committee notes that this is a simple and important change to the administrative functioning of the Department of Education to help make the Department operate more effectively and ensure that there is a consistent policy view over all the Department's programs that deal with disability policy. This change is consistent with President Bush's Management Agenda, through which the President is calling on agencies to reduce the number of managers and organizational layers thereby reducing the time it takes to make a decision and ensuring there is one unified voice speaking for the Department on disability policy.

The Assistant Secretary of Special Education and Rehabilitation Services oversees the Director of the Office of Special Education Programs and the Director of the National Institute of Disability Research and Rehabilitation. This proposal places the Rehabilitation Services Administration on equal footing with those two important offices, and reaffirms the importance of coordinating federal policy across these three vital offices through the office of the Assistant Secretary.

Administration after Administration has struggled with having two individuals appointed by the President and confirmed by the Senate working within the same office. Providing this clarity will establish a clear sense of purpose to these offices, enabling the Department to focus more on providing high-quality services to individuals with disabilities.

H.R. 27 makes two important additions to programs involving protection and advocacy programs. In the Client Assistance Program authorized in section 112 of the Act, the American Indian Consortium is added as an entity eligible to receive funds under the Act to provide protection and advocacy services related to assistive technology to their clients. In the Protection and Advocacy of Individual Rights program, the Committee included language allowing protection and advocacy systems to retain their program income for one additional year. The Committee is very interested in the effective use of these funds and requires the protection and advocacy systems to report on their use of any carryover money to ensure the transparency and accountability of these funds.

On October 24, 2004 the President signed H.R. 4278, the Assistive Technology Act of 2004, into law to reauthorize and reform the Assistive Technology Act of 1998. Congress made a series of significant changes to improve the structure and operation of that important program. H.R. 27 follows up on that reform legislation by further incorporating those reforms into the Rehabilitation Act of 1973 by ensuring that the state vocational rehabilitation programs co-

ordinate and cooperate with the lead agency responsible for assistive technology to ensure that individuals with disabilities have access to assistive technology to improve their educational, employment, or independent living opportunities. In addition, the bill provides state vocational rehabilitation programs the option to coordinate their activities with programs authorized under the Assistive Technology Act of 1998, including device loan, device demonstration, device reutilization, and alternative financing programs.

The bill authorizes programs under the Rehabilitation Act of 1973 through 2011. H.R. 27 also reauthorizes the Helen Keller National Center Act through 2011.

TITLE V—TRANSITION AND EFFECTIVE DATE

Title III contains transition provisions and the effective date. The Secretary shall take such actions as the Secretary determines to be appropriate for the orderly implementation of this Act. Except as otherwise provided by this Act, the amendments made by this Act are to take effect upon enactment.

SECTION-BY-SECTION ANALYSIS

Section 1. Designates the short title of this act as the “Job Training Improvement Act of 2005.”

Section 2. Establishes the table of contents for the Act.

Section 3. Specifies that, if there is an amendment or a repeal in the Act, unless otherwise specified it is considered made to the Workforce Investment Act of 1998.

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

Section 101. Modifies and adds definitions under this Title.

Section 102. Amends the purposes of the Workforce Investment Act of 1998 (WIA).

Section 103. Amends section 111 to stipulate the members and functions of the State Workforce Investment Boards and authorizes the State board to hire the necessary staff to carry out this mandate.

Section 104. Amends Section 112 to change the state planning cycle from a 5-year strategy, to a 2-year strategy and revise the contents of the state plan.

Section 105. Amends Section 116 to clarify the automatic designation of local areas and allows regional planning in lieu of separate local plans.

Section 106. Amends section 117 of WIA to specify the composition and functions of the Local Workforce Investment Boards. Eliminates the requirement for Youth Councils.

Section 107. Amends section 118 to change the local planning cycle from 5-years to 2-years and promote continuous improvement in service delivery.

Section 108. Amends section 121 to add Ticket to Work, child support, employment and training programs at the Small Business Administration and programs for individuals with disabilities as new optional partner programs within the one-stop delivery system. Moves the creation of the one-stop delivery system from section 134 to section 121, requires State boards to certify one-stop

centers for the purposes of awarding infrastructure funds, and requires one-stop partners to contribute funds for infrastructure grants.

Section 109. Amends section 122 to allow Governors to identify eligible providers of training services.

Section 110. Amends section 123 to allow local boards to award grants or contracts to eligible providers of youth activities.

Section 111. Amends chapter 4 of WIA to target out-of-school youth, while allowing States and local areas to serve some in-school youth. Allots 25% of the appropriation for any fiscal year, up to \$250 million, for national Youth Challenge Grants. Amends the allotment of funds to states and local areas, youth participant eligibility, and statewide and local youth activities.

Section 112. Amends chapter 5 of WIA to establish a comprehensive program of employment and training activities for adults. The section amends the allotment of funds to states, changes the allotment formula for states and local areas, amends the reallocation provisions, retains current local administrative cost limit, and removes references to separate dislocated work funding stream. The section also amends the use of funds for employment and training activities and the State and local level and removes the current sequencing of services requirements.

Section 113. Simplifies the performance accountability system established in section 136 and authorizes state and local incentive grants.

Section 114. Amends section 137 to authorize appropriations for all programs in the legislation for 2006 through 2011.

Section 115. Amends subtitle C to clarify the business and community participation under the Job Corps program and authorize appropriations through 2011.

Section 116. Amends the Native American Programs authorized under section 166.

Section 117. Amends the Migrant and Seasonal Farmworker Programs authorized under section 167.

Section 118. Makes a technical amendment to the Veterans' Workforce Investment Programs authorized under section 168.

Section 119. Amends section 169 to authorize Youth Challenge Grants to assist youth in acquiring education, credentials, and employment experience.

Section 120. Amends Section 170 to provide technical assistance and support training to dislocated workers.

Section 121. Amends section 171(b) and (c) to clarify the Demonstration, Pilot, Multiservice, Research and Multi-State projects.

Section 122. Amends section 171(d) to authorize the Secretary to establish and implement community-based job training.

Section 123. Amends section 171 by adding Personal Reemployment Accounts demonstration authority.

Section 124. Amends section 171 by adding Training for Realtime Writers demonstration authority.

Section 125. Amends section 171 by adding Business Partnership Grants demonstration authority.

Section 126. Changes the program in Section 173 entitled "National Emergency Grants" to "National Dislocated Worker Grants" and amends the uses of the grants.

Section 127. Extends the authorization of appropriations in Section 174 of the Workforce Investment Act for national activities through 2011.

Section 128. Amends the limitations in section 181(e).

Section 129. Amends Section 188 to apply current law exemption for Faith Based Organizations with respect to hiring people of a particular religion.

Section 130. Amends administrative provisions in Section 189 and expands the Secretary's waiver authority.

Section 131. Clarifies in Section 195 that no funds under this act shall be used to establish fee-for-service agencies that compete with private sector employment agencies.

TITLE II—ADULT EDUCATION, BASIC SKILLS, AND FAMILY LITERACY EDUCATION

Section 201. Establishes the table of contents of Title II.

Section 202. Amends Title II to read as follows:

TITLE II—ADULT EDUCATION, BASIC SKILLS, AND FAMILY LITERACY EDUCATION

Section 201. States the short title as the 'Adult Education, Basic Skills, and Family Literacy Education Act'.

Section 202. Sets forth the purpose of this Title.

Section 203. Modifies and adds definitions under this Title.

Section 204. Sets forth provisions exempting home schools from requirements of this Act.

Section 205. Contains provisions pertaining to the authorization of appropriations.

CHAPTER 1. FEDERAL PROVISIONS

"Section 211. Contains provisions pertaining to reservation of funds; sets forth provisions regarding grant eligibility, purpose, and allotment of funds, states the definition of a qualifying adult; and contains provisions regarding eligibility for the Freely Associated States.

"Section 212. Establishes a performance accountability system; sets forth performance measures and indicators; and contains provisions regarding the submission of an annual report by eligible agencies and requirement on its dissemination by the Secretary.

"Section 213. Sets forth provisions regarding incentive grants for states.

"CHAPTER 2. STATE PROVISIONS

"Section 221. Sets forth provisions regarding state administration and state-imposed requirements.

"Section 222. Contains provisions regarding state distribution of funds and sets forth requirements regarding non-federal matching contributions for eligible agencies.

"Section 223. Contains provisions regarding allowable state leadership activities.

"Section 224. Requires the submission of a six-year state plan by grant applicants and sets forth requirements for six-year state plans, plan revisions, and plan approval.

“Section 225. Authorizes a program for corrections education and education for institutionalized individuals; and states definitions of criminal offender and correctional institution.

“CHAPTER 3. LOCAL PROVISIONS

“Section 231. Contains provisions regarding grants and contracts for local providers and local activities; sets forth provisions regarding direct and equitable access for eligible providers; and requires eligible providers to establish a set of measurable goals.

“Section 232. Sets forth provisions regarding requirements for local grant and contract applications.

“Section 233. Contains provisions regarding local administrative cost limits.

“CHAPTER 4. GENERAL PROVISIONS

“Section 241. Requires that federal funds supplement not supplant state or local funds expended and contains provisions regarding the maintenance of effort.

“Section 242. Establishes the National Institute for Literacy and contains provisions with regard to the purpose and administration of this Part.

“Section 243. Requires the Secretary to establish and carry out a national leadership activities program and contains provisions regarding allowable activities.”.

TITLE III. AMENDMENTS TO THE WAGNER-PEYSER ACT

Section 301. Amends the Wagner-Peyser Act by striking Sections 1 through 13 (29 U.S.C. 49 et seq.). Also amends section 15 of the Act to require the Secretary of Labor to oversee a nationwide workforce and labor market information system; sets forth provisions with regard to system content, confidentiality of information, system responsibilities, and immunity from legal process; authorizes the Secretary to assist in the development of national electronic tools to provide services; requires the Secretary to consult with representatives of State agencies involved in carrying out workforce information strategies; and authorizes appropriations for the program through 2011.

TITLE IV. AMENDMENTS TO THE REHABILITATION ACT OF 1973

Section 401. Amends Section 2(a) of the Rehabilitation Act of 1973 (29 U.S.C. 701(a)) to add an additional finding with regard to expanding services for students with disabilities.

Section 402. Amends Section 3(a) of the Rehabilitation Act of 1973 (29 U.S.C. 702(a)) with regard to the Commissioner of the rehabilitation services administration.

Section 403. Amends The Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.) to replace “Commissioner” with “Director.”

Section 404. Amends Section 7 of the Rehabilitation Act of 1973 (29 U.S.C. 705) by defining terms.

Section 405. Amends Section 101(a) (29 U.S.C. 721(a)) by including additional transition services in the state plan.

Section 406. Amends Section 103 of the Rehabilitation Act of 1973 (29 U.S.C. 723) with regard to transition services.

Section 407. Amends Section 106(a) of the Rehabilitation Act of 1973 (29 U.S.C. 726(a)) with regard to standards and indicators.

Section 408. Amends Section 110 of the Rehabilitation Act of 1973 (19 U.S.C. 730) with regards to reservation for expanded transition services.

Section 409. Amends Section 112 of the Rehabilitation Act of 1973 (19 U.S.C. 730) to authorize the American Indian Consortium to receive funds under the Client Assistance Program.

Section 410. Amends Section 509 of the Rehabilitation Act of 1973 (19 U.S.C. 730) to allow the Protection and Advocacy of Individual Rights program to retain program income generated by the system for up to one additional year after it was generated.

Section 411. Makes changes to Section 705(b)(5) of the Rehabilitation Act of 1973 (29 U.S.C. 796d(b)(5)) regarding the selection of the chairperson.

Section 412. Amends The Rehabilitation Act of 1973 to provide authorization of appropriations through 2011.

Section 413. Amends the table of contents in Section 1(b).

Section 414. Authorizes appropriations for the Helen Keller National Center Act for 2006 through 2011.

TITLE V. TRANSITION AND EFFECTIVE DATE

Section 501. Grants the Secretary of Labor authority to take appropriate action to provide for the orderly implementation of this Act.

Section 502. States that this Act and the amendments made by this Act shall take effect on the date of its enactment.

EXPLANATION OF AMENDMENTS

The Amendment in the Nature of a Substitute is explained in the body of this report.

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104–1 requires a description of the application of this bill to the legislative branch. The purpose of H.R. 27 is enhance the workforce investment system created under the Workforce Investment Act of 1998 by strengthening one-stop career centers, providing for more effective governance arrangements, promoting consumer choice, establishing a more targeted approach to serving youth, and improving performance accountability. The bill also improves our nation’s adult education system using practices based on scientific research, and enhances vocational rehabilitation services for individuals with disabilities seeking to return to or enter the integrated workplace. The bill does not prevent legislative branch employees from receiving the benefits of this legislation.

UNFUNDED MANDATE STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act (as amended by Section 101(a)(2) of the Unfunded Mandates Reform Act, P.L. 104–4) requires a statement of whether the

provisions of the reported bill include unfunded mandates. H.R. 27 amends the Workforce Investment Act and the Vocation Rehabilitation Act. As such, the bill does not contain any unfunded mandates.

ROLLCALL

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 1 BILL H.R. 27 DATE February 16, 2005
 AMENDMENT NUMBER 2 DEFEATED 21 - 22
 SPONSOR/AMENDMENT Mr. Holt / amendment to increase the authorization for Title I

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE				X
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD				X
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS				X
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL				X
Mr. BOUSTANY		X		
Mrs. FOXX				X
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU				X
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	21	22		6

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 2 BILL H.R. 27 DATE February 16, 2005

AMENDMENT NUMBER 4 DEFEATED 19 - 23

SPONSOR/AMENDMENT Mr. Ryan / amendment requiring states to set-aside funds for an early intervention program for workers affected by offshoring

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE				X
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD				X
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER				X
Mr. OSBORNE				X
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY				X
Mr. KIND				X
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS				X
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	19	23		7

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 3 BILL H.R. 27 DATE February 16, 2005

AMENDMENT NUMBER 7 DEFEATED 12 - 17

SPONSOR/AMENDMENT Mr. Owens / amendment to require the Secretary of Labor to set up an interstate transfer demonstration program

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE				X
Mr. JOHNSON				X
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS				X
Mrs. BIGGERT		X		
Mr. PLATTS				X
Mr. TIBERI				X
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS				X
Ms. McMORRIS				X
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY				X
Mrs. FOXX				X
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER				X
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY				X
Mr. TIERNEY				X
Mr. KIND				X
Mr. KUCINICH				X
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS				X
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA				X
Mr. VAN HOLLEN				X
Mr. RYAN				X
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	12	17		20

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 4 BILL H.R. 27 DATE February 16, 2005
 AMENDMENT NUMBER 8 DEFEATED 19 - 23

SPONSOR/AMENDMENT Mr. Scott / amendment to restrict the civil liberties of faith-based organizations participating under the Workforce Investment Act

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER				X
Mr. NORWOOD		X		
Mr. EHLERS		X		
Mrs. BIGGERT				X
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON				X
Mr. PORTER				X
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL				X
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER				X
Mr. KILDEE	X			
Mr. OWENS				X
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW		X		
TOTALS	19	23		7

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 5 BILL H.R. 27 DATE February 16, 2005

AMENDMENT NUMBER 9 DEFEATED 16 - 23

SPONSOR/AMENDMENT Mr. Van Hollen / amendment to require the Secretary of Labor to collect data on women workers

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman				X
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER				X
Mr. NORWOOD		X		
Mr. EHLERS		X		
Mrs. BIGGERT				X
Mr. PLATTS				X
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER				X
Mr. KILDEE	X			
Mr. OWENS				X
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY				X
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH				X
Mr. WU	X			
Mr. HOLT				X
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	16	23		10

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 6 BILL H.R. 27 DATE February 16, 2005

AMENDMENT NUMBER 10 DEFEATED 17 - 27

SPONSOR/AMENDMENT Mrs. McCarthy / amendment to require a hiring policy statement for positions funded through the Workforce Investment Act

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS				X
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER				X
Mr. KILDEE	X			
Mr. OWENS				X
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT				X
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW		X		
TOTALS	17	27		5

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 7 voted en bloc BILL H.R. 27 DATE February 17, 2005

AMENDMENT NUMBER 12 DEFEATED 19 - 21

SPONSOR/AMENDMENT Mr. Kildee / amendment to strike current infrastructure provisions and authorize new infrastructure funding

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS				X
Mrs. BIGGERT		X		
Mr. PLATTS				X
Mr. TIBERI		X		
Mr. KELLER				X
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL				X
Mr. BOUSTANY				X
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL				X
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY				X
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT				X
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN				X
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	19	21		9

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 7 voted en bloc BILL H.R. 27 DATE February 17, 2005

AMENDMENT NUMBER 14 DEFEATED 19 - 21

SPONSOR/AMENDMENT Ms. Woolsey / amendment to require states to describe in their plans how they would provide youth services that lead to comparable pay

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS				X
Mrs. BIGGERT		X		
Mr. PLATTS				X
Mr. TIBERI		X		
Mr. KELLER				X
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL				X
Mr. BOUSTANY				X
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL				X
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY				X
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT				X
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN				X
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	19	21		9

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 7 voted en bloc BILL H.R. 27 DATE February 17, 2005

AMENDMENT NUMBER 17 DEFEATED 19 - 21

SPONSOR/AMENDMENT Ms. Woolsey / amendment to allow local areas to use up to 10 percent of local funding to serve displaced homemakers or train women for nontraditional employment

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS				X
Mrs. BIGGERT		X		
Mr. PLATTS				X
Mr. TIBERI		X		
Mr. KELLER				X
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL				X
Mr. BOUSTANY				X
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL				X
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY				X
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT				X
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN				X
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	19	21		9

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 7 voted en bloc BILL H.R. 27 DATE February 17, 2005

AMENDMENT NUMBER 19 DEFEATED 19 - 21

SPONSOR/AMENDMENT Mr. Kildee / amendment to strike the Personal Reemployment Account pilot

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS				X
Mrs. BIGGERT		X		
Mr. PLATTS				X
Mr. TIBERI		X		
Mr. KELLER				X
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL				X
Mr. BOUSTANY				X
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL				X
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA	X			
Mrs. McCARATHY	X			
Mr. TIERNEY				X
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT				X
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN				X
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	19	21		9

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 8 BILL H.R. 27 DATE February 17, 2005

H.R. 27 was ordered favorably reported, as amended, by a vote of 26 - 20

SPONSOR/AMENDMENT Mr. Petri / motion to report the bill to the House with an amendment and with the recommendation that the bill as amended do pass

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman	X			
Mr. PETRI, Vice Chairman	X			
Mr. McKEON	X			
Mr. CASTLE	X			
Mr. JOHNSON	X			
Mr. SOUDER	X			
Mr. NORWOOD	X			
Mr. EHLERS	X			
Mrs. BIGGERT	X			
Mr. PLATTS				X
Mr. TIBERI	X			
Mr. KELLER	X			
Mr. OSBORNE	X			
Mr. WILSON	X			
Mr. PORTER	X			
Mr. KLINE	X			
Mrs. MUSGRAVE	X			
Mr. INGLIS	X			
Ms. McMORRIS	X			
Mr. MARCHANT	X			
Mr. PRICE	X			
Mr. FORTUNO	X			
Mr. JINDAL	X			
Mr. BOUSTANY	X			
Mrs. FOXX	X			
Mrs. DRAKE	X			
Mr. KUHL	X			
Mr. MILLER		X		
Mr. KILDEE		X		
Mr. OWENS		X		
Mr. PAYNE		X		
Mr. ANDREWS		X		
Mr. SCOTT		X		
Ms. WOOLSEY		X		
Mr. HINOJOSA		X		
Mrs. McCARTHY		X		
Mr. TIERNEY				X
Mr. KIND		X		
Mr. KUCINICH		X		
Mr. WU		X		
Mr. HOLT				X
Mrs. DAVIS		X		
Ms. McCOLLUM		X		
Mr. DAVIS		X		
Mr. GRIJALVA		X		
Mr. VAN HOLLEN		X		
Mr. RYAN		X		
Mr. BISHOP		X		
Mr. BARROW		X		
TOTALS	26	20		3

COMMITTEE CORRESPONDENCE

HOUSE OF REPRESENTATIVES,
Washington, DC, February 17, 2005.

Hon. JOHN BOEHNER,
*Chairman, Committee on Education and the Workforce,
 Rayburn House Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: Due to other legislative duties, I was unavoidably detained during Committee consideration of H.R. 27, "Job Training Improvement Act of 2005." Consequently, I missed rollcall number five on amendment number nine offered by Representative Van Hollen. Had I been present, I would have voted against the amendment.

I would appreciate your including this letter in the Committee Report to accompany H.R. 27. Thank you for your attention to this matter.

Sincerely,

THOMAS E. PETRI,
Member of Congress.

HOUSE OF REPRESENTATIVES,
Washington, DC, February 17, 2005.

Hon. JOHN BOEHNER,
*Chairman, Committee on Education and the Workforce,
 Rayburn House Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: Due to other legislative duties, I was unavoidably detained during Committee consideration of H.R. 27, "Job Training Improvement Act of 2005." Consequently, I missed rollcall number 3 on the amendment offered by Representative Owens. Had I been present, I would have voted against the amendment.

I would appreciate your including this letter in the Committee Report to accompany H.R. 27. Thank you for your attention to this matter.

Sincerely,

SAM JOHNSON,
Member of Congress.

HOUSE OF REPRESENTATIVES,
Washington, DC, February 17, 2005.

Hon. JOHN BOEHNER,
*Chairman, Committee on Education and the Workforce,
 Rayburn House Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: Due to other legislative duties, I was unavoidably detained during Committee consideration of H.R. 27, "Job Training Improvement Act of 2005." Consequently, I missed rollcall number 1 on the 2nd amendment offered by Representative Holt, and rollcall number 2 on the 4th amendment offered by Representative Ryan. Had I been present, I would have voted against both amendments.

I would appreciate your including this letter in the Committee Report to accompany H.R. 27. Thank you for your attention to this matter.

Sincerely,

CHARLIE NORWOOD,
Member of Congress.

HOUSE OF REPRESENTATIVES,
February 23, 2005.

Hon. JOHN BOEHNER,
*Chairman, Committee on Education and the Workforce,
Rayburn House Office Building, Washington, DC.*

DEAR CHAIRMAN BOEHNER: Due to car mechanical problems, I was unavoidably delayed in route to the February 17th Education and the Workforce Committee meeting regarding the consideration of H.R. 27. Had I arrived in a timely manner, I would have voted in favor of committee passage of said legislation. I would appreciate your including this letter in the Committee Report to accompany H.R. 27. Thank you for your attention to this matter. Best wishes.

Sincerely,

TODD RUSSELL PLATTS,
Member of Congress.

HOUSE OF REPRESENTATIVES,
Washington, DC, February 22, 2005.

Hon. JOHN BOEHNER,
*Chairman, Committee on Education and the Workforce,
Rayburn House Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: Due to other legislative duties, I was absent from amendment number 7 offered by Representative Owens during Committee consideration of H.R. 27, "Job Training Improvement Act of 2005." Consequently, I missed rollcall number 3 on the amendment. Had I been present, I would have voted against the amendment to H.R. 27.

I would appreciate the inclusion of this letter in the Committee Report to accompany H.R. 27. Thank you for your attention to this matter.

Sincerely,

PATRICK J. TIBERI,
Representative to Congress.

HOUSE OF REPRESENTATIVES,
Washington, DC, February 22, 2005.

Hon. JOHN BOEHNER,
*Chairman, Committee on Education and the Workforce,
Rayburn House Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: Due to other legislative duties, I was unavoidably detained during Committee consideration of H.R. 27, "Job Training Improvement Act of 2005." Consequently, I missed rollcall number 2 on the 4th amendment offered by Representative Ryan, And en block rollcall number 7 which includes the 12th

amendment offered by Representative Kildee, the 14th amendment offered by Representative Woolsey, the 17th amendment offered by Representative Woolsey, and the 19th amendment offered by Representative Kildee. Had I been present, I would have voted against the amendment.

I would appreciate the inclusion of this letter in the Committee Report to accompany H.R. 27. Thank you for your attention to this matter.

Sincerely,

RIC KELLER,
Member of Congress.

HOUSE OF REPRESENTATIVES,
Washington, DC, February 24, 2005.

Hon. JOHN BOEHNER,
*Chairman, Committee On Education and the Workforce,
Rayburn House Office Building, Washington, DC.*

DEAR JOHN: Due to other legislative duties, I was unavoidably detained during Committee consideration of H.R. 27, "Job Training Improvement Act of 2005." Consequently, I missed roll call number 2 on amendment 4 offered by Representative Tim Ryan. Had I been present, I would have voted against the amendment.

I would appreciate your including this letter in the Committee Report to accompany H.R. 27. Thank you for your attention to this matter.

Best Wishes,

TOM OSBORNE,
Member of Congress.

HOUSE OF REPRESENTATIVES,
February 17, 2005.

Hon. JOHN BOEHNER,
*Chairman, Committee On Education and the Workforce,
Rayburn House Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: Due to other legislative duties, I was unavoidably detained during Committee consideration of H.R. 27, "Job Training Improvement Act of 2005." Consequently, I missed roll call number 4 on the amendment numbered 8, offered by Representative Scott. Had I been present, I would have voted against the amendment.

I would appreciate your including this letter in the Committee Report to accompany H.R. 27. Thank you for your attention to this matter.

Sincerely,

JON C. PORTER,
Member of Congress.

HOUSE OF REPRESENTATIVES,
Washington, DC, February 17, 2005.

Hon. JOHN BOEHNER,
*Chairman, Committee on Education and the Workforce,
Rayburn House Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: Due to other legislative duties, I was unavoidably detained during Committee consideration of H.R. 27, "Job Training Improvement Act of 2005." Consequently, I missed roll call number three, the vote on amendment number seven, offered by Representative Owens. Had I been present, I would have voted against the amendment.

I would appreciate your including this letter in the Committee Report that is to accompany H.R. 27. Thank you for your attention to this matter.

Sincerely,

BOB INGLIS.

HOUSE OF REPRESENTATIVES,
Washington, DC, February 18, 2005.

Hon. JOHN BOEHNER,
*Chairman, Committee on Education and the Workforce,
Rayburn House Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: Due to other legislative duties, I was unavoidably detained during Committee consideration of H.R. 27, "Job Training Improvement Act of 2005." Consequently, I missed roll call number 1 on the 2nd amendment offered by Representative Holt; and roll call number 3 on the 7th amendment offered by Representative Owens. Had I been present, I would have voted against the amendment.

I would appreciate your including this letter in the Committee Report to accompany H.R. 27. Thank you for your attention to this matter.

Sincerely,

CATHY MCMORRIS,
Member of Congress.

HOUSE OF REPRESENTATIVES,
Washington, DC, February 25, 2005.

Hon. JOHN BOEHNER,
*Chairman, Committee on Education and the Workforce,
Rayburn HOB, Washington, DC.*

DEAR MR. CHAIRMAN: Due to other legislative duties, I was unavoidably detained during Committee consideration of H.R. 27, "Job Training Improvement Act of 2005." Consequently, I missed rollcall number 3 on amendment #7 offered by Representative Owens. Had I been present I would have voted against the amendment.

I would appreciate your including this letter in the Committee Report to accompany H.R. 27. Thank you for your consideration to this matter.

Sincerely,

LUIS G. FORTUÑO,
Member of Congress.

HOUSE OF REPRESENTATIVES,
Washington, DC, February 25, 2005.

Hon. JOHN BOEHNER,
*Chairman, Committee on Education and the Workforce,
Rayburn House Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: Due to other legislative duties, I was unavoidably detained during Committee consideration of H.R. 27, "Job Training Improvement Act of 2005." Consequently, I missed rollcall number 1 on the 2nd amendment offered by Representative Holt; rollcall number 4 on the 8th amendment offered by Representative Scott; and en bloc rollcall number 7, which included amendment number 12 offered by Representative Kildee, amendment number 14 offered by Representative Woolsey, amendment number 17 offered by Representative Woolsey, and amendment number 19 offered by Representative Kildee. Had I been present I would have voted against these amendments.

I would appreciate your including this letter in the Committee Report to accompany H.R. 27. Thank you for your attention to this matter.

Sincerely,

BOBBY JINDAL,
Member of Congress.

HOUSE OF REPRESENTATIVES,
Washington, DC, February 18, 2005.

Hon. JOHN BOEHNER,
*Chairman, Committee on Education and the Workforce,
Rayburn House Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: Due to other legislative duties, I was unavoidably detained during Committee consideration of H.R. 27, "Job Training Improvement Act of 2005." Consequently, I missed rollcall number 3 on amendment number 7 offered by Representative Owens and en bloc rollcall number 7, which included amendment number 12 offered by Representative Kildee, amendment number 14 offered by Representative Woolsey, amendment number 17 offered by Representative Woolsey, and amendment number 19 offered by Representative Kildee. Had I been present, I would have voted against all of the amendments.

I would appreciate your including this letter in the Committee Report to accompany H.R. 27. Thank you for your attention to this matter.

Sincerely,

CHARLES W. BOUSTANY, JR.
Member of Congress.

HOUSE OF REPRESENTATIVES,
Washington, DC, February 17, 2005.

Hon. JOHN BOEHNER,
Chairman, Committee on Education and the Workforce,
Rayburn House Office Building, Washington, DC.

DEAR MR. CHAIRMAN: Due to other legislative duties, I was unavoidably detained during Committee consideration of H.R. 27, "Job Training Improvement Act of 2005." Consequently, I missed rollcall number 1 on the 2nd amendment offered by Representative Holt and rollcall number 3 on the 7th amendment offered by Representative Owens. Had I been present, I would have voted against both of the amendments.

I would appreciate your including this letter in the Committee Report to accompany H.R. 27. Thank you for your attention to this matter.

Sincerely,

VIRGINIA FOXX.

HOUSE OF REPRESENTATIVES,
Washington, DC, February 22, 2005.

Hon. JOHN BOEHNER,
Chairman, Committee on Education and the Workforce,
Rayburn House Office Building, Washington, DC.

DEAR MR. CHAIRMAN: Due to other legislative duties, I was unavoidably detained during Committee consideration of H.R. 27, "Job Training Improvement Act of 2005." Consequently, I missed rollcall number seven on amendment number twelve, offered by Representative Kildee, amendment number fourteen, offered by Representative Woolsey, amendment number seventeen, offered by Representative Woolsey, and amendment number nineteen, offered by Representative Kildee. Had I been present, I would have voted against the amendments.

I would appreciate the inclusion of this letter in the Committee Report to accompany H.R. 27. Thank you for your attention to this matter.

Sincerely,

JOHN R. KUHL, Jr.

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF
THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the body of this report.

NEW BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of 3(c)(3) of rule XIII of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has re-

ceived the following cost estimate for H.R. 27 from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, February 24, 2005.

Hon. JOHN A. BOEHNER,
*Chairman, Committee on Education and the Workforce,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 27, the Job Training Improvement Act of 2005.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Christina Hawley Sadoti.
Sincerely,

ELIZABETH ROBINSON,
(For Douglas Holtz-Eakin, Director).

Enclosure.

H.R. 27—Job Training Improvement Act of 2005

Summary: H.R. 27 would make numerous changes to the Workforce Investment Act of 1998 (WIA), amend the Wagner-Peyser Act and the Adult Education and Family Literacy Act, and extend the authorization for programs under the Rehabilitation Act of 1973 (RA). These programs, which received discretionary funding of \$7.3 billion and mandatory funding of \$2.6 billion for fiscal year 2005, provide a framework for adult education, job training, and employment service assistance. Some of the affected programs are permanently authorized (most of Wagner-Peyser), but others are currently authorized through 2005.

H.R. 27 would extend, through 2011, the existing mandatory program of state grants for vocational rehabilitation services, which is currently authorized through 2005 (including automatic extensions for two years provided by law). By law, that program is assumed to be extended indefinitely in CBO's baseline, so its extension would add no costs relative to the baseline. CBO estimates that outlays for that program over the 2006–2011 period would total about \$16.5 billion.

The bill would affect discretionary spending, however. CBO estimates that implementing H.R. 27 would cost \$251 million in 2006 and \$31.6 billion over the 2006–2011 period, assuming appropriation of the necessary amounts.

H.R. 27 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Any costs incurred by state, local, or tribal governments would result from complying with conditions of federal aid.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 27 is shown in the following table. The costs of this legislation would fall within budget function 500 (education, employment, training, and social services).

	By fiscal year, in millions of dollars—						
	2005	2006	2007	2008	2009	2010	2011
SPENDING SUBJECT TO APPROPRIATION							
Discretionary Spending Under Current Law:							
Estimated Authorization Level ¹	7,294	3,324	875	891	908	925	944
Estimated Outlays	7,258	6,769	2,617	1,262	970	916	933
Proposed Changes:							
Title I: Amendment to the Workforce Investment Act of 1998:							
Estimated Authorization Level	0	6,325	6,426	6,548	6,679	6,806	6,949
Estimated Outlays	0	427	4,629	6,000	6,432	6,643	6,771
Title II: Adult Education:							
Estimated Authorization Level	0	590	599	610	621	632	644
Estimated Outlays	0	18	443	568	607	618	629
Title III: Amendments to the Wagner-Peyser Act:							
Estimated Authorization Level	0	-773	-786	-800	-816	-831	-848
Estimated Outlays	0	-366	-831	-802	-809	-825	-841
Title IV: Amendments to the Rehabilitation Act of 1973:							
Estimated Authorization Level	0	422	429	437	445	453	461
Estimated Outlays	0	172	342	431	439	447	455
Total Changes:							
Estimated Authorization Level	0	6,564	6,668	6,795	6,930	7,060	7,206
Estimated Outlays	0	251	4,583	6,197	6,669	6,883	7,014
Discretionary Spending Under H.R. 27:							
Estimated Authorization Level	7,294	9,888	7,543	7,686	7,838	7,985	8,150
Estimated Outlays	7,258	7,020	7,200	7,459	7,639	7,799	7,948

¹ The 2006 level includes advance appropriations of \$2.5 billion for job training for the program year beginning July 1, 2005.

² Authorization levels are for program years beginning July 1, 2006, and do not assume any advance appropriations.

Notes.—Components may not sum to totals because of rounding. The estimated costs shown above assume that “such sums” authorizations increase each year for inflation. If, instead, costs were assumed to remain level over time, outlays over the 2006–2011 period would be about \$1.2 billion less.

Basis of Estimate: This estimate assumes that H.R. 27 will be enacted by the end of 2005, and that the necessary sums will be appropriated for fiscal year 2006 and each subsequent fiscal year. The estimated outlays reflect historical spending patterns for the affected programs.

Direct spending

Grants to states for vocational rehabilitation services, authorized under title I of the RA, are currently authorized through fiscal year 2005. H.R. 27 would extend the authorization for the state grants through 2013, assuming both the automatic one-year extension in the RA and the automatic one-year extension under the General Education Provisions Act (GEPA). Although the authorization for RA state grants expires, the Balanced Budget and Emergency Deficit Control Act requires that baseline spending projections assume extension of any mandatory program (created prior to 1997) with outlays in excess of \$50 million. Because H.R. 27 makes no substantive changes in the funding formula for RA state grants, the bill would not affect direct spending relative to the CBO’s baseline.

Funding for the mandatory state grants is determined by a formula. It is set at the previous year’s funding level adjusted by the year-over-year change in the consumer price index as of October 15 of the second preceding year. In fiscal year 2005, RA state grants were funded at \$2.5 billion; by 211 state grants would cost an estimated \$3.0 billion. CBO estimates that outlays over the 2006–2011 period would total about \$16.5 billion (as projected in the baseline).

Discretionary spending

H.R. 27 would reauthorize and amend the WIA, the Adult Education and Family Literacy Act, provisions of the Wagner-Peyser Act, and the RA. Under H.R. 27, authorizations for these programs would be increased by \$6.6 billion in 2006, bringing the total authorized level to \$9.9 billion in that year. Authorizations for 2006 include \$2.5 billion already appropriated for that year.

Title I: Amendments to the Workforce Investment Act. H.R. 27 would revise and reauthorize the WIA, which currently is authorized through 2005. These programs, which received appropriations totaling \$5.3 billion in fiscal year 2005, would be authorized for fiscal years 2006 through 2011. In addition, employment service functions that currently are authorized under the Wagner-Peyser Act would be authorized under WIA. CBO estimates that authorizations under title I would total \$6.3 billion in fiscal year 2006 and about \$39.7 billion over the 2006–2011 period.

The bill would authorize the appropriation of \$1.25 billion in fiscal year 2006, and such sums as may be necessary through 2011, for youth activities. Grants to provide employment and training services to adults and dislocated workers would be authorized at \$3.14 billion in 2006, with such sums as may be necessary through 2011. In addition, the bill specifies \$211 million to be authorized for 2006, with such sums as may be necessary through 2011, for demonstrations and pilot programs, including projects for community-based job training, personal reemployment accounts, training of individuals in providing closed captioning of video programming, and business partnership grants.

Other WIA programs would be authorized at such sums as may be necessary for fiscal years 2006 through 2011. CBO estimated authorization levels for these programs based on the amounts appropriated for them in 2005. These programs include Job Corps and other national activities such as grants to assist Native Americans, migrant and seasonal farm workers, and veterans, as well as for technical assistance programs and evaluations. Job Corps operations and construction received combined advance and current-year appropriations for fiscal year 2005 totaling \$1.5 billion. In addition, Job Corps received an advance appropriation for fiscal year 2006 of \$0.7 billion to supplement amounts available for program year 2005. Based on the amount provided for 2005, and assuming adjustments for inflation, CBO estimates that H.R. 27 would authorize an additional \$1.6 billion for fiscal year 2006. The remaining programs (for Native Americans, migrant and seasonal farm workers, veterans, and evaluations) received appropriations totaling \$149 million for fiscal year 2005. CBO estimates their authorizations would total \$151 million in 2006, assuming adjustments for inflation.

Title II: Adult Education and Literacy. Title II of H.R. 27 would revise and reauthorize the Adult Education State Grant program and the national Institute for Literacy, both of which are currently authorized through 2005. H.R. 27 would authorize \$590 million for fiscal year 2006 and such sums as may be necessary through 2012 under GEPA for programs under title II. The bill would continue to provide formula grants to states but would focus more on basic skills, such as reading, writing, and mathematics. Of the total, up to 1.75 percent would be reserved for the National Institute for Lit-

eracy, up to 1.72 percent for incentive grants for states, and up to 1.55 percent for national leadership activities.

CBO estimates the authorized funding for title II for the 2006–2011 period would total about \$2.9 billion, assuming adjustments for inflation, with resulting outlays of \$2.9 billion. These programs were funded at \$585 million in 2005.

Title III: Amendments to the Wagner-Peyser Act. Title III of H.R. 27 would reauthorize labor market information functions that currently are authorized through 2005. H.R. 27 would authorize such sums as may be necessary for fiscal years 2006 through 2011. CBO estimates this authorization would amount to \$85 million in fiscal year 2006, and \$536 million over the 2006–2011 period. However, other activities that are permanently authorized under the Wagner-Peyser Act would be transferred to WIA, and authorized as part of the \$3.14 billion adult job training grant. As a result, net authorizations under the Wagner-Peyser Act would decline by \$0.8 billion in 2006, and by \$4.9 billion over the 2006–2011 period.

Title IV: Amendments to the Rehabilitation Act. H.R. 27 would extend the current “such sums” authorizations for existing discretionary grant programs under the RA as well as for the Helen Keller National Center. Most of these programs are authorized through the 2005 appropriations act for the Department of Education, and would be extended through 2011 under this bill.

RA Programs. Discretionary grant programs under the RA received total funding of \$398 million in 2005. These funds support many different types of categorical grants and demonstration programs primarily aimed at training, supported employment, independent living, research, and advocacy projects. Based on the 2005 appropriation levels (adjusted for inflation), CBO estimates discretionary grant authorization levels for RA programs to total \$402 million in 2006 and \$2.5 billion over the 2006–2011 period.

National Council on Disability. The bill would extend the authorization for the National Council on Disability. The Council is responsible for reviewing federal law and policies affecting individuals with disabilities. Based on its 2005 appropriation of \$3 million, CBO estimates that reauthorization would amount to \$3 million in 2006 and \$18 million over the six-year period, with outlays of \$17 million through 2011.

Architectural and Transportation Barriers Compliance Board. Under H.R. 27, the Architectural and Transportation Barriers Compliance Board would be reauthorized for the 2006–2011 period. The Board develops guidelines to ensure access to buildings, transportation vehicles, and telecommunications equipment for individuals with disabilities. Based on the 2005 funding level of \$6 million, CBO estimates the reauthorization would total \$40 million over the 2006–2011 period, and would result in outlays of \$38 million over the same time frame.

Helen Keller National Center. H.R. 27 would reauthorize the Helen Keller National Center over the 2006–2011 period. The authorization for the Helen Keller National Center is estimated to total \$11 million in 2006 and \$67 million over the 2006–2011 period. The resulting outlays would be \$4 million in 2006 and \$58 million for 2006 through 2011. The Center received \$11 million in funding for 2005.

Intergovernmental and private-sector impact: H.R. 27 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would reauthorize funding for job training and literacy programs administered by state and local agencies and would consolidate some adult employment services and state administrative costs into a single program. States and localities would be guaranteed minimum allotments that provide between 90 percent and 130 percent of the prior year's funding level. Any costs to by state, local, or tribal governments would result from complying with conditions of federal aid, and thus would be incurred voluntarily.

Estimate prepared by: Federal Spending: Workforce Investment Act and Wagner-Peyser: Christina Hawley Sadoti; Adult Education and National Institute for Literacy: Justine Humphrey; and Rehabilitation Act: Deborah Kalcevic. Impact on State, Local, and Tribal Governments: Sara Puro. Impact on the Private Sector: Ralph Smith and Nabeel Alsalam.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with Clause (3)(c) of House Rule XIII, the goal of H.R. 27 is to enhance the workforce investment system created under the Workforce Investment Act of 1998 by strengthening one-stop career centers, providing for more effective governance arrangements, promoting consumer choice, establishing a more targeted approach to serving youth, and improving performance accountability. The bill also improves our nation's adult education system using practices based on scientific research, and enhances vocational rehabilitation services for individuals with disabilities seeking to return to or enter the integrated workplace. The Committee expects the Department of Labor and Department of Education to comply with H.R. 27 and implement the changes to the law in accordance with the changes.

CONSTITUTIONAL AUTHORITY STATEMENT

Under clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee must include a statement citing the specific powers granted to Congress in the Constitution to enact the law proposed by H.R. 27. The Committee believes that the amendments made by this bill, which authorize appropriations for the Workforce Investment Act, are within Congress' authority under Article I, section 8, clause 1 of the Constitution.

COMMITTEE ESTIMATE

Clauses 3(d)(2) of Rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs that would be incurred in carrying out H.R. 27. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

WORKFORCE INVESTMENT ACT OF 1998

* * * * *

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) * * *

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

* * * * *

[Sec. 123. Identification of eligible providers of youth activities.]

Sec. 123. Eligible providers of youth activities.

* * * * *

[CHAPTER 5—ADULT AND DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES]

CHAPTER 5—COMPREHENSIVE EMPLOYMENT AND TRAINING ACTIVITIES FOR ADULTS

* * * * *

[Sec. 169. Youth opportunity grants.]

Sec. 169. Youth challenge grants.

* * * * *

[Sec. 173. National emergency grants.]

Sec. 173. National dislocated worker grants.

* * * * *

[TITLE II—ADULT EDUCATION AND LITERACY

[Sec. 201. Short title.

[Sec. 202. Purpose.

[Sec. 203. Definitions.

[Sec. 204. Home schools.

[Sec. 205. Authorization of appropriations.

[Subtitle A—Adult Education and Literacy Programs

[CHAPTER 1—FEDERAL PROVISIONS

[Sec. 211. Reservation; grants to eligible agencies; allotments.

[Sec. 212. Performance accountability system.

[CHAPTER 2—STATE PROVISIONS

[Sec. 221. State administration.

[Sec. 222. State distribution of funds; matching requirement.

[Sec. 223. State leadership activities.

[Sec. 224. State plan.

[Sec. 225. Programs for corrections education and other institutionalized individuals.

[CHAPTER 3—LOCAL PROVISIONS

[Sec. 231. Grants and contracts for eligible providers.

[Sec. 232. Local application.

[Sec. 233. Local administrative cost limits.

[CHAPTER 4—GENERAL PROVISIONS

[Sec. 241. Administrative provisions.

[Sec. 242. National Institute for Literacy.

[Sec. 243. National leadership activities.

【Subtitle B—Repeals

【Sec. 251. Repeals.】

TITLE II—ADULT EDUCATION, 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 Institute for Literacy.
Sec. 243. National leadership activities.

* * * * *
【Sec. 502. Definitions for indicators of performance.
【Sec. 503. Incentive grants.】
* * * * *

TITLE I—WORKFORCE INVESTMENT SYSTEMS

Subtitle A—Workforce Investment Definitions

SEC. 101. DEFINITIONS.

In this title:

- (1) ACCRUED EXPENDITURES.—The term “accrued expenditures” means charges incurred by recipients of funds under this title for a given period requiring the provision of funds for goods or other tangible property received; services performed by employees, contractors, subgrantees, and other payees; and other amounts becoming owed under programs assisted under this title for which no current services or performance is required, such as annuities, insurance claims, and other benefit payments.
(2) ADMINISTRATIVE COSTS.—The term “administrative costs” means expenditures incurred by State and local workforce investment boards, direct recipients (including State grant recipients under subtitle B and recipients of awards under subtitle

D), local grant recipients, local fiscal agents or local grant sub-recipients, and one-stop operators in the performance of administrative functions and in carrying out activities under this title which are not related to the direct provision of workforce investment services (including services to participants and employers). Such costs include both personnel and non-personnel and both direct and indirect.

[(1)] (3) ADULT.—Except in sections 127 and 132, the term “adult” means an individual who is age 18 or older.

[(2)] (4) ADULT EDUCATION; ADULT EDUCATION AND LITERACY ACTIVITIES.—The terms “adult education” and “adult education and literacy activities” have the meanings given the terms in section 203.

[(3)] (5) AREA VOCATIONAL EDUCATION SCHOOL.—The term “area vocational education school” has the meaning given the term in section 3 of the Carl D. Perkins Vocational and Technical Education Act of 1998.

[(4)] (6) BASIC SKILLS DEFICIENT.—The term “basic skills deficient” means, with respect to an individual, that the individual has English reading, writing, or computing skills at or below the 8th grade level (*or such other level as the Governor may establish*) on a generally accepted standardized test or a comparable score on a criterion-referenced test.

[(5)] (7) CASE MANAGEMENT.—The term “case management” means the provision of a client-centered approach in the delivery of services, designed—

(A) * * *

* * * * *

[(6)] (8) CHIEF ELECTED OFFICIAL.—The term “chief elected official” means—

(A) * * *

* * * * *

[(7)] (9) COMMUNITY-BASED ORGANIZATION.—The term “community-based organization” means a private nonprofit organization that is representative of a community or a significant segment of a community and that has demonstrated expertise and effectiveness in the field of workforce investment.

[(8)] (10) CUSTOMIZED TRAINING.—The term “customized training” means training—

(A) * * *

(B) that is conducted with a commitment by the employer to employ an individual on successful completion of the training; [and]

(C) for which the employer pays for [not less than 50 percent of the cost of the training.] *a significant portion of the cost of training, as determined by the local board; and*

(D) in the case of customized training with an employer in multiple local areas in the State, for which such employer pays a significant portion of the cost of the training, as determined by the Governor.

[(9)] (11) DISLOCATED WORKER.—The term “dislocated worker” means an individual who—

(A)(i) * * *

(ii)(I) * * *

(II) has been employed for a duration sufficient to demonstrate, to the appropriate entity at a one-stop center referred to in section **134(c)** *121(e)*, attachment to the workforce, but is not eligible for unemployment compensation due to insufficient earnings or having performed services for an employer that were not covered under a State unemployment compensation law; and

* * * * *

10 (12) **DISPLACED HOMEMAKER.**—The term “displaced homemaker” means an individual who has been providing unpaid services to family members in the home and who—

(A) * * *

* * * * *

11 (13) **ECONOMIC DEVELOPMENT AGENCIES.**—The term “economic development agencies” includes local planning and zoning commissions or boards, community development agencies, and other local agencies and institutions responsible for regulating, promoting, or assisting in local economic development.

12 (14) **ELIGIBLE PROVIDER.**—The term “eligible provider”, used with respect to—

(A) training services, means a provider who is identified in accordance with **section 122(e)(3)** *section 122*;

* * * * *

13 (13) **ELIGIBLE YOUTH.**—Except as provided in subtitles C and D, the term “eligible youth” means an individual who—

(A) is not less than age 14 and not more than age 21;

(B) is a low-income individual; and

(C) is an individual who is one or more of the following:

(i) Deficient in basic literacy skills.

(ii) A school dropout.

(iii) Homeless, a runaway, or a foster child.

(iv) Pregnant or a parent.

(v) An offender.

(vi) An individual who requires additional assistance to complete an educational program, or to secure and hold employment.

14 (15) **EMPLOYMENT AND TRAINING ACTIVITY.**—The term “employment and training activity” means an activity described in section 134 that is carried out for an adult or dislocated worker.

15 (16) **FAMILY.**—The term “family” means two or more persons related by blood, marriage, or decree of court, who are living in a single residence, and are included in one or more of the following categories:

(A) * * *

* * * * *

16 (17) **GOVERNOR.**—The term “Governor” means the chief executive of a State.

17 (18) **INDIVIDUAL WITH A DISABILITY.**—

(A) * * *

* * * * *

[(18)] (19) LABOR MARKET AREA.—The term “labor market area” means an economically integrated geographic area within which individuals can reside and find employment within a reasonable distance or can readily change employment without changing their place of residence. Such an area shall be identified in accordance with criteria used by the Bureau of Labor Statistics of the Department of Labor in defining such areas or similar criteria established by a Governor.

[(19)] (20) LITERACY.—The term “literacy” has the meaning given the term in section 203.

[(20)] (21) LOCAL AREA.—The term “local area” means a local workforce investment area designated under section 116.

[(21)] (22) LOCAL BOARD.—The term “local board” means a local workforce investment board established under section 117.

[(22)] (23) LOCAL PERFORMANCE MEASURE.—The term “local performance measure” means a performance measure established under section 136(c).

[(23)] (24) LOCAL EDUCATIONAL AGENCY.—The term “local educational agency” has the meaning given the term in section 9101 of the Elementary and Secondary Education Act of 1965.

[(24)] LOWER LIVING STANDARD INCOME LEVEL.—The term “lower living standard income level” means that income level (adjusted for regional, metropolitan, urban, and rural differences and family size) determined annually by the Secretary based on the most recent lower living family budget issued by the Secretary.]

(25) LOW-INCOME INDIVIDUAL.—The term “low-income individual” means an individual who—

(A) * * *

(B) received an income, or is a member of a family that received a total family income, for the 6-month period prior to application for the program involved (exclusive of unemployment compensation, child support payments, payments described in subparagraph (A), and old-age and survivors insurance benefits received under section 202 of the Social Security Act (42 U.S.C. 402)) that, in relation to family size, does not exceed the [higher of—

[(i) the poverty line, for an equivalent period; or

[(ii) 70 percent of the lower living standard income level, for an equivalent period;] *poverty line for an equivalent period;*

* * * * *

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

[(D)] (E) qualifies as a homeless individual, as defined in subsections (a) and (c) of section 103 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11302);

[(E)] (F) is a foster child on behalf of whom State or local government payments are made; or

[(F)] (G) in cases permitted by regulations promulgated by the Secretary of Labor, is an individual with a disability whose own income meets the requirements of a program described in subparagraph (A) or of subparagraph (B), but who is a member of a family whose income does not meet such requirements.

* * * * *

(32) OUTLYING AREA.—The term “outlying area” means the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, [the Republic of the Marshall Islands, the Federated States of Micronesia,] and the Republic of Palau.

[(33)] (33) OUT-OF-SCHOOL YOUTH.—The term “out-of-school youth” means—

- [(A)] an eligible youth who is a school dropout; or
- [(B)] an eligible youth who has received a secondary school diploma or its equivalent but is basic skills deficient, unemployed, or underemployed.】

[(34)] (33) PARTICIPANT.—The term “participant” means an individual who has been determined to be eligible to participate in and who is receiving services (except followup services authorized under this title) under a program authorized by this title. Participation shall be deemed to commence on the first day, following determination of eligibility, on which the individual began receiving subsidized employment, training, or other services provided under this title.

[(35)] (34) POSTSECONDARY EDUCATIONAL INSTITUTION.—The term “postsecondary educational institution” means an institution of higher education, as defined in section 102 of the Higher Education Act of 1965.

[(36)] (35) POVERTY LINE.—The term “poverty line” means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved.

[(37)] (36) PUBLIC ASSISTANCE.—The term “public assistance” means Federal, State, or local government cash payments for which eligibility is determined by a needs or income test.

[(38)] (37) RAPID RESPONSE ACTIVITY.—The term “rapid response activity” means an activity provided by a State, or by an entity designated by a State, with funds provided by the State under section 134(a)(1)(A), in the case of a permanent closure or mass layoff at a plant, facility, or enterprise, or a natural or other disaster, that results in mass job dislocation, in order to assist dislocated workers in obtaining reemployment as soon as possible, with services including—

(A) * * *

* * * * *

[(39)] (38) SCHOOL DROPOUT.—The term “school dropout” means an individual who is no longer attending any school and who has not received a secondary school diploma or its recognized equivalent.

[(40)] (39) SECONDARY SCHOOL.—The term “secondary school” has the meaning given the term in section 9101 of the Elementary and Secondary Education Act of 1965.

[(41)] (40) SECRETARY.—The term “Secretary” means the Secretary of Labor, and the term means such Secretary for purposes of section 503.

[(42)] (41) STATE.—The term “State” means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

[(43)] (42) STATE ADJUSTED LEVEL OF PERFORMANCE.—The term “State adjusted level of performance” means a level described in clause (iii) or (v) of section 136(b)(3)(A).

[(44)] (43) STATE BOARD.—The term “State board” means a State workforce investment board established under section 111.

[(45)] (44) STATE PERFORMANCE MEASURE.—The term “State performance measure” means a performance measure established under section 136(b).

[(46)] (45) SUPPORTIVE SERVICES.—The term “supportive services” means services such as transportation, child care, dependent care, housing, and needs-related payments, that are necessary to enable an individual to participate in activities authorized under this title, consistent with the provisions of this title.

[(47)] (46) UNEMPLOYED INDIVIDUAL.—The term “unemployed individual” means an individual who is without a job and who wants and is available for work. The determination of whether an individual is without a job shall be made in accordance with the criteria used by the Bureau of Labor Statistics of the Department of Labor in defining individuals as unemployed.

[(48)] (47) UNIT OF GENERAL LOCAL GOVERNMENT.—The term “unit of general local government” means any general purpose political subdivision of a State that has the power to levy taxes and spend funds, as well as general corporate and police powers.

[(49)] (48) VETERAN; RELATED DEFINITION.—
(A) * * *

* * * * *

[(50)] (49) VOCATIONAL EDUCATION.—The term “vocational education” has the meaning given the term in section 521 of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471).

[(51)] (50) WORKFORCE INVESTMENT ACTIVITY.—The term “workforce investment activity” means an employment and training activity, and a youth activity.

[(52)] (51) YOUTH ACTIVITY.—The term “youth activity” means an activity described in section 129 that is carried out for eligible youth (or as described in section 129(c)(5)).

[(53)] (52) YOUTH COUNCIL.—The term “youth council” means a council established under section 117(h).

Subtitle B—Statewide and Local Workforce Investment Systems

SEC. 106. PURPOSE.

The purpose of this subtitle is to provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, and earnings of participants, and increase occupational skill attainment by participants, and, as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the Nation. *It is also the purpose of this subtitle to provide workforce investment activities in a manner that promotes the informed choice of participants and actively involves participants in decisions affecting their participation in such activities.*

CHAPTER 1—STATE PROVISIONS

SEC. 111. STATE WORKFORCE INVESTMENT BOARDS.

(a) * * *

(b) MEMBERSHIP.—

(1) IN GENERAL.—The State Board shall include—

(A) * * *

* * * * *

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

[(i) representatives of business in the State, who—

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

[(II) represent businesses with employment opportunities that reflect the employment opportunities of the State; and

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

[(ii) chief elected officials (representing both cities and counties, where appropriate);

[(iii) representatives of labor organizations, who have been nominated by State labor federations;

[(iv) representatives of individuals and organizations that have experience with respect to youth activities;

[(v) representatives of individuals and organizations that have experience and expertise in the delivery of workforce investment activities, including chief executive officers of community colleges and community-based organizations within the State;

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

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

[(vii) such other representatives and State agency officials as the Governor may designate, such as the State agency officials responsible for economic development and juvenile justice programs in the State.]

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

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

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

(III) if not included under subclause (I), the director of the State unit, defined in section 7(8)(B) of the Rehabilitation Act of 1973 (29 U.S.C. 705(8)(B)) except that in a State that has established 2 or more designated State units to administer the vocational rehabilitation program, the board representative shall be the director of the designated State unit that serves the most individuals with disabilities in the State;

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

(iii) representatives of business in the State who—

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

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

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

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

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

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

* * * * *

(3) MAJORITY.—A majority of the members of the State Board shall be representatives described in [paragraph (1)(C)(i)] paragraph (1)(C)(iii).

(c) CHAIRPERSON.—The Governor shall select a chairperson for the State Board from among the representatives described in [subsection (b)(1)(C)(i)] subsection (b)(1)(C)(iii).

(d) FUNCTIONS.—The State Board shall assist the Governor in—

(1) * * *

(2) development and continuous improvement of a statewide system of activities that are funded under this subtitle or car-

ried out through a one-stop delivery system described in [section 134(c)] *section 121(e)* that receives funds under this subtitle (referred to in this title as a “statewide workforce investment system”), including—

(A) * * *

* * * * *

[(3) commenting at least once annually on the measures taken pursuant to section 113(b)(14) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C 2323(b)(14));]

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

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

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

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

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

(4) *designation of local areas as required in section 116 and the development of State criteria relating to the appointment and certification of local boards under section 117;*

(5) *development of allocation formulas for the distribution of funds for adult employment and training activities and youth activities to local areas as permitted under [sections 128(b)(3)(B) and 133(b)(3)(B)] sections 128(b)(3) and 133(b)(3);*

* * * * *

(9) *development of an application for an incentive grant under [section 503] section 136(i).*

[(e) ALTERNATIVE ENTITY.—

[(1) IN GENERAL.—For purposes of complying with subsections (a), (b), and (c), a State may use any State entity (including a State council, State workforce development board, combination of regional workforce development boards, or similar entity) that—

[(A) was in existence on December 31, 1997;

[(B)(i) was established pursuant to section 122 or title VII of the Job Training Partnership Act, as in effect on December 31, 1997; or

[(ii) is substantially similar to the State board described in subsections (a), (b), and (c); and

[(C) includes representatives of business in the State and representatives of labor organizations in the State.

[(2) REFERENCES.—References in this Act to a State board shall be considered to include such an entity.]

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

* * * * *

SEC. 112. STATE PLAN.

(a) **IN GENERAL.**—For a State to be eligible to receive an allotment under section 127 or 132, or to receive financial assistance under the Wagner-Peyser Act (29 U.S.C. 49 et seq.), the Governor of the State shall submit to the Secretary for consideration by the Secretary, a single State plan (referred to in this title as the “State plan”) that outlines a **【5-year】** *2-year* strategy for the statewide workforce investment system of the State and that meets the requirements of section 111 and this section.

(b) **CONTENTS.**—The State plan shall include—

(1) * * *

* * * * *

(12)(A) a description of the methods and factors the State will use in distributing funds to local areas for youth activities and adult employment and training activities under **【sections 128(b)(3)(B) and 133(b)(3)(B)】** *sections 128(b)(3) and 133(b)(3)*, including—

(i) * * *

* * * * *

(14) with respect to the one-stop delivery systems described in **【section 134(c)】** *section 121(e)* (referred to individually in this title as a “one-stop delivery system”), a description of the strategy of the State for assisting local areas in development and implementation of fully operational one-stop delivery systems in the State;

* * * * *

(17) with respect to the employment and training activities authorized in section 134—

(A) a description of—

(i) * * *

* * * * *

(iii) the procedures the local boards in the State will use to identify eligible providers of training services described in section 134(d)(4) (other than on-the-job training or customized training), as required under section 122; **【and】**

【(iv) how the State will serve the employment and training needs of dislocated workers (including displaced homemakers), low-income individuals (including recipients of public assistance), individuals training for nontraditional employment, and other individuals with multiple barriers to employment (including older individuals and individuals with disabilities); and】

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

uals with multiple barriers to employment (including older individuals); and

(v) how the State will serve the employment and training needs of individuals with disabilities, consistent with section 188 and Executive Order 13217 (42 U.S.C. 12131 note; relating to community-based alternatives for individuals with disabilities) including the provision of outreach, intake, assessments, and service delivery, the development of performance measures, the training of staff, and other aspects of accessibility to program services, consistent with sections 504 and 508 of the Rehabilitation Act of 1973; and

* * * * *
 (18) with respect to youth activities authorized in section 129, information—
 (A) * * *

* * * * *
 (D) describing how the State will coordinate youth activities described in subparagraph (C) with activities carried out through the **[youth opportunity grants]** *youth challenge grants* under section 169.

(19) a description of the methodology for determining one-stop partner program contributions for the cost of the infrastructure of one-stop centers under section 121(h)(1) and of the formula for allocating such infrastructure funds to local areas under section 121(h)(3); and

(20) a description of any programs and strategies the State will utilize to meet the needs of businesses in the State, including small businesses, which may include providing incentives and technical assistance to assist local areas in engaging employers in local workforce development activities.

* * * * *
 (d) MODIFICATIONS TO PLAN.—A State may submit modifications to a State plan in accordance with the requirements of this section and section 111 as necessary during the **[5-year]** *2-year* period covered by the plan.

CHAPTER 2—LOCAL PROVISIONS

SEC. 116. LOCAL WORKFORCE INVESTMENT AREAS.

(a) DESIGNATION OF AREAS.—

(1) IN GENERAL.—

(A) * * *

(B) CONSIDERATIONS.—In making the designation of local areas, the Governor shall take into consideration the following:

(i) * * *

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

[(2) AUTOMATIC DESIGNATION.—The Governor shall approve any request for designation as a local area—

[(A) from any unit of general local government with a population of 500,000 or more;

[(B) of the area served by a rural concentrated employment program grant recipient of demonstrated effectiveness that served as a service delivery area or substate area under the Job Training Partnership Act, if the grant recipient has submitted the request; and

[(C) of an area that served as a service delivery area under section 101(a)(4)(A)(ii) of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act) in a State that has a population of not more than 1,100,000 and a population density greater than 900 persons per square mile.]

(2) AUTOMATIC DESIGNATION.—

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

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

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

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

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

* * * * *

(c) REGIONAL PLANNING AND COOPERATION.—

(1) PLANNING.—*As part of the process for developing the State plan, a State may require regional planning by local boards for a designated region in the State. The State may require the local boards for a designated region to participate in a regional planning process that results in the establishment of regional performance measures for workforce investment activities authorized under this subtitle. The State may award regional incentive grants to the designated regions that meet or exceed the regional performance measures. The State may require the local boards for the designated region to prepare a single regional plan that incorporates the elements of the local plan under section 118 and that is submitted and approved in lieu of separate local plans under such section.*

* * * * *

SEC. 117. LOCAL WORKFORCE INVESTMENT BOARDS.

(a) * * *

(b) MEMBERSHIP.—

(1) * * *

(2) COMPOSITION.—Such criteria shall require, at a minimum, that the membership of each local board—

(A) shall include—

(i) representatives of business in the local area, who—

(I) * * *

(II) represent businesses with employment opportunities that reflect the employment opportunities of the local area, *businesses that are in the leading industries in the local area, and large and small businesses in the local area*; and

* * * * *

[(i) representatives of local educational entities, including representatives of local educational agencies, local school boards, entities providing adult education and literacy activities, and postsecondary educational institutions (including representatives of community colleges, where such entities exist), selected from among individuals nominated by regional or local educational agencies, institutions, or organizations representing such local educational entities;]

(ii) a superintendent of the local secondary school system, an administrator of an entity providing adult education and literacy activities that is not a one-stop partner designated under section 121(b)(1)(B), and the president or chief executive officer of a postsecondary educational institution serving the local area (including community colleges, where such entities exist);

* * * * *

(iv) representatives of community-based organizations (including organizations representing individuals with disabilities and veterans, for a local area in which such organizations are present)**[(;)]** *and faith-based organizations*; and

* * * * *

[(vi) representatives of each of the one-stop partners; and]

* * * * *

(3) AUTHORITY OF BOARD MEMBERS AND REPRESENTATION.—Members of the board that represent organizations, agencies, or other entities shall be individuals with optimum policy-making authority within the organizations, agencies, or entities. *The members of the board shall represent diverse geographic sections within the local area.*

* * * * *

(d) FUNCTIONS OF LOCAL BOARD.—The functions of the local board shall include the following:

(1) * * *

(2) SELECTION OF OPERATORS AND PROVIDERS.—

(A) * * *

(B) SELECTION OF YOUTH PROVIDERS.—Consistent with section 123, the local board shall identify eligible providers

of youth activities in the local area [by awarding grants or contracts on a competitive basis, based on the recommendations of the youth council].

* * * * *

(4) PROGRAM OVERSIGHT.—The local board, in partnership with the chief elected official, shall conduct oversight with respect to local programs of youth activities authorized under section 129, local employment and training activities authorized under section 134, and the one-stop delivery system in the local area, *and ensure the appropriate use and management of the funds provided under this title for such programs, activities, and system.*

* * * * *

[(h) YOUTH COUNCIL.—

[(1) ESTABLISHMENT.—There shall be established, as a subgroup within each local board, a youth council appointed by the local board, in cooperation with the chief elected official for the local area.

[(2) MEMBERSHIP.—The membership of each youth council—

[(A) shall include—

[(i) members of the local board described in subparagraph (A) or (B) of subsection (b)(2) with special interest or expertise in youth policy;

[(ii) representatives of youth service agencies, including juvenile justice and local law enforcement agencies;

[(iii) representatives of local public housing authorities;

[(iv) parents of eligible youth seeking assistance under this subtitle;

[(v) individuals, including former participants, and representatives of organizations, that have experience relating to youth activities; and

[(vi) representatives of the Job Corps, as appropriate; and

[(B) may include such other individuals as the chairperson of the local board, in cooperation with the chief elected official, determines to be appropriate.

[(3) RELATIONSHIP TO LOCAL BOARD.—Members of the youth council who are not members of the local board described in subparagraphs (A) and (B) of subsection (b)(2) shall be voting members of the youth council and nonvoting members of the board.

[(4) DUTIES.—The duties of the youth council include—

[(A) developing the portions of the local plan relating to eligible youth, as determined by the chairperson of the local board;

[(B) subject to the approval of the local board and consistent with section 123—

[(i) recommending eligible providers of youth activities, to be awarded grants or contracts on a competitive basis by the local board to carry out the youth activities; and

- [(ii) conducting oversight with respect to the eligible providers of youth activities, in the local area;
- [(C) coordinating youth activities authorized under section 129 in the local area; and
- [(D) other duties determined to be appropriate by the chairperson of the local board.

[(i) ALTERNATIVE ENTITY.—

[(1) IN GENERAL.—For purposes of complying with subsections (a), (b), and (c), and paragraphs (1) and (2) of subsection (h), a State may use any local entity (including a local council, regional workforce development board, or similar entity) that—

[(A) is established to serve the local area (or the service delivery area that most closely corresponds to the local area);

[(B) is in existence on December 31, 1997;

[(C)(i) is established pursuant to section 102 of the Job Training Partnership Act, as in effect on December 31, 1997; or

[(ii) is substantially similar to the local board described in subsections (a), (b), and (c), and paragraphs (1) and (2) of subsection (h); and

[(D) includes—

[(i) representatives of business in the local area; and

[(ii)(I) representatives of labor organizations (for a local area in which employees are represented by labor organizations), nominated by local labor federations; or

[(II) other representatives of employees in the local area (for a local area in which no employees are represented by such organizations).

[(2) REFERENCES.—References in this Act to a local board or a youth council shall be considered to include such an entity or a subgroup of such an entity, respectively.]

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

SEC. 118. LOCAL PLAN.

(a) IN GENERAL.—Each local board shall develop and submit to the Governor a comprehensive [5-year] 2-year local plan (referred to in this title as the “local plan”), in partnership with the appropriate chief elected official. The plan shall be consistent with the State plan.

(b) CONTENTS.—The local plan shall include—

(1) * * *

[(2) a description of the one-stop delivery system to be established or designated in the local area, including—

[(A) a description of how the local board will ensure the continuous improvement of eligible providers of services through the system and ensure that such providers meet

the employment needs of local employers and participants;
and

[(B) a copy of each memorandum of understanding described in section 121(c) (between the local board and each of the one-stop partners) concerning the operation of the one-stop delivery system in the local area;]

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

* * * * *

(4) a description and assessment of the type and availability of adult [and dislocated worker] employment and training activities in the local area;

* * * * *

(9) a description of the competitive process to be used to award the grants and contracts in the local area for activities carried out under this subtitle; [and]

(10) *a description of the strategies and services that will be initiated in the local area to engage employers, including small employers, in workforce development activities;*

(11) *how the local area will serve the employment and training needs of individuals with disabilities, consistent with section 188 and Executive Order 13217 (42 U.S.C. 12131 note) including the provision of outreach, intake, assessments, and service delivery, the development of performance measures, the training of staff, and other aspects of accessibility to program services, consistent with sections 504 and 508 of the Rehabilitation Act of 1973; and*

[(10)] (12) such other information as the Governor may require.

* * * * *

CHAPTER 3—WORKFORCE INVESTMENT ACTIVITIES PROVIDERS

SEC. 121. ESTABLISHMENT OF ONE-STOP DELIVERY SYSTEMS.

(a) * * *

(b) ONE-STOP PARTNERS.—

(1) REQUIRED PARTNERS.—

(A) * * *

(B) PROGRAMS AND ACTIVITIES.—The programs and activities referred to in subparagraph (A) consist of—

(i) programs authorized under this title;

[(ii) programs authorized under the Wagner-Peyser Act (29 U.S.C. 49 et seq.);]

[(iii)] (ii) adult education and literacy activities authorized under title II;

[(iv)] (iii) programs authorized under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) (other than part C of title I of such Act and subject to subsection (f));

[(v) programs authorized under section 403(a)(5) of the Social Security Act (42 U.S.C. 603(a)(5)) (as added by section 5001 of the Balanced Budget Act of 1997);]

[(vi)] (iv) activities authorized under title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.);

[(vii)] (v) postsecondary vocational education activities authorized under the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.);

[(viii)] (vi) activities authorized under chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2271 et seq.);

[(ix)] (vii) activities authorized under chapter 41 of title 38, United States Code;

[(x)] (viii) employment and training activities carried out under the Community Services Block Grant Act (42 U.S.C. 9901 et seq.);

[(xi)] (ix) employment and training activities carried out by the Department of Housing and Urban Development; [and]

[(xii)] (x) programs authorized under State unemployment compensation laws (in accordance with applicable Federal law)[.]; and

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

(C) DETERMINATION BY THE GOVERNOR.—*The program referred to in clause (xi) of subparagraph (B) shall be included as a required partner for purposes of this title in a State unless the Governor of the State notifies the Secretary and the Secretary of Health and Human Services in writing of a determination by the Governor not to include such programs as required partners for purposes of this title in the State.*

(2) ADDITIONAL PARTNERS.—

(A) * * *

(B) PROGRAMS.—The programs referred to in subparagraph (A) may include—

[(i) programs authorized under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);]

[(ii)] (i) programs authorized under section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4));

[(iii)] (ii) work programs authorized under section 6(o) of the Food Stamp Act of 1977 (7 U.S.C. 2015(o));

[(iv)] (iii) programs authorized under the National and Community Service Act of 1990 (42 U.S.C. 12501 et seq.); [and]

[(v)] (iv) other appropriate Federal, State, or local programs, including programs in the private sector[.];

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

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

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

(viii) employment, training, and literacy services carried out by public libraries; and

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

* * * * *

(d) ONE-STOP OPERATORS.—

(1) * * *

(2) ELIGIBILITY.—To be eligible to receive funds made available under this subtitle to operate a one-stop center referred to in [section 134(c)] subsection (e), an entity (which may be a consortium of entities)—

(A) * * *

* * * * *

[(e) ESTABLISHED ONE-STOP DELIVERY SYSTEM.—If a one-stop delivery system has been established in a local area prior to the date of enactment of this Act, the local board, the chief elected official, and the Governor involved may agree to certify an entity carrying out activities through the system as a one-stop operator for purposes of subsection (d), consistent with the requirements of subsection (b), of the memorandum of understanding, and of section 134(c).]

[(c)] (e) ESTABLISHMENT OF ONE-STOP DELIVERY SYSTEM.—

(1) IN GENERAL.—There shall be established in a State that receives an allotment under section 132(b) a one-stop delivery system, which—

(A) shall provide the core services described in [subsection (d)(2)] section 134(c)(2);

(B) shall provide access to intensive services and training services as described in paragraphs (3) and (4) of [subsection (d)] section 134(c), including serving as the point of access to individual training accounts for training services to participants in accordance with [subsection (d)(4)(G)] section 134(c)(4)(G);

(C) shall provide access to the activities carried out under [subsection (e)] section 134(d), if any;

(D) shall provide access to programs and activities carried out by one-stop partners and described in [section 121(b)] subsection (b); and

[(E) shall provide access to the information described in section 15 of the Wagner-Peyser Act and all job search, placement, recruitment, and other labor exchange services authorized under the Wagner-Peyser Act (29 U.S.C. 49 et seq.).]

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

* * * * *

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

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

(2) *CRITERIA.—*The criteria for certification under this subsection shall include minimum standards relating to the scope and degree of service integration achieved by the centers involving the programs provided by the one-stop partners, and how the centers ensure that such providers meet the employment needs of local employers and participants.

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

(h) *ONE-STOP INFRASTRUCTURE FUNDING.—*(1) *PARTNER CONTRIBUTIONS.—*

(A) *PROVISION OF FUNDS.—*Notwithstanding any other provision of law, as determined under subparagraph (B), a portion of the Federal funds provided to the State and areas within the State under the Federal laws authorizing the one-stop partner programs described in subsection (b)(1)(B) and participating additional partner programs described in (b)(2)(B) for a fiscal year shall be provided to the Governor by such programs to carry out this subsection.

(B) *DETERMINATION OF GOVERNOR.—*Subject to subparagraph (C), the Governor, in consultation with the State board, shall determine the portion of funds to be provided under subparagraph (A) by each one-stop partner and in making such determination shall consider the proportionate use of the one-stop centers by each partner, the costs of administration for purposes not related to one-stop centers for each partner, and other relevant factors described in paragraph (3).

(C) *LIMITATIONS.—*

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

(ii) *FEDERAL DIRECT SPENDING PROGRAMS.—*Programs that are Federal direct spending under section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900(c)(8)) shall not, for purposes of this paragraph, be required to provide an amount in excess of the amount determined to be equivalent to the proportionate use of the one-stop centers by such programs in the State.

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

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

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

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

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

(i) OTHER FUNDS.—

(1) IN GENERAL.—In addition to the funds provided to carry out subsection (h), a portion of funds made available under Federal law authorizing the one-stop partner programs described in subsection (b)(1)(B) and participating partner programs described in subsection (b)(2)(B), or the noncash resources available under such programs shall be used to pay the costs relating to the operation of the one-stop delivery system that are not paid for from the funds provided under subsection (h), to the extent not inconsistent with the Federal law involved including—

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

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

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

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

* * * * *

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

[(a) ELIGIBILITY REQUIREMENTS.—

[(1) IN GENERAL.—Except as provided in subsection (h), to be identified as an eligible provider of training services described in section 134(d)(4) (referred to in this section as “training

services”) in a local area and to be eligible to receive funds made available under section 133(b) for the provision of training services, a provider of such services shall meet the requirements of this section.

[(2) PROVIDERS.—Subject to the provisions of this section, to be eligible to receive the funds, the provider shall be—

[(A) a postsecondary educational institution that—

[(i) is eligible to receive Federal funds under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.); and

[(ii) provides a program that leads to an associate degree, baccalaureate degree, or certificate;

[(B) an entity that carries out programs under the Act of August 16, 1937 (commonly known as the “National Apprenticeship Act”; 50 Stat. 664, chapter 663; 29 U.S.C. 50 et seq.); or

[(C) another public or private provider of a program of training services.

[(b) INITIAL ELIGIBILITY DETERMINATION.—

[(1) POSTSECONDARY EDUCATIONAL INSTITUTIONS AND ENTITIES CARRYING OUT APPRENTICESHIP PROGRAMS.—To be initially eligible to receive funds as described in subsection (a) to carry out a program described in subparagraph (A) or (B) of subsection (a)(2), a provider described in subparagraph (A) or (B), respectively, of subsection (a)(2) shall submit an application, to the local board for the local area in which the provider desires to provide training services, at such time, in such manner, and containing such information as the local board may require.

[(2) OTHER ELIGIBLE PROVIDERS.—

[(A) PROCEDURE.—Each Governor of a State shall establish a procedure for use by local boards in the State in determining the initial eligibility of a provider described in subsection (a)(2)(C) to receive funds as described in subsection (a) for a program of training services, including the initial eligibility of—

[(i) a postsecondary educational institution to receive such funds for a program not described in subsection (a)(2)(A); and

[(ii) a provider described in subsection (a)(2)(B) to receive such funds for a program not described in subsection (a)(2)(B).

[(B) RECOMMENDATIONS.—In developing such procedure, the Governor shall solicit and take into consideration the recommendations of local boards and providers of training services within the State.

[(C) OPPORTUNITY TO SUBMIT COMMENTS.—The Governor shall provide an opportunity, during the development of the procedure, for interested members of the public, including representatives of business and labor organizations, to submit comments on such procedure.

[(D) REQUIREMENTS.—In establishing the procedure, the Governor shall require that, to be initially eligible to receive funds as described in subsection (a) for a program, a provider described in subsection (a)(2)(C)—

[(i) shall submit an application, to the local board for the local area in which the provider desires to provide training services, at such time and in such manner as may be required, and containing a description of the program;

[(ii) if the provider provides training services through a program on the date of application, shall include in the application an appropriate portion of the performance information and program cost information described in subsection (d) for the program, as specified in the procedure, and shall meet appropriate levels of performance for the program, as specified in the procedure; and

[(iii) if the provider does not provide training services on such date, shall meet appropriate requirements, as specified in the procedure.

[(c) SUBSEQUENT ELIGIBILITY DETERMINATION.—

[(1) PROCEDURE.—Each Governor of a State shall establish a procedure for use by local boards in the State in determining the eligibility of a provider described in subsection (a)(2) to continue to receive funds as described in subsection (a) for a program after an initial period of eligibility under subsection (b) (referred to in this section as “subsequent eligibility”).

[(2) RECOMMENDATIONS.—In developing such procedure, the Governor shall solicit and take into consideration the recommendations of local boards and providers of training services within the State.

[(3) OPPORTUNITY TO SUBMIT COMMENTS.—The Governor shall provide an opportunity, during the development of the procedure, for interested members of the public, including representatives of business and labor organizations, to submit comments on such procedure.

[(4) CONSIDERATIONS.—In developing such procedure, the Governor shall ensure that the procedure requires the local boards to take into consideration, in making the determinations of subsequent eligibility—

[(A) the specific economic, geographic, and demographic factors in the local areas in which providers seeking eligibility are located; and

[(B) the characteristics of the populations served by providers seeking eligibility, including the demonstrated difficulties in serving such populations, where applicable.

[(5) REQUIREMENTS.—In establishing the procedure, the Governor shall require that, to be eligible to continue to receive funds as described in subsection (a) for a program after the initial period of eligibility, a provider described in subsection (a)(2) shall—

[(A) submit the performance information and program cost information described in subsection (d)(1) for the program and any additional information required to be submitted in accordance with subsection (d)(2) for the program annually to the appropriate local board at such time and in such manner as may be required; and

[(B) annually meet the performance levels described in paragraph (6) for the program, as demonstrated utilizing

quarterly records described in section 136, in a manner consistent with section 136.

[(6) LEVELS OF PERFORMANCE.—

[(A) IN GENERAL.—At a minimum, the procedure described in paragraph (1) shall require the provider to meet minimum acceptable levels of performance based on the performance information referred to in paragraph (5)(A).

[(B) HIGHER LEVELS OF PERFORMANCE ELIGIBILITY.—The local board may require higher levels of performance than the levels referred to in subparagraph (A) for subsequent eligibility to receive funds as described in subsection (a).

[(d) PERFORMANCE AND COST INFORMATION.—

[(1) REQUIRED INFORMATION.—For a provider of training services to be determined to be subsequently eligible under subsection (c) to receive funds as described in subsection (a), such provider shall, under subsection (c), submit—

[(A) verifiable program-specific performance information consisting of—

[(i) program information, including—

[(I) the program completion rates for all individuals participating in the applicable program conducted by the provider;

[(II) the percentage of all individuals participating in the applicable program who obtain unsubsidized employment, which may also include information specifying the percentage of the individuals who obtain unsubsidized employment in an occupation related to the program conducted; and

[(III) the wages at placement in employment of all individuals participating in the applicable program; and

[(ii) training services information for all participants who received assistance under section 134 to participate in the applicable program, including—

[(I) the percentage of participants who have completed the applicable program and who are placed in unsubsidized employment;

[(II) the retention rates in unsubsidized employment of participants who have completed the applicable program, 6 months after the first day of the employment;

[(III) the wages received by participants who have completed the applicable program, 6 months after the first day of the employment involved; and

[(IV) where appropriate, the rates of licensure or certification, attainment of academic degrees or equivalents, or attainment of other measures of skills, of the graduates of the applicable program; and

[(B) information on program costs (such as tuition and fees) for participants in the applicable program.

[(2) ADDITIONAL INFORMATION.—Subject to paragraph (3), in addition to the performance information described in paragraph (1)—

[(A) the Governor may require that a provider submit, under subsection (c), such other verifiable program-specific performance information as the Governor determines to be appropriate to obtain such subsequent eligibility, which may include information relating to—

[(i) retention rates in employment and the subsequent wages of all individuals who complete the applicable program;

[(ii) where appropriate, the rates of licensure or certification of all individuals who complete the program; and

[(iii) the percentage of individuals who complete the program who attain industry-recognized occupational skills in the subject, occupation, or industry for which training is provided through the program, where applicable; and

[(B) the Governor, or the local board, may require a provider to submit, under subsection (c), other verifiable program-specific performance information to obtain such subsequent eligibility.

[(3) CONDITIONS.—

[(A) IN GENERAL.—If the Governor or a local board requests additional information under paragraph (2) that imposes extraordinary costs on providers, or if providers experience extraordinary costs in the collection of information required under paragraph (1)(A)(ii), the Governor or the local board shall provide access to cost-effective methods for the collection of the information involved, or the Governor shall provide additional resources to assist providers in the collection of such information from funds made available as described in sections 128(a) and 133(a)(1), as appropriate.

[(B) HIGHER EDUCATION ELIGIBILITY REQUIREMENTS.—The local board and the designated State agency described in subsection (i) may accept program-specific performance information consistent with the requirements for eligibility under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.) from a provider for purposes of enabling the provider to fulfill the applicable requirements of this subsection, if such information is substantially similar to the information otherwise required under this subsection.

[(e) LOCAL IDENTIFICATION.—

[(1) IN GENERAL.—The local board shall place on a list providers submitting an application under subsection (b)(1) and providers determined to be initially eligible under subsection (b)(2), and retain on the list providers determined to be subsequently eligible under subsection (c), to receive funds as described in subsection (a) for the provision of training services in the local area served by the local board. The list of providers shall be accompanied by any performance information and pro-

gram cost information submitted under subsection (b) or (c) by the provider.

[(2) SUBMISSION TO STATE AGENCY.—On placing or retaining a provider on the list, the local board shall submit, to the designated State agency described in subsection (i), the list and the performance information and program cost information referred to in paragraph (1). If the agency determines, within 30 days after the date of the submission, that the provider does not meet the performance levels described in subsection (c)(6) for the program (where applicable), the agency may remove the provider from the list for the program. The agency may not remove from the list an agency submitting an application under subsection (b)(1).

[(3) IDENTIFICATION OF ELIGIBLE PROVIDERS.—A provider who is placed or retained on the list under paragraph (1), and is not removed by the designated State agency under paragraph (2), for a program, shall be considered to be identified as an eligible provider of training services for the program.

[(4) AVAILABILITY.—

[(A) STATE LIST.—The designated State agency shall compile a single list of the providers identified under paragraph (3) from all local areas in the State and disseminate such list, and the performance information and program cost information described in paragraph (1), to the one-stop delivery systems within the State. Such list and information shall be made widely available to participants in employment and training activities authorized under section 134 and others through the one-stop delivery system.

[(B) SELECTION FROM STATE LIST.—Individuals eligible to receive training services under section 134(d)(4) shall have the opportunity to select any of the eligible providers, from any of the local areas in the State, that are included on the list described in subparagraph (A) to provide the services, consistent with the requirements of section 134.

[(5) ACCEPTANCE OF INDIVIDUAL TRAINING ACCOUNTS BY OTHER STATES.—States may enter into agreements, on a reciprocal basis, to permit eligible providers of training services in a State to accept individual training accounts provided in another State.

[(f) ENFORCEMENT.—

[(1) ACCURACY OF INFORMATION.—If the designated State agency, after consultation with the local board involved, determines that an eligible provider or individual supplying information on behalf of the provider intentionally supplies inaccurate information under this section, the agency shall terminate the eligibility of the provider to receive funds described in subsection (a) for any program for a period of time, but not less than 2 years.

[(2) NONCOMPLIANCE.—If the designated State agency, or the local board working with the State agency, determines that an eligible provider described in subsection (a) substantially violates any requirement under this Act, the agency, or the local board working with the State agency, may terminate the eligibility of such provider to receive funds described in sub-

section (a) for the program involved or take such other action as the agency or local board determines to be appropriate.

[(3) REPAYMENT.—A provider whose eligibility is terminated under paragraph (1) or (2) for a program shall be liable for repayment of all funds described in subsection (a) received for the program during any period of noncompliance described in such paragraph.

[(4) CONSTRUCTION.—This subsection and subsection (g) shall be construed to provide remedies and penalties that supplement, but do not supplant, other civil and criminal remedies and penalties.

[(g) APPEAL.—The Governor shall establish procedures for providers of training services to appeal a denial of eligibility by the local board or the designated State agency under subsection (b), (c), or (e), a termination of eligibility or other action by the board or agency under subsection (f), or a denial of eligibility by a one-stop operator under subsection (h). Such procedures shall provide an opportunity for a hearing and prescribe appropriate time limits to ensure prompt resolution of the appeal.

[(h) ON-THE-JOB TRAINING OR CUSTOMIZED TRAINING EXCEPTION.—

[(1) IN GENERAL.—Providers of on-the-job training or customized training shall not be subject to the requirements of subsections (a) through (e).

[(2) COLLECTION AND DISSEMINATION OF INFORMATION.—A one-stop operator in a local area shall collect such performance information from on-the-job training and customized training providers as the Governor may require, determine whether the providers meet such performance criteria as the Governor may require, and disseminate information identifying providers that meet the criteria as eligible providers, and the performance information, through the one-stop delivery system. Providers determined to meet the criteria shall be considered to be identified as eligible providers of training services.

[(i) ADMINISTRATION.—The Governor shall designate a State agency to make the determinations described in subsection (e)(2), take the enforcement actions described in subsection (f), and carry out other duties described in this section.

[SEC. 123. IDENTIFICATION OF ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.

[From funds allocated under paragraph (2)(A) or (3) of section 128(b) to a local area, the local board for such area shall identify eligible providers of youth activities by awarding grants or contracts on a competitive basis, based on the recommendations of the youth council and on the criteria contained in the State plan, to the providers to carry out the activities, and shall conduct oversight with respect to the providers, in the local area.]

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

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

(b) CRITERIA.—

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

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

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

(d) *INFORMATION TO ASSIST PARTICIPANTS IN CHOOSING PROVIDERS.*—

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

(2) *SPECIAL RULE.*—An entity that carries out programs under the Act of August 16, 1937 (commonly known as the “National Apprenticeship Act”, 50 Stat. 664, chapter 663; 29 U.S.C. 50 et seq.) shall be included on the list of eligible providers described in paragraph (1) for so long as such entity remains certified by the Department of Labor.

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

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

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

(h) *ON-THE-JOB TRAINING OR CUSTOMIZED TRAINING EXCEPTION.*—

(1) *IN GENERAL.*—Providers of on-the-job training or customized training shall not be subject to the requirements of subsections (a) through (g).

(2) *COLLECTION AND DISSEMINATION OF INFORMATION.*—A one-stop operator in a local area shall collect such performance information from on-the-job training and customized training providers as the Governor may require, determine whether the providers meet such performance criteria as the Governor may require, and disseminate information identifying providers that meet the criteria as eligible providers, and the performance information, through the one-stop delivery system. Providers determined to meet the criteria shall be considered to be identified as eligible providers of training services.

SEC. 123. ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.

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

(b) *EXCEPTIONS.*—A local board may award grants or contracts on a sole-source basis if such board determines there are an insufficient number of eligible providers of training services in the local area involved (such as rural areas) for grants to be awarded on a competitive basis under subsection (a).

CHAPTER 4—YOUTH ACTIVITIES

* * * * *

SEC. 127. STATE ALLOTMENTS.

[(a) *IN GENERAL.*—The Secretary shall—

[(1) for each fiscal year in which the amount appropriated under section 137(a) exceeds \$1,000,000,000, reserve a portion determined under subsection (b)(1)(A) of the amount appropriated under section 137(a) for use under sections 167 (relating to migrant and seasonal farmworker programs) and 169 (relating to youth opportunity grants); and

[(2) use the remainder of the amount appropriated under section 137(a) for a fiscal year to make allotments and grants in accordance with subparagraphs (B) and (C) of subsection

(b)(1) and make funds available for use under section 166 (relating to Native American programs).

[(b) ALLOTMENT AMONG STATES.—

[(1) YOUTH ACTIVITIES.—

[(A) YOUTH OPPORTUNITY GRANTS.—

[(i) IN GENERAL.—For each fiscal year in which the amount appropriated under section 137(a) exceeds \$1,000,000,000, the Secretary shall reserve a portion of the amount to provide youth opportunity grants and other activities under section 169 (relating to youth opportunity grants) and provide youth activities under section 167 (relating to migrant and seasonal farmworker programs).

[(ii) PORTION.—The portion referred to in clause (i) shall equal, for a fiscal year—

[(I) except as provided in subclause (II), the difference obtained by subtracting \$1,000,000,000 from the amount appropriated under section 137(a) for the fiscal year; or

[(II) for any fiscal year in which the amount is \$1,250,000,000 or greater, \$250,000,000.

[(iii) YOUTH ACTIVITIES FOR FARMWORKERS.—From the portion described in clause (i) for a fiscal year, the Secretary shall make available 4 percent of such portion to provide youth activities under section 167.

[(iv) ROLE MODEL ACADEMY PROJECT.—From the portion described in clause (i) for fiscal year 1999, the Secretary shall make available such sums as the Secretary determines to be appropriate to carry out section 169(g).

[(B) OUTLYING AREAS.—

[(i) IN GENERAL.—From the amount made available under subsection (a)(2) for a fiscal year, the Secretary shall reserve not more than $\frac{1}{4}$ of 1 percent of the amount appropriated under section 137(a) for the fiscal year—

[(I) to provide assistance to the outlying areas to carry out youth activities and statewide workforce investment activities; and

[(II) for each of fiscal years 1999, 2000, and 2001, to carry out the competition described in clause (ii), except that the funds reserved to carry out such clause for any such fiscal year shall not exceed the amount reserved for the Freely Associated States for fiscal year 1997, from amounts reserved under sections 252(a) and 262(a)(1) of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act).

[(ii) LIMITATION FOR FREELY ASSOCIATED STATES.—

[(I) COMPETITIVE GRANTS.—The Secretary shall use funds described in clause (i)(II) to award grants to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Freely Associated States to carry out youth activities and statewide workforce investment activities.

【(II) AWARD BASIS.—The Secretary shall award grants pursuant to subclause (I) on a competitive basis and pursuant to the recommendations of experts in the field of employment and training, working through the Pacific Region Educational Laboratory in Honolulu, Hawaii.

【(III) ASSISTANCE REQUIREMENTS.—Any Freely Associated State that desires to receive assistance under this subparagraph shall submit an application to the Secretary and shall include in the application for assistance—

【(aa) information demonstrating that the Freely Associated State will meet all conditions that apply to States under this title;

【(bb) an assurance that, notwithstanding any other provision of this title, the Freely Associated State will use such assistance only for the direct provision of services; and

【(cc) such other information and assurances as the Secretary may require.

【(IV) TERMINATION OF ELIGIBILITY.—Notwithstanding any other provision of law, the Freely Associated States shall not receive any assistance under this subparagraph for any program year that begins after September 30, 2001.

【(V) ADMINISTRATIVE COSTS.—The Secretary may provide not more than 5 percent of the funds made available for grants under subclause (I) to pay the administrative costs of the Pacific Region Educational Laboratory in Honolulu, Hawaii, regarding activities assisted under this clause.

【(iii) ADDITIONAL REQUIREMENT.—The provisions of Public Law 95–134, permitting the consolidation of grants by the outlying areas, shall not apply to assistance provided to those areas, including the Freely Associated States, under this subparagraph.

【(C) STATES.—

【(i) IN GENERAL.—After determining the amounts to be reserved under subparagraph (A) (if any) and subparagraph (B), the Secretary shall—

【(I) from the amount referred to in subsection (a)(2) for a fiscal year, make available not more than 1.5 percent to provide youth activities under section 166 (relating to Native Americans); and

【(II) allot the remainder of the amount referred to in subsection (a)(2) for a fiscal year to the States pursuant to clause (ii) for youth activities and statewide workforce investment activities.

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

【(I) $33\frac{1}{3}$ percent shall be allotted on the basis of the relative number of unemployed individuals in areas of substantial unemployment in each State, compared to the total number of unem-

ployed individuals in areas of substantial unemployment in all States;

[(II) 33 $\frac{1}{3}$ percent shall be allotted on the basis of the relative excess number of unemployed individuals in each State, compared to the total excess number of unemployed individuals in all States; and

[(III) 33 $\frac{1}{3}$ percent shall be allotted on the basis of the relative number of disadvantaged youth in each State, compared to the total number of disadvantaged youth in all States, except as described in clause (iii).

[(iii) CALCULATION.—In determining an allotment under clause (ii)(III) for any State in which there is a local area designated under section 116(a)(2)(B) (relating to the area served by a rural concentrated employment program grant recipient), the allotment shall be based on the higher of—

[(I) the number of individuals who are age 16 through 21 in families with an income below the low-income level in such area; or

[(II) the number of disadvantaged youth in such area.

[(iv) MINIMUM AND MAXIMUM PERCENTAGES AND MINIMUM ALLOTMENTS.—In making allotments under this subparagraph, the Secretary shall ensure the following:

[(I) MINIMUM PERCENTAGE AND ALLOTMENT.—Subject to subclause (IV), the Secretary shall ensure that no State shall receive an allotment for a fiscal year that is less than the greater of—

[(aa) an amount based on 90 percent of the allotment percentage of the State for the preceding fiscal year; or

[(bb) 100 percent of the total of the allotments of the State under sections 252 and 262 of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act) for fiscal year 1998.

[(II) SMALL STATE MINIMUM ALLOTMENT.—Subject to subclauses (I), (III), and (IV), the Secretary shall ensure that no State shall receive an allotment under this subparagraph that is less than the total of—

[(aa) $\frac{3}{10}$ of 1 percent of \$1,000,000,000 of the remainder described in clause (i)(II) for the fiscal year; and

[(bb) if the remainder described in clause (i)(II) for the fiscal year exceeds \$1,000,000,000, $\frac{2}{5}$ of 1 percent of the excess.

[(III) MAXIMUM PERCENTAGE.—Subject to subclause (I), the Secretary shall ensure that no State shall receive an allotment percentage for a fiscal year that is more than 130 percent of the allot-

ment percentage of the State for the preceding fiscal year.

[(IV) MINIMUM FUNDING.—In any fiscal year in which the remainder described in clause (i)(II) does not exceed \$1,000,000,000, the minimum allotments under subclauses (I) and (II) shall be calculated by the methodology for calculating the corresponding allotments under parts B and C of title II of the Job Training Partnership Act, as in effect on July 1, 1998.

[(2) DEFINITIONS.—For the purpose of the formula specified in paragraph (1)(C):

[(A) ALLOTMENT PERCENTAGE.—The term “allotment percentage”, used with respect to fiscal year 2000 or a subsequent fiscal year, means a percentage of the remainder described in paragraph (1)(C)(i)(II) that is received through an allotment made under paragraph (1)(C) for the fiscal year. The term, used with respect to fiscal year 1998 or 1999, means the percentage of the amounts allotted to States under sections 252(b) and 262(a) of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act) that is received under such sections by the State involved for fiscal year 1998 or 1999.

[(B) AREA OF SUBSTANTIAL UNEMPLOYMENT.—The term “area of substantial unemployment” means any area that is of sufficient size and scope to sustain a program of workforce investment activities carried out under this subtitle and that has an average rate of unemployment of at least 6.5 percent for the most recent 12 months, as determined by the Secretary. For purposes of this subparagraph, determinations of areas of substantial unemployment shall be made once each fiscal year.

[(C) DISADVANTAGED YOUTH.—Subject to paragraph (3), the term “disadvantaged youth” means an individual who is age 16 through 21 who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the higher of—

[(i) the poverty line; or

[(ii) 70 percent of the lower living standard income level.

[(D) EXCESS NUMBER.—The term “excess number” means, used with respect to the excess number of unemployed individuals within a State, the higher of—

[(i) the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the State; or

[(ii) the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such State.

[(E) LOW-INCOME LEVEL.—The term “low-income level” means \$7,000 with respect to income in 1969, and for any later year means that amount that bears the same relationship to \$7,000 as the Consumer Price Index for that

year bears to the Consumer Price Index for 1969, rounded to the nearest \$1,000.

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

【(4) DEFINITION.—In this subsection, the term “Freely Associated State” means the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.】

(a) ALLOTMENT AMONG STATES.—

(1) YOUTH ACTIVITIES.—

(A) YOUTH CHALLENGE GRANTS.—

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

(ii) LIMITATION.—*Notwithstanding clause (i), if the amount appropriated under section 137(a) for a fiscal year exceeds \$1,000,000,000, the Secretary shall reserve \$250,000,000 to provide youth challenge grants under section 169.*

(B) OUTLYING AREAS AND NATIVE AMERICANS.—

(i) IN GENERAL.—*After determining the amount to be reserved under subparagraph (A), of the remainder of the amount appropriated under section 137(a) for each fiscal year the Secretary shall—*

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

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

(ii) RESTRICTION.—*The Republic of Palau shall cease to be eligible to receive funding under this subparagraph upon entering into an agreement for extension of United States educational assistance under the Compact of Free Association (approved by the Compact of Free Association Amendments Act of 2003 (Public Law 108–188)) after the date of enactment of the Job Training Improvement Act of 2005.*

(C) STATES.—

(i) IN GENERAL.—*Of the remainder of the amount appropriated under section 137(a) for a fiscal year that is available after determining the amounts to be reserved under subparagraphs (A) and (B), the Secretary shall allot—*

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

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

(ii) **FORMULAS FOR EXCESS FUNDS.**—Subject to clauses (iii) and (iv), of the amounts described in clause (i)(II)—

(I) $33\frac{1}{3}$ percent shall be allotted on the basis of the relative number of individuals in the civilian labor force who are ages 16–19 in each State, compared to the total number of individuals in the civilian labor force who are ages 16–19 in all States;

(II) $33\frac{1}{3}$ percent shall be allotted on the basis of the relative number of unemployed individuals in each State, compared to the total number of unemployed individuals in all States; and

(III) $33\frac{1}{3}$ percent shall be allotted on the basis of the relative number of disadvantaged youth who are ages 16 through 21 in each State, compared to the total number of disadvantaged youth who are ages 16 through 21 in all States.

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

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

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

(A) **ALLOTMENT PERCENTAGE.**—The term “allotment percentage”, used with respect to fiscal year 2006 or a subsequent fiscal year, means a percentage of the remainder described in paragraph (1)(C)(i) that is received through an allotment made under this subsection for the fiscal year. The term, with respect to fiscal year 2005, means the percentage of the amounts allotted to States under this chapter (as in effect on the day before the date of enactment of the Job Training Improvement Act of 2005) that is received by the State involved for fiscal year 2005.

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

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

[(c)] (b) **REALLOTMENT.**—

(1) * * *

[(2) AMOUNT.—The amount available for reallocation for a program year is equal to the amount by which the unobligated balance of the State allotment under this section for such activities, at the end of the program year prior to the program year for which the determination under this paragraph is made, exceeds 20 percent of such allotment for the prior program year.]

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

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

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

(3) REALLOTMENT.—In making reallocations to eligible States of amounts available pursuant to paragraph (2) for a program year, the Secretary shall allot to each eligible State an amount based on the relative amount allotted to such State under this section for such activities [for the prior program year] *for the program year in which the determination is made*, as compared to the total amount allotted to all eligible States under this section for such activities for such [prior] program year.

[(4) ELIGIBILITY.—For purposes of this subsection, an eligible State means a State that has obligated at least 80 percent of the State allotment under this section for such activities for the program year prior to the program year for which the determination under paragraph (2) is made.]

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

(5) PROCEDURES.—The Governor of each State shall prescribe uniform procedures for the [obligation] *accrued expenditure* of funds by local areas within the State in order to avoid the requirement that funds be made available for reallocation under this subsection. The Governor shall further prescribe equitable procedures for making funds available from the State and local areas in the event that a State is required to make funds available for reallocation under this subsection.

SEC. 128. WITHIN STATE ALLOCATIONS.

[(a) RESERVATIONS FOR STATE ACTIVITIES.—

[(1) IN GENERAL.—The Governor of a State shall reserve not more than 15 percent of each of the amounts allotted to the State under section 127(b)(1)(C) and paragraphs (1)(B) and (2)(B) of section 132(b) for a fiscal year for statewide workforce investment activities.

[(2) USE OF FUNDS.—Regardless of whether the reserved amounts were allotted under section 127(b)(1)(C), or under paragraph (1)(B) or (2)(B) of section 132(b), the Governor may use the reserved amounts to carry out statewide youth activities described in section 129(b) or statewide employment and training activities, for adults or for dislocated workers, described in paragraph (2)(B) or (3) of section 134(a).

[(b) WITHIN STATE ALLOCATION.—

[(1) METHODS.—The Governor, acting in accordance with the State plan, and after consulting with chief elected officials in the local areas, shall allocate the funds that are allotted to the State for youth activities and statewide workforce investment activities under section 127(b)(1)(C) and are not reserved under subsection (a), in accordance with paragraph (2) or (3).

[(2) FORMULA ALLOCATION.—

[(A) YOUTH ACTIVITIES.—

[(i) ALLOCATION.—In allocating the funds described in paragraph (1) to local areas, a State may allocate—

[(I) 33 $\frac{1}{3}$ percent of the funds on the basis described in section 127(b)(1)(C)(ii)(I);

[(II) 33 $\frac{1}{3}$ percent of the funds on the basis described in section 127(b)(1)(C)(ii)(II); and

[(III) 33 $\frac{1}{3}$ percent of the funds on the basis described in clauses (ii)(III) and (iii) of section 127(b)(1)(C).

[(ii) MINIMUM PERCENTAGE.—Effective at the end of the second full fiscal year after the date on which a local area is designated under section 116, the local area shall not receive an allocation percentage for a fiscal year that is less than 90 percent of the average allocation percentage of the local area for the 2 preceding fiscal years. Amounts necessary for increasing such allocations to local areas to comply with the preceding sentence shall be obtained by ratably reducing the allocations to be made to other local areas under this subparagraph.

[(iii) DEFINITION.—The term “allocation percentage”, used with respect to fiscal year 2000 or a subsequent fiscal year, means a percentage of the funds referred to in clause (i), received through an allocation made under this subparagraph, for the fiscal year.

[(B) APPLICATION.—For purposes of carrying out subparagraph (A)—

[(i) references in section 127(b) to a State shall be deemed to be references to a local area;

[(ii) references in section 127(b) to all States shall be deemed to be references to all local areas in the State involved; and

[(iii) except as described in clause (i), references in section 127(b)(1) to the term “excess number” shall be considered to be references to the term as defined in section 127(b)(2).

[(3) YOUTH DISCRETIONARY ALLOCATION.—*In lieu of making the allocation described in paragraph (2)(A), in allocating the*

funds described in paragraph (1) to local areas, a State may distribute—

【(A) a portion equal to not less than 70 percent of the funds in accordance with paragraph (2)(A); and

【(B) the remaining portion of the funds on the basis of a formula that—

【(i) incorporates additional factors (other than the factors described in paragraph (2)(A)) relating to—

【(I) excess youth poverty in urban, rural, and suburban local areas; and

【(II) excess unemployment above the State average in urban, rural, and suburban local areas; and

【(ii) was developed by the State board and approved by the Secretary as part of the State plan.

【(4) LIMITATION.—

【(A) IN GENERAL.—Of the amount allocated to a local area under this subsection and section 133(b) for a fiscal year, not more than 10 percent of the amount may be used by the local board for the administrative cost of carrying out local workforce investment activities described in subsection (d) or (e) of section 134 or in section 129(c).

【(B) USE OF FUNDS.—Funds made available for administrative costs under subparagraph (A) may be used for the administrative cost of any of the local workforce investment activities described in subsection (d) or (e) of section 134 or in section 129(c), regardless of whether the funds were allocated under this subsection or section 133(b).

【(C) REGULATIONS.—The Secretary, after consulting with the Governors, shall develop and issue regulations that define the term “administrative cost” for purposes of this title. Such definition shall be consistent with generally accepted accounting principles.】

(a) RESERVATION FOR STATEWIDE ACTIVITIES.—

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

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

(b) WITHIN STATE ALLOCATION.—

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

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

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

(2) ESTABLISHED FORMULA.—

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

(i) $33\frac{1}{3}$ percent shall be allotted on the basis of the relative number of individuals in the civilian labor force who are ages 16–19 in each local area, compared to the total number of individuals in the civilian labor force who are ages 16–19 in all local areas in the State;

(ii) $33\frac{1}{3}$ percent shall be allotted on the basis of the relative number of unemployed individuals in each local area, compared to the total number of unemployed individuals in all local areas in the State; and

(iii) $33\frac{1}{3}$ percent on the basis of the relative number of disadvantaged youth who are ages 16 through 21 in each local area, compared to the total number of disadvantaged youth who are ages 16 through 21 in all local areas in the State.

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

(C) **DEFINITIONS.**—

(i) **ALLOCATION PERCENTAGE.**—For purposes of this paragraph, the term “allocation percentage”, used with respect to fiscal year 2006 or a subsequent fiscal year, means a percentage of the amount described in paragraph(1)(A) that is received through an allocation made under this paragraph for the fiscal year. The term, with respect to fiscal year 2005, means the percentage of the amounts allocated to local areas under this chapter (as in effect on the day before the date of enactment of the Job Training Improvement Act of 2005) that is received by the local area involved for fiscal year 2005.

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

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

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

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

(B) **USE OF FUNDS.**—Funds made available for administrative costs under subparagraph (A) may be used for the administrative costs of any of the local workforce investment activities described in this chapter or chapter 5, re-

ardless of whether the funds were allocated under this subsection or section 133(b).

(c) REALLOCATION AMONG LOCAL AREAS.—

(1) IN GENERAL.—The Governor may, in accordance with this subsection, reallocate to eligible local areas within the State amounts that are allocated under [paragraph (2)(A) or (3) of] subsection (b) for youth activities and that are available for reallocation.

[(2) AMOUNT.—The amount available for reallocation for a program year is equal to the amount by which the unobligated balance of the local area allocation under paragraph (2)(A) or (3) of subsection (b) for such activities, at the end of the program year prior to the program year for which the determination under this paragraph is made exceeds 20 percent of such allocation for the prior program year.]

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

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

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

(3) REALLOCATION.—In making reallocations to eligible local areas of amounts available pursuant to paragraph (2) for a program year, the Governor shall allocate to each eligible local area within the State an amount based on the relative amount allocated to such local area under [subsection (b)(3)] *subsection (b)* for such activities for [the prior program year] *the program year in which the determination is made*, as compared to the total amount allocated to all eligible local areas in the State under [subsection (b)(3)] *subsection (b)* for such activities for such [prior] program year. [For purposes of this paragraph, local areas that received allocations under subsection (b)(2)(A) for the prior program year shall be treated as if the local areas received allocations under subsection (b)(3) for such year.]

[(4) ELIGIBILITY.—For purposes of this subsection, an eligible local area means a local area that has obligated at least 80 percent of the local area allocation under paragraph (2)(A) or (3) of subsection (b) for such activities, for the program year prior to the program year for which the determination under paragraph (2) is made.]

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

SEC. 129. USE OF FUNDS FOR YOUTH ACTIVITIES.

[(a) PURPOSES.—The purposes of this section are—

[(1) to provide, to eligible youth seeking assistance in achieving academic and employment success, effective and comprehensive activities, which shall include a variety of options for improving educational and skill competencies and provide effective connections to employers;

[(2) to ensure on-going mentoring opportunities for eligible youth with adults committed to providing such opportunities;

[(3) to provide opportunities for training to eligible youth;

[(4) to provide continued supportive services for eligible youth;

[(5) to provide incentives for recognition and achievement to eligible youth; and

[(6) to provide opportunities for eligible youth in activities related to leadership, development, decisionmaking, citizenship, and community service.

[(b) STATEWIDE YOUTH ACTIVITIES.—

[(1) IN GENERAL.—Funds reserved by a Governor for a State as described in sections 128(a) and 133(a)(1)—

[(A) shall be used to carry out the statewide youth activities described in paragraph (2); and

[(B) may be used to carry out any of the statewide youth activities described in paragraph (3), regardless of whether the funds were allotted to the State under section 127(b)(1) or under paragraph (1) or (2) of section 132(b).

[(2) REQUIRED STATEWIDE YOUTH ACTIVITIES.—A State shall use funds reserved as described in sections 128(a) and 133(a)(1) (regardless of whether the funds were allotted to the State under section 127(b)(1) or paragraph (1) or (2) of section 132(b)) to carry out statewide youth activities, which shall include—

[(A) disseminating a list of eligible providers of youth activities described in section 123;

[(B) carrying out activities described in clauses (ii) through (vi) of section 134(a)(2)(B), except that references in such clauses to activities authorized under section 134 shall be considered to be references to activities authorized under this section; and

[(C) providing additional assistance to local areas that have high concentrations of eligible youth to carry out the activities described in subsection (c).

[(3) ALLOWABLE STATEWIDE YOUTH ACTIVITIES.—A State may use funds reserved as described in sections 128(a) and 133(a)(1) (regardless of whether the funds were allotted to the State under section 127(b)(1) or paragraph (1) or (2) of section 132(b)) to carry out additional statewide youth activities, which may include—

[(A) carrying out activities described in clauses (i), (ii), (iii), (iv)(II), and (vi)(II) of section 134(a)(3)(A), except that references in such clauses to activities authorized under section 134 shall be considered to be references to activities authorized under this section; and

[(B) carrying out, on a statewide basis, activities described in subsection (c).

[(4) PROHIBITION.—No funds described in this subsection or section 134(a) shall be used to develop or implement education curricula for school systems in the State.]

(a) *YOUTH PARTICIPANT ELIGIBILITY.*—

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

(A) *not younger than age 16 or older than age 24; and*

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

(i) *school dropouts;*

(ii) *recipients of a secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent (including recognized alternative standards for individuals with disabilities) who are deficient in basic skills and not attending any school;*

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

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

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

(I) *Deficient in literacy skills.*

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

(III) *Pregnant or parents.*

(IV) *Offenders.*

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

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

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

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

(B) *NON-SCHOOL HOURS REQUIRED.*—

(i) *IN GENERAL.*—*Except as provided in clause (ii), activities carried out under this chapter for in-school youth meeting the requirements of paragraph (1)(B)(v) shall only be carried out in non-school hours or periods when school is not in session (such as before and after school or during recess).*

(ii) *EXCEPTION.*—*The requirements of clause (i) shall not apply to activities carried out for in-school youth meeting the requirements of paragraph (1)(B)(v) during school hours that are part of a program that has demonstrated effectiveness in high school youth attaining diplomas.*

(b) STATEWIDE ACTIVITIES.—

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

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

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

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

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

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

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

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

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

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

(c) LOCAL ELEMENTS AND REQUIREMENTS.—

(1) *PROGRAM DESIGN.*—Funds allocated to a local area for eligible youth under [paragraph (2)(A) or (3), as appropriate, of] section 128(b) shall be used to carry out, for eligible youth, programs that—

(A) * * *

(B) develop service strategies for each participant that are directly linked to one or more of the performance outcomes relating to this chapter under section 136, and that shall identify an employment goal (including, in appropriate circumstances, nontraditional employment), appropriate achievement objectives, and appropriate services for the participant taking into account the assessment conducted pursuant to subparagraph (A), except that a new service strategy for a participant is not required if the provider carrying out such a program determines it is appropriate to use a recent service strategy developed for the participant under another education or training program; and

(C) provide—

(i) activities leading to the attainment of a secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent (including recognized alternative standards for individuals with disabilities);

[(i)] (ii) preparation for postsecondary educational opportunities and advanced training, in appropriate cases;

[(ii)] (iii) strong linkages between academic and occupational learning that lead to the attainment of recognized credentials;

[(iii)] (iv) preparation for unsubsidized employment opportunities, in appropriate cases; and

[(iv)] effective connections to intermediaries with strong links to—

[(I) the job market; and

[(II) local and regional employers.]

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

(2) PROGRAM ELEMENTS.—The programs described in paragraph (1) shall provide elements consisting of—

(A) tutoring, study skills training, and instruction, leading to completion of [secondary school, including dropout prevention strategies] secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent (including recognized alternative standards for individuals with disabilities), including dropout prevention strategies;

* * * * *

(I) followup services for not less than 12 months after the completion of participation, as appropriate; [and]

(J) comprehensive guidance and counseling, which may include drug and alcohol abuse counseling and referral, as appropriate[.];

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

(L) financial literacy skills.

(3) ADDITIONAL REQUIREMENTS.—

(A) INFORMATION AND REFERRALS.—Each local board shall ensure that each participant [or applicant who meets the minimum income criteria to be considered an eligible youth] shall be provided—

(i) * * *

* * * * *

[(4) PRIORITY.—

[(A) IN GENERAL.—At a minimum, 30 percent of the funds described in paragraph (1) shall be used to provide youth activities to out-of-school youth.

[(B) EXCEPTION.—A State that receives a minimum allotment under section 127(b)(1) in accordance with section 127(b)(1)(C)(iv)(II) or under section 132(b)(1) in accordance with section 132(b)(1)(B)(iv)(II) may reduce the percentage described in subparagraph (A) for a local area in the State, if—

[(i) after an analysis of the eligible youth population in the local area, the State determines that the local area will be unable to meet the percentage described in subparagraph (A) due to a low number of out-of-school youth; and

[(ii)(I) the State submits to the Secretary, for the local area, a request including a proposed reduced percentage for purposes of subparagraph (A), and the summary of the eligible youth population analysis; and

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

[(5) EXCEPTIONS.—Not more than 5 percent of participants assisted under this section in each local area may be individuals who do not meet the minimum income criteria to be considered eligible youth, if such individuals are within one or more of the following categories:

[(A) Individuals who are school dropouts.

[(B) Individuals who are basic skills deficient.

[(C) Individuals with educational attainment that is one or more grade levels below the grade level appropriate to the age of the individuals.

[(D) Individuals who are pregnant or parenting.

[(E) Individuals with disabilities, including learning disabilities.

[(F) Individuals who are homeless or runaway youth.

[(G) Individuals who are offenders.

[(H) Other eligible youth who face serious barriers to employment as identified by the local board.]

[(6)] (4) PROHIBITIONS.—

(A) * * *

* * * * *

[(7)] (5) LINKAGES.—In coordinating the programs authorized under this section, [youth councils] *local boards* shall establish linkages with educational agencies responsible for services to participants as appropriate.

[(8)] (6) VOLUNTEERS.—The local board shall make opportunities available for individuals who have successfully participated in programs carried out under this section to volunteer assistance to participants in the form of mentoring, tutoring, and other activities.

**[CHAPTER 5—ADULT AND DISLOCATED WORKER
EMPLOYMENT AND TRAINING ACTIVITIES]**

**CHAPTER 5—COMPREHENSIVE EMPLOYMENT AND
TRAINING ACTIVITIES FOR ADULTS**

SEC. 131. GENERAL AUTHORIZATION.

The Secretary shall make allotments under [paragraphs (1)(B) and (2)(B) of] section 132(b) to each State that meets the requirements of section 112 and a grant to each outlying area that complies with the requirements of this title, to assist the State or outlying area, and to enable the State or outlying area to assist local areas, for the purpose of providing workforce investment activities

for adults[, and dislocated workers,] in the State or outlying area and in the local areas.

SEC. 132. STATE ALLOTMENTS.

[(a) IN GENERAL.—The Secretary shall—

[(1) make allotments and grants from the total amount appropriated under section 137(b) for a fiscal year in accordance with subsection (b)(1); and

[(2)(A) reserve 20 percent of the amount appropriated under section 137(c) for a fiscal year for use under subsection (b)(2)(A), and under sections 170(b) (relating to dislocated worker technical assistance), 171(d) (relating to dislocated worker projects), and 173 (relating to national emergency grants, other than under subsection (a)(4), (f), and (g)); and

[(B) make allotments from 80 percent of the amount appropriated under section 137(c) for a fiscal year in accordance with subsection (b)(2)(B).

[(b) ALLOTMENT AMONG STATES.—

[(1) ADULT EMPLOYMENT AND TRAINING ACTIVITIES.—

[(A) RESERVATION FOR OUTLYING AREAS.—

[(i) IN GENERAL.—From the amount made available under subsection (a)(1) for a fiscal year, the Secretary shall reserve not more than $\frac{1}{4}$ of 1 percent to provide assistance to the outlying areas.

[(ii) APPLICABILITY OF ADDITIONAL REQUIREMENTS.—From the amount reserved under clause (i), the Secretary shall provide assistance to the outlying areas for adult employment and training activities and statewide workforce investment activities in accordance with the requirements of section 127(b)(1)(B), except that the reference in section 127(b)(1)(B)(i)(II) to sections 252(d) and 262(a)(1) of the Job Training Partnership Act shall be deemed to be a reference to section 202(a)(1) of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act).

[(B) STATES.—

[(i) IN GENERAL.—After determining the amount to be reserved under subparagraph (A), the Secretary shall allot the remainder of the amount referred to in subsection (a)(1) for a fiscal year to the States pursuant to clause (ii) for adult employment and training activities and statewide workforce investment activities.

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

[(I) $33\frac{1}{3}$ percent shall be allotted on the basis of the relative number of unemployed individuals in areas of substantial unemployment in each State, compared to the total number of unemployed individuals in areas of substantial unemployment in all States;

[(II) $33\frac{1}{3}$ percent shall be allotted on the basis of the relative excess number of unemployed individuals in each State, compared to the total excess

number of unemployed individuals in all States; and

[(III) 33 $\frac{1}{3}$ percent shall be allotted on the basis of the relative number of disadvantaged adults in each State, compared to the total number of disadvantaged adults in all States, except as described in clause (iii).

[(iii) CALCULATION.—In determining an allotment under clause (ii)(III) for any State in which there is a local area designated under section 116(a)(2)(B), the allotment shall be based on the higher of—

[(I) the number of adults in families with an income below the low-income level in such area; or

[(II) the number of disadvantaged adults in such area.

[(iv) MINIMUM AND MAXIMUM PERCENTAGES AND MINIMUM ALLOTMENTS.—In making allotments under this subparagraph, the Secretary shall ensure the following:

[(I) MINIMUM PERCENTAGE AND ALLOTMENT.—Subject to subclause (IV), the Secretary shall ensure that no State shall receive an allotment for a fiscal year that is less than the greater of—

[(aa) an amount based on 90 percent of the allotment percentage of the State for the preceding fiscal year; or

[(bb) 100 percent of the allotment of the State under section 202 of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act) for fiscal year 1998.

[(II) SMALL STATE MINIMUM ALLOTMENT.—Subject to subclauses (I), (III), and (IV), the Secretary shall ensure that no State shall receive an allotment under this subparagraph that is less than the total of—

[(aa) $\frac{3}{10}$ of 1 percent of \$960,000,000 of the remainder described in clause (i) for the fiscal year; and

[(bb) if the remainder described in clause (i) for the fiscal year exceeds \$960,000,000, $\frac{2}{5}$ of 1 percent of the excess.

[(III) MAXIMUM PERCENTAGE.—Subject to subclause (I), the Secretary shall ensure that no State shall receive an allotment percentage for a fiscal year that is more than 130 percent of the allotment percentage of the State for the preceding fiscal year.

[(IV) MINIMUM FUNDING.—In any fiscal year in which the remainder described in clause (i) does not exceed \$960,000,000, the minimum allotments under subclauses (I) and (II) shall be calculated by the methodology for calculating the corresponding allotments under part A of title II of the Job

Training Partnership Act, as in effect on July 1, 1998.

[(v) DEFINITIONS.—For the purpose of the formula specified in this subparagraph:

[(I) ADULT.—The term “adult” means an individual who is not less than age 22 and not more than age 72.

[(II) ALLOTMENT PERCENTAGE.—The term “allotment percentage”, used with respect to fiscal year 2000 or a subsequent fiscal year, means a percentage of the remainder described in clause (i) that is received through an allotment made under this subparagraph for the fiscal year. The term, used with respect to fiscal year 1998 or 1999, means the percentage of the amounts allotted to States under section 202(a) of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act) that is received under such section by the State involved for fiscal year 1998 or 1999.

[(III) AREA OF SUBSTANTIAL UNEMPLOYMENT.—The term “area of substantial unemployment” means any area that is of sufficient size and scope to sustain a program of workforce investment activities carried out under this subtitle and that has an average rate of unemployment of at least 6.5 percent for the most recent 12 months, as determined by the Secretary. For purposes of this subclause, determinations of areas of substantial unemployment shall be made once each fiscal year.

[(IV) DISADVANTAGED ADULT.—Subject to subclause (V), the term “disadvantaged adult” means an adult who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the higher of—

[(aa) the poverty line; or

[(bb) 70 percent of the lower living standard income level.

[(V) DISADVANTAGED ADULT SPECIAL RULE.—The Secretary shall, as appropriate and to the extent practicable, exclude college students and members of the Armed Forces from the determination of the number of disadvantaged adults.

[(VI) EXCESS NUMBER.—The term “excess number” means, used with respect to the excess number of unemployed individuals within a State, the higher of—

[(aa) the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the State; or

[(bb) the number that represents the number of unemployed individuals in excess of 4.5

percent of the civilian labor force in areas of substantial unemployment in such State.

[(2) DISLOCATED WORKER EMPLOYMENT AND TRAINING.—

[(A) RESERVATION FOR OUTLYING AREAS.—

[(i) IN GENERAL.—From the amount made available under subsection (a)(2)(A) for a fiscal year, the Secretary shall reserve not more than $\frac{1}{4}$ of 1 percent of the amount appropriated under section 137(c) for the fiscal year to provide assistance to the outlying areas.

[(ii) APPLICABILITY OF ADDITIONAL REQUIREMENTS.—From the amount reserved under clause (i), the Secretary shall provide assistance to the outlying areas for dislocated worker employment and training activities and statewide workforce investment activities in accordance with the requirements of section 127(b)(1)(B), except that the reference in section 127(b)(1)(B)(i)(II) to sections 252(a) and 262(a)(1) of the Job Training Partnership Act shall be deemed to be a reference to section 302(e) of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act).

[(B) STATES.—

[(i) IN GENERAL.—The Secretary shall allot the amount referred to in subsection (a)(2)(B) for a fiscal year to the States pursuant to clause (ii) for dislocated worker employment and training activities and statewide workforce investment activities.

[(ii) FORMULA.—Of the amount—

[(I) $33\frac{1}{3}$ percent shall be allotted on the basis of the relative number of unemployed individuals in each State, compared to the total number of unemployed individuals in all States;

[(II) $33\frac{1}{3}$ percent shall be allotted on the basis of the relative excess number of unemployed individuals in each State, compared to the total excess number of unemployed individuals in all States; and

[(III) $33\frac{1}{3}$ percent shall be allotted on the basis of the relative number of individuals in each State who have been unemployed for 15 weeks or more, compared to the total number of individuals in all States who have been unemployed for 15 weeks or more.

[(iii) DEFINITION.—In this subparagraph, the term “excess number” means, used with respect to the excess number of unemployed individuals within a State, the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the State.

[(3) DEFINITIONS.—For the purpose of the formulas specified in this subsection:

[(A) FREELY ASSOCIATED STATES.—The term “Freely Associated States” means the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

[(B) LOW-INCOME LEVEL.—The term “low-income level” means \$7,000 with respect to income in 1969, and for any later year means that amount that bears the same relationship to \$7,000 as the Consumer Price Index for that year bears to the Consumer Price Index for 1969, rounded to the nearest \$1,000.]

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

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

(A) *not less than 75 percent shall be used for national dislocated worker grants under section 173, of which up to \$125,000,000 may be used to carry out section 171(d);*

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

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

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

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

(1) *RESERVATION FOR OUTLYING AREAS.*—

(A) *IN GENERAL.*—*From the amount made available under subsection (a)(2) for a fiscal year, the Secretary shall reserve not more than 1/4 of 1 percent to provide assistance to outlying areas to carry out employment and training activities for adults and statewide workforce investment activities.*

(B) *RESTRICTION.*—*The Republic of Palau shall cease to be eligible to receive funding under this paragraph upon entering into an agreement for extension of United States educational assistance under the Compact of Free Association (approved by the Compact of Free Association Amendments Act of 2003 (Public Law 108–188)) after the date of enactment of the Job Training Improvement Act of 2005.*

(2) *STATES.*—*Subject to paragraph (5), of the remainder of the amount referred to under subsection (a)(2) for a fiscal year that is available after determining the amount to be reserved under paragraph (1), the Secretary shall allot to the States for employment and training activities for adults and for statewide workforce investment activities—*

(A) *26 percent in accordance with paragraph (3); and*

(B) *74 percent in accordance with paragraph (4).*

(3) *BASE FORMULA.*—

(A) *FISCAL YEAR 2006.*—

(i) *IN GENERAL.*—*Subject to clause (ii), the amount referred to in paragraph (2)(A) shall be allotted for fiscal year 2006 on the basis of allotment percentage of each State under section 6 of the Wagner-Peyser Act for fiscal year 2005.*

(ii) *EXCESS AMOUNTS.*—*If the amount referred to in paragraph (2)(A) for fiscal year 2006 exceeds the amount that was available for allotment to the States under the Wagner-Peyser Act for fiscal year 2005, such excess amount shall be allotted on the basis of the rel-*

ative number of individuals in the civilian labor force in each State, compared to the total number of individuals in the civilian labor force in all States, adjusted to ensure that no State receives less than $\frac{3}{10}$ of one percent of such excess amount.

(iii) *DEFINITION.*—For purposes of this subparagraph, the term “allotment percentage” means the percentage of the amounts allotted to States under section 6 of the Wagner-Peyser Act that is received by the State involved for fiscal year 2005.

(B) FISCAL YEARS 2007 AND THEREAFTER.—

(i) *IN GENERAL.*—Subject to clause (ii), the amount referred to in paragraph(2)(A) shall be allotted for fiscal year 2007 and each fiscal year thereafter on the basis of the allotment percentage of each State under this paragraph for the preceding fiscal year.

(ii) *EXCESS AMOUNTS.*—If the amount referred to in paragraph (2)(A) for fiscal year 2007 or any fiscal year thereafter exceeds the amount that was available for allotment under this paragraph for the prior fiscal year, such excess amount shall be allotted on the basis of the relative number of individuals in the civilian labor force in each State, compared to the total number of individuals in the civilian labor force in all States, adjusted to ensure that no State receives less than $\frac{3}{10}$ of one percent of such excess amount.

(iii) *DEFINITION.*—For purposes of this subparagraph, the term “allotment percentage” means the percentage of the amounts allotted to States under this paragraph in a fiscal year that is received by the State involved for such fiscal year.

(4) CONSOLIDATED FORMULA.—

(A) IN GENERAL.—Subject to subparagraphs (B) and (C), of the amount referred to in paragraph (2)(B)—

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

(ii) 25 percent shall be allotted on the basis of the relative excess number of unemployed individuals in each State, compared to the total excess number of unemployed individuals in all States; and

(iii) 15 percent shall be allotted on the basis of the relative number of disadvantaged adults in each State, compared to the total number of disadvantaged adults in all States.

(B) MINIMUM AND MAXIMUM PERCENTAGES.—

(i) *MINIMUM PERCENTAGE.*—The Secretary shall ensure that no State shall receive an allotment under this paragraph for a fiscal year that is less than 90 percent of the allotment percentage of the State under this paragraph for the preceding fiscal year.

(ii) *MAXIMUM PERCENTAGE.*—Subject to clause (i), the Secretary shall ensure that no State shall receive an allotment for a fiscal year under this paragraph that is

more than 130 percent of the allotment of the State under this paragraph for the preceding fiscal year.

(C) **SMALL STATE MINIMUM ALLOTMENT.**—Subject to subparagraph (B), the Secretary shall ensure that no State shall receive an allotment under this paragraph that is less than $\frac{2}{10}$ of 1 percent of the amount available under subparagraph (A).

(D) **DEFINITIONS.**—For the purposes of this paragraph:

(i) **ALLOTMENT PERCENTAGE.**—The term “allotment percentage”, used with respect to fiscal year 2006 or a subsequent fiscal year, means a percentage of the amounts described in paragraph (2)(B) that is received through an allotment made under this paragraph for the fiscal year. The term, with respect to fiscal year 2005, means the percentage of the amounts allotted to States under this chapter (as in effect on the day before the date of enactment of the Job Training Improvement Act of 2005) and under reemployment service grants received by the State involved for fiscal year 2005.

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

(iii) **EXCESS NUMBER.**—The term “excess number” means, used with respect to the excess number of unemployed individuals within a State, the number that represents the number of unemployed individuals in excess of $4\frac{1}{2}$ percent of the civilian labor force in the State.

(5) **ADJUSTMENTS IN ALLOTMENTS BASED ON DIFFERENCES WITH UNCONSOLIDATED FORMULAS.**—

(A) **IN GENERAL.**—The Secretary shall ensure that for any fiscal year no State has an allotment difference, as defined in subparagraph (C), that is less than zero. The Secretary shall adjust the amounts allotted to the States under this subsection in accordance with subparagraph (B) if necessary to carry out this subparagraph.

(B) **ADJUSTMENTS IN ALLOTMENTS.**—

(i) **REDISTRIBUTION OF EXCESS AMOUNTS.**—

(I) **IN GENERAL.**—If necessary to carry out subparagraph (A), the Secretary shall reduce the amounts that would be allotted under paragraphs (3) and (4) to States that have an excess allotment difference, as defined in subclause (II), by the amount of such excess, and use such amounts to increase the allotments to States that have an allotment difference less than zero.

(II) **EXCESS AMOUNTS.**—For purposes of subclause (I), the term “excess” allotment difference means an allotment difference for a State that is—

(aa) in excess of 3 percent of the amount described in subparagraph (C)(i)(II); or

(bb) in excess of a percentage established by the Secretary that is greater than 3 percent of

the amount described in subparagraph (C)(i)(II) if the Secretary determines that such greater percentage is sufficient to carry out subparagraph (A).

(ii) *USE OF AMOUNTS AVAILABLE UNDER NATIONAL RESERVE ACCOUNT.—If the funds available under clause (i) are insufficient to carry out subparagraph (A), the Secretary shall use funds reserved under section 132(a) in such amounts as are necessary to increase the allotments to States to meet the requirements of subparagraph (A). Such funds shall be used in the same manner as the States use the other funds allotted under this subsection.*

(C) *DEFINITION OF ALLOTMENT DIFFERENCE.—*

(i) *IN GENERAL.—For purposes of this paragraph, the term “allotment difference” means the difference between—*

(I) the total amount a State would receive of the amounts available for allotment under subsection (b)(2) for a fiscal year pursuant to paragraphs (3) and (4); and

(II) the total amount the State would receive of the amounts available for allotment under subsection (b)(2) for the fiscal year if such amounts were allotted pursuant to the unconsolidated formulas (applied as described in clause (iii)) that were used in allotting funds for fiscal year 2005.

(ii) *UNCONSOLIDATED FORMULAS.—For purposes of clause (i), the unconsolidated formulas are:*

(I) The requirements for the allotment of funds to the States contained in section 132(b)(1)(B) of this Act (as in effect on the day before the date of enactment of the Job Training Improvement Act of 2005) that were applicable to the allotment of funds under such section for fiscal year 2005.

(II) The requirements for the allotment of funds to the States contained in section 132(b)(2)(B) of this Act (as in effect on the day before the date of enactment of the Job Training Improvement Act of 2005) that were applicable to the allotment of funds under such section for fiscal year 2005.

(III) The requirements for the allotment of funds to the States that were contained in section 6 of the Wagner-Peyser Act (as in effect on the day before the date of enactment of the Job Training Improvement Act of 2005) that were applicable to the allotment of funds under such Act for fiscal year 2005.

(IV) The requirements for the allotment of funds to the States that were established by the Secretary for Reemployment Services Grants that were applicable to the allotment of funds for such grants for fiscal year 2005.

(iii) *PROPORTIONATE APPLICATION OF UNCONSOLIDATED FORMULAS BASED ON FISCAL YEAR 2005.—In calculating the amount under clause (i)(II), each of the*

unconsolidated formulas identified in clause (ii) shall be applied, respectively, only to the proportionate share of the total amount of funds available for allotment under subsection (b)(2) for a fiscal year that is equal to the proportionate share to which each of the unconsolidated formulas applied with respect to the total amount of funds allotted to the States under all of the unconsolidated formulas in fiscal year 2005.

(iv) RULE OF CONSTRUCTION.—The amounts used to adjust the allotments to a State under subparagraph (B) for a fiscal year shall not be included in the calculation of the amounts under clause (i) for a subsequent fiscal year, including the calculation of allocation percentages for a preceding fiscal year applicable to paragraphs (3) and (4) and to the unconsolidated formulas described in clause (ii).

(c) REALLOTMENT.—

(1) * * *

[(2) AMOUNT.—The amount available for reallocation for a program year is equal to the amount by which the unobligated balance of the State allotments under this section for such activities, at the end of the program year prior to the program year for which the determination under this paragraph is made, exceeds 20 percent of such allotments for the prior program year.]

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

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

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

(3) REALLOTMENT.—In making reallocations to eligible States of amounts available pursuant to paragraph (2) for a program year, the Secretary shall allot to each eligible State an amount based on the relative amount allotted to such State under this section for such activities **[(for the prior program year)] for the program year in which the determination is made, as compared to the total amount allotted to all eligible States under this section for such activities for such **[(prior)]** program year.**

[(4) ELIGIBILITY.—For purposes of this subsection, an eligible State means a State that has obligated at least 80 percent of the State allotment under this section for such activities for the program year prior to the program year for which the determination under paragraph (2) is made.]

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

(5) *PROCEDURES.*—The Governor of each State shall prescribe uniform procedures for the [obligation] accrued expenditure of funds by local areas within the State in order to avoid the requirement that funds be made available for reallocation under this subsection. The Governor shall further prescribe equitable procedures for making funds available from the State and local areas in the event that a State is required to make funds available for reallocation under this subsection.

SEC. 133. WITHIN STATE ALLOCATIONS.

[(a) **RESERVATIONS FOR STATE ACTIVITIES.**—

[(1) **STATEWIDE WORKFORCE INVESTMENT ACTIVITIES.**—The Governor of a State shall make the reservation required under section 128(a).

[(2) **STATEWIDE RAPID RESPONSE ACTIVITIES.**—The Governor of the State shall reserve not more than 25 percent of the total amount allotted to the State under section 132(b)(2)(B) for a fiscal year for statewide rapid response activities described in section 134(a)(2)(A).

[(b) **WITHIN STATE ALLOCATION.**—

[(1) **METHODS.**—The Governor, acting in accordance with the State plan, and after consulting with chief elected officials in the local areas, shall allocate—

[(A) the funds that are allotted to the State for adult employment and training activities and statewide workforce investment activities under section 132(b)(1)(B) and are not reserved under subsection (a)(1), in accordance with paragraph (2) or (3); and

[(B) the funds that are allotted to the State for dislocated worker employment and training activities under section 132(b)(2)(B) and are not reserved under paragraph (1) or (2) of subsection (a), in accordance with paragraph (2).

[(2) **FORMULA ALLOCATIONS.**—

[(A) **ADULT EMPLOYMENT AND TRAINING ACTIVITIES.**—

[(i) **ALLOCATION.**—In allocating the funds described in paragraph (1)(A) to local areas, a State may allocate—

[(I) 33 $\frac{1}{3}$ percent of the funds on the basis described in section 132(b)(1)(B)(ii)(I);

[(II) 33 $\frac{1}{3}$ percent of the funds on the basis described in section 132(b)(1)(B)(ii)(II); and

[(III) 33 $\frac{1}{3}$ percent of the funds on the basis described in clauses (ii)(III) and (iii) of section 132(b)(1)(B).

[(ii) **MINIMUM PERCENTAGE.**—Effective at the end of the second full fiscal year after the date on which a local area is designated under section 116, the local area shall not receive an allocation percentage for a fiscal year that is less than 90 percent of the average allocation percentage of the local area for the 2 preceding fiscal years. Amounts necessary for increasing

such allocations to local areas to comply with the preceding sentence shall be obtained by ratably reducing the allocations to be made to other local areas under this subparagraph.

[(iii) DEFINITION.—The term “allocation percentage”, used with respect to fiscal year 2000 or a subsequent fiscal year, means a percentage of the funds referred to in clause (i), received through an allocation made under this subparagraph, for the fiscal year.

[(B) DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES.—

[(i) FORMULA.—In allocating the funds described in paragraph (1)(B) to local areas, a State shall allocate the funds based on an allocation formula prescribed by the Governor of the State. Such formula may be amended by the Governor not more than once for each program year. Such formula shall utilize the most appropriate information available to the Governor to distribute amounts to address the State’s worker readjustment assistance needs.

[(ii) INFORMATION.—The information described in clause (i) shall include insured unemployment data, unemployment concentrations, plant closing and mass layoff data, declining industries data, farmer-rancher economic hardship data, and long-term unemployment data.

[(C) APPLICATION.—For purposes of carrying out subparagraph (A)—

[(i) references in section 132(b) to a State shall be deemed to be references to a local area;

[(ii) references in section 132(b) to all States shall be deemed to be references to all local areas in the State involved; and

[(iii) except as described in clause (i), references in section 132(b)(1) to the term “excess number” shall be considered to be references to the term as defined in section 132(b)(1).

[(3) ADULT EMPLOYMENT AND TRAINING DISCRETIONARY ALLOCATIONS.—In lieu of making the allocation described in paragraph (2)(A), in allocating the funds described in paragraph (1)(A) to local areas, a State may distribute—

[(A) a portion equal to not less than 70 percent of the funds in accordance with paragraph (2)(A); and

[(B) the remaining portion of the funds on the basis of a formula that—

[(i) incorporates additional factors (other than the factors described in paragraph (2)(A)) relating to—

[(I) excess poverty in urban, rural, and suburban local areas; and

[(II) excess unemployment above the State average in urban, rural, and suburban local areas; and

[(ii) was developed by the State board and approved by the Secretary as part of the State plan.

[(4) TRANSFER AUTHORITY.—A local board may transfer, if such a transfer is approved by the Governor, not more than 20 percent of the funds allocated to the local area under paragraph (2)(A) or (3), and 20 percent of the funds allocated to the local area under paragraph (2)(B), for a fiscal year between—

[(A) adult employment and training activities; and

[(B) dislocated worker employment and training activities.

[(5) ALLOCATION.—

[(A) IN GENERAL.—The Governor of the State shall allocate the funds described in paragraph (1) to local areas under paragraphs (2) and (3) for the purpose of providing a single system of employment and training activities for adults and dislocated workers in accordance with subsections (d) and (e) of section 134.

[(B) ADDITIONAL REQUIREMENTS.—

[(i) ADULTS.—Funds allocated under paragraph (2)(A) or (3) shall be used by a local area to contribute proportionately to the costs of the one-stop delivery system described in section 134(c) in the local area, and to pay for employment and training activities provided to adults in the local area, consistent with section 134.

[(ii) DISLOCATED WORKERS.—Funds allocated under paragraph (2)(B) shall be used by a local area to contribute proportionately to the costs of the one-stop delivery system described in section 134(c) in the local area, and to pay for employment and training activities provided to dislocated workers in the local area, consistent with section 134.]

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

(b) ALLOCATIONS TO LOCAL AREAS.—

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

(A) *85 percent of such amounts shall be allocated by the Governor to local areas in accordance with paragraph (2); and*

(B) *15 percent of such amounts shall be allocated by the Governor to local areas in accordance with paragraph (3).*

(2) ESTABLISHED FORMULA.—

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

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

(ii) *25 percent on the basis of the relative excess number of unemployed individuals in each local area, compared to the total excess number of unemployed individuals in all local areas in the State; and*

(iii) *15 percent shall be allotted on the basis of the relative number of disadvantaged adults in each local*

area, compared to the total number of disadvantaged adults in all local areas in the State.

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

(C) *DEFINITIONS.*—

(i) *ALLOCATION PERCENTAGE.*—The term “allocation percentage”, used with respect to fiscal year 2006 or a subsequent fiscal year, means a percentage of the amount described in paragraph (1)(A) that is received through an allocation made under this paragraph for the fiscal year. The term, with respect to fiscal year 2005, means the percentage of the amounts allocated to local areas under this chapter (as in effect on the day before the date of enactment of the Job Training Improvement Act of 2005) that is received by the local area involved for fiscal year 2005.

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

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

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

(4) *LOCAL ADMINISTRATIVE COST LIMIT.*—

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

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

(c) *REALLOCATION AMONG LOCAL AREAS.*—

(1) *IN GENERAL.*—The Governor may, in accordance with this subsection, reallocate to eligible local areas within the State amounts that are allocated under [paragraph (2)(A) or (3) of]

subsection (b) for adult employment and training activities and that are available for reallocation.

【(2) AMOUNT.—The amount available for reallocation for a program year is equal to the amount by which the unobligated balance of the local area allocation under paragraph (2)(A) or (3) of subsection (b) for such activities, at the end of the program year prior to the program year for which the determination under this paragraph is made exceeds 20 percent of such allocation for the prior program year.】

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

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

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

(3) REALLOCATION.—In making reallocations to eligible local areas of amounts available pursuant to paragraph (2) for a program year, the Governor shall allocate to each eligible local area within the State an amount based on the relative amount allocated to such local area under [subsection (b)(3)] *subsection (b)* for such activities for [the prior program year] *the program year in which the determination is made*, as compared to the total amount allocated to all eligible local areas in the State under [subsection (b)(3)] *subsection (b)* for such activities for such [prior] program year. [For purposes of this paragraph, local areas that received allocations under subsection (b)(2)(A) for the prior program year shall be treated as if the local areas received allocations under subsection (b)(3) for such year.

【(4) ELIGIBILITY.—For purposes of this subsection, an eligible local area means a local area that has obligated at least 80 percent of the local area allocation under paragraph (2)(A) or (3) of subsection (b) for such activities, for the program year prior to the program year for which the determination under paragraph (2) is made.】

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

* * * * *

SEC. 134. USE OF FUNDS FOR EMPLOYMENT AND TRAINING ACTIVITIES.

(a) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—

[(1) IN GENERAL.—Funds reserved by a Governor for a State—

[(A) as described in section 133(a)(2) shall be used to carry out the statewide rapid response activities described in paragraph (2)(A); and

[(B) as described in sections 128(a) and 133(a)(1)—

[(i) shall be used to carry out the statewide employment and training activities described in paragraph (2)(B); and

[(ii) may be used to carry out any of the statewide employment and training activities described in paragraph (3),

regardless of whether the funds were allotted to the State under section 127(b)(1) or under paragraph (1) or (2) of section 132(b).

[(2) REQUIRED STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—

[(A) STATEWIDE RAPID RESPONSE ACTIVITIES.—A State shall use funds reserved as described in section 133(a)(2) to carry out statewide rapid response activities, which shall include—

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

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

[(B) OTHER REQUIRED STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—A State shall use funds reserved as described in sections 128(a) and 133(a)(1) (regardless of whether the funds were allotted to the State under section 127(b)(1) or paragraph (1) or (2) of section 132(b)) to carry out other statewide employment and training activities, which shall include—

[(i) disseminating the State list of eligible providers of training services, including eligible providers of non-traditional training services, information identifying eligible providers of on-the-job training and customized training, and performance information and program cost information, as described in subsections (e) and (h) of section 122;

[(ii) conducting evaluations, under section 136(e), of activities authorized in this section, in coordination with the activities carried out under section 172;

[(iii) providing incentive grants to local areas for regional cooperation among local boards (including local boards for a designated region as described in section 116(c)), for local coordination of activities carried out

under this Act, and for exemplary performance by local areas on the local performance measures;

[(iv) providing technical assistance to local areas that fail to meet local performance measures;

[(v) assisting in the establishment and operation of one-stop delivery systems described in subsection (c); and

[(vi) operating a fiscal and management accountability information system under section 136(f).

[(3) ALLOWABLE STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—

[(A) IN GENERAL.—A State may use funds reserved as described in sections 128(a) and 133(a)(1) (regardless of whether the funds were allotted to the State under section 127(b)(1) or paragraph (1) or (2) of section 132(b)) to carry out additional statewide employment and training activities, which may include—

[(i) subject to subparagraph (B), administration by the State of the activities authorized under this section;

[(ii) provision of capacity building and technical assistance to local areas, one-stop operators, one-stop partners, and eligible providers, including the development and training of staff and the development of exemplary program activities;

[(iii) conduct of research and demonstrations;

[(iv)(I) implementation of innovative incumbent worker training programs, which may include the establishment and implementation of an employer loan program to assist in skills upgrading; and

[(II) the establishment and implementation of programs targeted to empowerment zones and enterprise communities;

[(v) support for the identification of eligible providers of training services as required under section 122;

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

[(II) implementation of programs to increase the number of individuals training for and placed in non-traditional employment; and

[(vii) carrying out other activities authorized in this section that the State determines to be necessary to assist local areas in carrying out activities described in subsection (d) or (e) through the statewide workforce investment system.

[(B) LIMITATION.—

[(i) IN GENERAL.—Of the funds allotted to a State under sections 127(b) and 132(b) and reserved as described in sections 128(a) and 133(a)(1) for a fiscal year—

【(I) not more than 5 percent of the amount allotted under section 127(b)(1);

【(II) not more than 5 percent of the amount allotted under section 132(b)(1); and

【(III) not more than 5 percent of the amount allotted under section 132(b)(2),

may be used by the State for the administration of youth activities carried out under section 129 and employment and training activities carried out under this section.

【(i) USE OF FUNDS.—Funds made available for administrative costs under clause (i) may be used for the administrative cost of any of the statewide youth activities or statewide employment and training activities, regardless of whether the funds were allotted to the State under section 127(b)(1) or paragraph (1) or (2) of section 132(b).】

(1) *IN GENERAL.*—

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

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

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

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

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

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

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

(B) provision of additional assistance to local areas that experience disasters, mass layoffs or plant closings, or other events that precipitate substantial increases in the number

of unemployed individuals, carried out in local areas by the State, working in conjunction with the local boards and the chief elected officials in the local areas.

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

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

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

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

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

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

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

(G) implementing innovative programs, such as incumbent worker training programs, programs and strategies designed to meet the needs of businesses in the State, including small businesses, and engage employers in workforce activities, and programs serving individuals with disabilities consistent with section 188;

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

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

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

(K) carrying out activities to facilitate remote access to services provided through a one-stop delivery system, including facilitating access through the use of technology.

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

(b) LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.—Funds allocated to a local area for adults [under paragraph (2)(A) or (3), as

appropriate, of section 133(b), and funds allocated to a local area for dislocated workers under section 133(b)(2)(B)] *under section 133(b)*—

(1) shall be used to carry out employment and training activities described in subsection (d) for adults [or dislocated workers, respectively]; and

(2) may be used to carry out employment and training activities described in subsection (e) for adults [or dislocated workers, respectively].

[(d)] (c) REQUIRED LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.—

[(1) IN GENERAL.—

[(A) ALLOCATED FUNDS.—Funds allocated to a local area for adults under paragraph (2)(A) or (3), as appropriate, of section 133(b), and funds allocated to the local area for dislocated workers under section 133(b)(2)(B), shall be used—

[(i) to establish a one-stop delivery system described in subsection (c);

[(ii) to provide the core services described in paragraph (2) to adults and dislocated workers, respectively, through the one-stop delivery system in accordance with such paragraph;

[(iii) to provide the intensive services described in paragraph (3) to adults and dislocated workers, respectively, described in such paragraph; and

[(iv) to provide training services described in paragraph (4) to adults and dislocated workers, respectively, described in such paragraph.

[(B) OTHER FUNDS.—A portion of the funds made available under Federal law authorizing the programs and activities described in section 121(b)(1)(B), including the Wagner-Peyser Act (29 U.S.C. 49 et seq.), shall be used as described in clauses (i) and (ii) of subparagraph (A), to the extent not inconsistent with the Federal law involved.]

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

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

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

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

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

(2) *CORE SERVICES.—Funds described in paragraph (1)(A) shall be used to provide core services, which shall be available to individuals [who are adults or dislocated workers] through the one-stop delivery system and shall, at a minimum, include—*

(A) determinations of whether the individuals are eligible to receive assistance [under this subtitle] under the one-stop partner programs described in section 121(b);

* * * * *

[(D) job search and placement assistance, and where appropriate, career counseling;]

(D) labor exchange services, including—

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

(ii) appropriate recruitment services for employers; and

(iii) reemployment services provided to unemployment claimants.

* * * * *

(I) provision of information regarding filing claims for unemployment compensation *and the administration of the work test for the unemployment compensation system;*

[(J) assistance in establishing eligibility for—

[(i) welfare-to-work activities authorized under section 403(a)(5) of the Social Security Act (as added by section 5001 of the Balanced Budget Act of 1997) available in the local area; and

[(ii) programs of financial aid assistance for training and education programs that are not funded under this Act and are available in the local area; and]

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

* * * * *

(3) INTENSIVE SERVICES.—

[(A) IN GENERAL.—Funds allocated to a local area for adults under paragraph (2)(A) or (3), as appropriate, of section 133(b), and funds allocated to the local area for dislocated workers under section 133(b)(2)(B), shall be used to provide intensive services to adults and dislocated workers, respectively—

[(i)(I) who are unemployed and are unable to obtain employment through core services provided under paragraph (2); and

[(II) who have been determined by a one-stop operator to be in need of more intensive services in order to obtain employment; or

[(ii) who are employed, but who are determined by a one-stop operator to be in need of such intensive services in order to obtain or retain employment that allows for self-sufficiency.]

(A) IN GENERAL.—

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

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

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

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

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

(ii) DEFINITION.—The Governor shall define the term “suitable employment” for purposes of this subparagraph.

* * * * *

(C) TYPES OF SERVICES.—Such intensive services may include the following:

(i) * * *

* * * * *

(v) Case management **【for participants seeking training services under paragraph (4)】**.

* * * * *

(vii) Internships and work experience.

(viii) Literacy activities relating to basic work readiness, information and communication technology literacy activities, and financial literacy activities.

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

(4) TRAINING SERVICES.—

【(A) IN GENERAL.—Funds allocated to a local area for adults under paragraph (2)(A) or (3), as appropriate, of section 133(b), and funds allocated to a local area for dislocated workers under section 133(b)(2)(B) shall be used to provide training services to adults and dislocated workers, respectively—

【(i) who have met the eligibility requirements for intensive services under paragraph (3)(A) and who are unable to obtain or retain employment through such services;

【(ii) who after an interview, evaluation, or assessment, and case management, have been determined by a one-stop operator or one-stop partner, as appropriate, to be in need of training services and to have the skills and qualifications to successfully participate in the selected program of training services;

【(iii) who select programs of training services that are directly linked to the employment opportunities in the local area involved or in another area in which the adults or dislocated workers receiving such services are willing to relocate;

【(iv) who meet the requirements of subparagraph (B); and

【(v) who are determined to be eligible in accordance with the priority system, if any, in effect under subparagraph (E).】

(A) IN GENERAL.—

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

(I) after an interview, evaluation, or assessment, and case management, have been determined by a

one-stop operator or one-stop partner, as appropriate, to—

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

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

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

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

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

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

(ii) DEFINITION.—The Governor shall define the term “suitable employment” for purposes of this subparagraph.

(B) QUALIFICATION.—

(i) REQUIREMENT.—**[Except]** Notwithstanding section 479B of the Higher Education Act of 1965 (20 U.S.C. 1087uu) and except as provided in clause (ii), provision of such training services shall be limited to individuals who—

(I) * * *

* * * * *

(D) TRAINING SERVICES.—Training services may include—

(i) * * *

* * * * *

[(iv) training programs operated by the private sector;]

(iv) entrepreneurial training, including providing information about obtaining microcredit loans for the purpose of starting a business, including contact information of microcredit lenders operating within the local area;

* * * * *

(viii) adult education and literacy activities (including English as a Second Language) provided in combination with services described in any of clauses (i) through (vii); and

(ix) training that integrates occupational skills training and English language acquisition;

[(ix)] (x) customized training conducted with a commitment by an employer or group of employers to employ an individual upon successful completion of the training.

[(E) PRIORITY.—In the event that funds allocated to a local area for adult employment and training activities under paragraph (2)(A) or (3) of section 133(b) are limited, priority shall be given to recipients of public assistance and other low-income individuals for intensive services and training services. The appropriate local board and the Governor shall direct the one-stop operators in the local area with regard to making determinations related to such priority.]

(E) PRIORITY.—

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

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

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

(F) CONSUMER CHOICE REQUIREMENTS.—

(i) * * *

* * * * *

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

(G) USE OF INDIVIDUAL TRAINING ACCOUNTS.—

(i) * * *

* * * * *

(iv) DEFINITION.—In this subparagraph, the term “special participant population that faces multiple barriers to employment” means a population of low-income individuals that is included in one or more of the following categories:

(I) Individuals with substantial language or cultural barriers.

(II) Offenders.

(III) Homeless individuals.

(IV) Individuals with disabilities.

[(IV)] (V) Other hard-to-serve populations as defined by the Governor involved.

(H) COMPUTER TECHNOLOGY.—In providing training services under subparagraph (G), funds allocated to a local

area under this title may be used to purchase computer technology for use by an individual who is eligible pursuant to subsection (A), only if—

(i) such purchase is part of an ongoing training program; and

(ii) such purchase is necessary to ensure the individual can participate in such training program.

Any purchase of computer technology under this subparagraph shall remain the property of the one-stop operator.

[(e)] (d) PERMISSIBLE LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.—

[(1) DISCRETIONARY ONE-STOP DELIVERY ACTIVITIES.—Funds allocated to a local area for adults under paragraph (2)(A) or (3), as appropriate, of section 133(b), and funds allocated to the local area for dislocated workers under section 133(b)(2)(B), may be used to provide, through one-stop delivery described in subsection (c)(2)—

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

[(B) customized employment-related services to employers on a fee-for-service basis.]

(1) DISCRETIONARY ONE-STOP DELIVERY ACTIVITIES.—

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

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

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

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

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

(v) activities to improve services to local employers, including small employers in the local area, and increase linkages between the local workforce investment system and employers; and

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

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

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

(ii) ACTIVITIES.—The activities described in clause (i) may include assistance in accessing financial supports

for which such workers may be eligible and the provision of activities available through the one-stop delivery system in a manner that enhances the opportunities of such workers to participate, such as the provision of employment and training activities during nontraditional hours and the provision of on-site child care while such activities are being provided.

* * * * *

(4) *INCUMBENT WORKER TRAINING PROGRAMS.—*

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

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

(C) *EMPLOYER MATCH REQUIRED.—*

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

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

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

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

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

* * * * *

CHAPTER 6—GENERAL PROVISIONS

SEC. 136. PERFORMANCE ACCOUNTABILITY SYSTEM.

(a) * * *

(b) **STATE PERFORMANCE MEASURES.—**

(1) **IN GENERAL.—**For each State, the State performance measures shall consist of—

(A)(i) the core indicators of performance described in paragraph (2)(A) **[**and the customer satisfaction indicator of performance described in paragraph (2)(B)**]**; and

(ii) additional indicators of performance (if any) identified by the State under **[**paragraph (2)(C)**]** *paragraph (2)(B)*; and

* * * * *

(2) INDICATORS OF PERFORMANCE.—

(A) CORE INDICATORS OF PERFORMANCE.—

(i) IN GENERAL.—The core indicators of performance for employment and training activities authorized under section 134 [(except for self-service and informational activities) and (for participants who are eligible youth age 19 through 21) for youth activities authorized under section 129] shall consist of—

(I) entry into unsubsidized employment;

(II) retention in unsubsidized employment 6 months after entry into the employment; and

(III) earnings received in unsubsidized employment 6 months after entry into the employment[; and].

[(IV) attainment of a recognized credential relating to achievement of educational skills, which may include attainment of a secondary school diploma or its recognized equivalent, or occupational skills, by participants who enter unsubsidized employment, or by participants who are eligible youth age 19 through 21 who enter postsecondary education, advanced training, or unsubsidized employment.

[(ii) CORE INDICATORS FOR ELIGIBLE YOUTH.—The core indicators of performance (for participants who are eligible youth age 14 through 18) for youth activities authorized under section 129, shall include—

[(I) attainment of basic skills and, as appropriate, work readiness or occupational skills;

[(II) attainment of secondary school diplomas and their recognized equivalents; and

[(III) placement and retention in postsecondary education or advanced training, or placement and retention in military service, employment, or qualified apprenticeships.

[(B) CUSTOMER SATISFACTION INDICATORS.—The customer satisfaction indicator of performance shall consist of customer satisfaction of employers and participants with services received from the workforce investment activities authorized under this subtitle. Customer satisfaction may be measured through surveys conducted after the conclusion of participation in the workforce investment activities.]

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

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

(II) attainment of secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent (including recognized alternative standards for individuals with disabilities); and

(III) literacy or numeracy gains.

[(C)] (B) ADDITIONAL INDICATORS.—A State may identify in the State plan additional indicators for workforce investment activities authorized under this subtitle. *Such indicators may include customer satisfaction of employers and participants with services received from the workforce investment activities authorized under this subtitle.*

(3) LEVELS OF PERFORMANCE.—

(A) STATE ADJUSTED LEVELS OF PERFORMANCE FOR CORE INDICATORS AND CUSTOMER SATISFACTION INDICATOR.—

(i) **IN GENERAL.**—For each State submitting a State plan, there shall be established, in accordance with this subparagraph, levels of performance for each of the core indicators of performance described in paragraph (2)(A) **[and the customer satisfaction indicator described in paragraph (2)(B)]** for workforce investment activities authorized under this subtitle. The levels of performance established under this subparagraph shall, at a minimum—

(I) * * *

* * * * *

(ii) **IDENTIFICATION IN STATE PLAN.**—Each State shall identify, in the State plan submitted under section 112, expected levels of performance for each of the core indicators of performance **[and the customer satisfaction indicator of performance, for the first 3]** *for the 2* program years covered by the State plan.

(iii) **AGREEMENT ON STATE ADJUSTED LEVELS OF PERFORMANCE [FOR FIRST 3 YEARS].**—In order to ensure an optimal return on the investment of Federal funds in workforce investment activities authorized under this subtitle, the Secretary and each Governor shall reach agreement on levels of performance for each of the core indicators of performance **[and the customer satisfaction indicator of performance, for the first 3]** *for the 2* program years covered by the State plan, taking into account the levels identified in the State plan under clause (ii) and the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the State adjusted levels of performance for the State for such years and shall be incorporated into the State plan prior to the approval of such plan.

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

[(I) the extent to which the levels involved will assist the State in attaining a high level of customer satisfaction;]

[(II) (I) how the levels involved compare with the State adjusted levels of performance established for other States, [taking into account] which shall be adjusted based on factors including differences in economic conditions, such as unemployment rates and job losses or gains in particular industries, the characteristics of participants when the participants entered the program,

such as indicators of poor work history, lack of work experience, low levels of literacy or English proficiency, disability status, including the number of veterans with disabilities, and welfare dependency, and the services to be provided; and

[(III)] (II) the extent to which such levels involved promote continuous improvement in performance on the performance measures by such State and ensure optimal return on the investment of Federal funds.

[(v) AGREEMENT ON STATE ADJUSTED LEVELS OF PERFORMANCE FOR 4TH AND 5TH YEARS.—Prior to the 4th program year covered by the State plan, the Secretary and each Governor shall reach agreement on levels of performance for each of the core indicators of performance and the customer satisfaction indicator of performance, for the 4th and 5th program years covered by the State plan, taking into account the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the State adjusted levels of performance for the State for such years and shall be incorporated into the State plan.]

[(vi)] (v) REVISIONS.—If unanticipated circumstances arise in a State resulting in a significant change in the factors described in clause (iv)(II), the Governor may request that the State adjusted levels of performance agreed to under clause (iii) or (v) be revised. The Secretary, after collaboration with the representatives described in subsection (i), shall issue objective criteria and methods for making such revisions.

(B) LEVELS OF PERFORMANCE FOR ADDITIONAL INDICATORS.—The State may identify, in the State plan, State levels of performance for each of the additional indicators described in [paragraph (2)(C)] *paragraph (2)(B)*. Such levels shall be considered to be State adjusted levels of performance for purposes of this title.

(c) LOCAL PERFORMANCE MEASURES.—

(1) IN GENERAL.—For each local area in a State, the local performance measures shall consist of—

(A)(i) the core indicators of performance described in subsection (b)(2)(A), and the customer satisfaction indicator of performance described in subsection (b)(2)(B), for activities described in such subsections, other than statewide workforce investment activities; and

(ii) additional indicators of performance (if any) identified by the State under [subsection (b)(2)(C)] *subsection (b)(2)(B)* for activities described in such subsection, other than statewide workforce investment activities; and

* * * * *

[(3) DETERMINATIONS.—In determining such local levels of performance, the local board, the chief elected official, and the Governor shall take into account the specific economic, demographic, and other characteristics of the populations to be served in the local area.]

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

(d) REPORT.—

(1) IN GENERAL.—Each State that receives an allotment under section 127 or 132 shall annually prepare and submit to the Secretary a report on the progress of the State in achieving State performance measures, including information on the levels of performance achieved by the State with respect to the core indicators of performance [and the customer satisfaction indicator]. The annual report also shall include information regarding the progress of local areas in the State in achieving local performance measures, including information on the levels of performance achieved by the areas with respect to the core indicators of performance [and the customer satisfaction indicator]. The report also shall include information on the status of State evaluations of workforce investment activities described in subsection (e).

(2) ADDITIONAL INFORMATION.—In preparing such report, the State shall include, at a minimum, information on participants in workforce investment activities authorized under this subtitle relating to—

(A) * * *

* * * * *

(E) performance with respect to the indicators of performance specified in subsection (b)(2)(A) of participants in workforce investment activities who received the training services compared with the performance of participants in workforce investment activities who received only services other than the training services [(excluding participants who received only self-service and informational activities); and];

(F) performance with respect to the indicators of performance specified in subsection (b)(2)(A) of recipients of public assistance, out-of-school youth, veterans, individuals with disabilities, displaced homemakers, and older individuals[.]; and

(G) the number of participants served and the cost per participant.

* * * * *

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

* * * * *

(g) SANCTIONS FOR STATE FAILURE TO MEET STATE PERFORMANCE MEASURES.—

(1) STATES.—

(A) TECHNICAL ASSISTANCE.—If a State fails to meet State adjusted levels of performance relating to indicators described in subparagraph (A) **or (B)** of subsection (b)(2) for a program for any program year, the Secretary shall, upon request, provide technical assistance in accordance with section 170, including assistance in the development of a performance improvement plan.

* * * * *

(2) FUNDS RESULTING FROM REDUCED ALLOTMENTS.—The Secretary shall use an amount retained, as a result of a reduction in an allotment to a State made under paragraph (1)(B), to provide incentive grants under **section 503** *section 136(i)*.

(h) SANCTIONS FOR LOCAL AREA FAILURE TO MEET LOCAL PERFORMANCE MEASURES.—

(1) TECHNICAL ASSISTANCE.—If a local area fails to meet levels of performance relating to indicators described in subparagraph (A) **or (B)** of subsection (b)(2) for a program for any program year, the Governor, or upon request by the Governor, the Secretary, shall provide technical assistance, which may include assistance in the development of a performance improvement plan, or the development of a modified local plan.

(2) CORRECTIVE ACTIONS.—

(A) * * *

[(B) APPEAL BY LOCAL AREA.—

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

[(ii) SUBSEQUENT ACTION.—The local area may, not later than 30 days after receiving a decision from the Governor pursuant to clause (i), appeal such decision to the Secretary. In such case, the Secretary shall make a final decision not later than 30 days after the receipt of the appeal.]

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

* * * * *

[(i) OTHER MEASURES AND TERMINOLOGY.—

[(1) RESPONSIBILITIES.—In order to ensure nationwide comparability of performance data, the Secretary, after collaboration with representatives of appropriate Federal agencies, and representatives of States and political subdivisions, business and industry, employees, eligible providers of employment and training activities, educators, and participants, with expertise

regarding workforce investment policies and workforce investment activities, shall issue—

【(A) definitions for information required to be reported under subsection (d)(2);

【(B) terms for a menu of additional indicators of performance described in subsection (b)(2)(C) to assist States in assessing their progress toward State workforce investment goals; and

【(C) objective criteria and methods described in subsection (b)(3)(A)(vi) for making revisions to levels of performance.

【(2) DEFINITIONS FOR CORE INDICATORS.—The Secretary and the representatives described in paragraph (1) shall participate in the activities described in section 502 concerning the issuance of definitions for indicators of performance described in subsection (b)(2)(A).

【(3) ASSISTANCE.—The Secretary shall make the services of staff available to the representatives to assist the representatives in participating in the collaboration described in paragraph (1) and in the activities described in section 502.】

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

(1) *INCENTIVE GRANTS FOR STATES.*—

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

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

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

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

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

(j) *USE OF CORE INDICATORS FOR OTHER PROGRAMS.*—*In addition to the programs carried out under chapters 4 and 5, and consistent with the requirements of the applicable authorizing laws, the Secretary shall use the core indicators of performance described in sub-*

section (b)(2)(A) to assess the effectiveness of the programs described under section 121(b)(1)(B) that are carried out by the Secretary.

SEC. 137. AUTHORIZATION OF APPROPRIATIONS.

(a) **YOUTH ACTIVITIES.**—There are authorized to be appropriated to carry out the activities described in section 127(a), [such sums as may be necessary for each of fiscal years 1999 through 2003] \$1,250,000,000 for fiscal year 2006 and such sums as may be necessary for each of fiscal years 2007 through 2011.

(b) **ADULT EMPLOYMENT AND TRAINING ACTIVITIES.**—There are authorized to be appropriated to carry out the activities described in [section 132(a)(1), such sums as may be necessary for each of fiscal years 1999 through 2003] section 132(a), \$3,140,000,000 for fiscal year 2006 and such sums as may be necessary for each of fiscal years 2007 through 2011.

[(c) **DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES.**—There are authorized to be appropriated to carry out the activities described in section 132(a)(2), such sums as may be necessary for each of fiscal years 1999 through 2003.]

Subtitle C—Job Corps

* * * * *

SEC. 154. INDUSTRY COUNCILS.

(a) * * *

(b) **INDUSTRY COUNCIL COMPOSITION.**—

(1) **IN GENERAL.**—An industry council shall be comprised of—

(A) a majority of members who shall be [local and distant] owners of business concerns, chief executives or chief operating officers of nongovernmental employers, or other private sector employers, who—

(i) * * *

* * * * *

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

* * * * *

SEC. 159. MANAGEMENT INFORMATION.

(a) * * *

* * * * *

(c) **INFORMATION ON INDICATORS OF PERFORMANCE.**—

[(1) **ESTABLISHMENT.**—The Secretary shall, with continuity and consistency from year to year, establish indicators of performance, and expected levels of performance for Job Corps centers and the Job Corps program, relating to—

[(A) the number of graduates and the rate of such graduation, analyzed by type of vocational training received through the Job Corps program and by whether the vocational training was provided by a local or national service provider;

[(B) the number of graduates who entered unsubsidized employment related to the vocational training received

through the Job Corps program and the number who entered unsubsidized employment not related to the vocational training received, analyzed by whether the vocational training was provided by a local or national service provider and by whether the placement in the employment was conducted by a local or national service provider;

[(C) the average wage received by graduates who entered unsubsidized employment related to the vocational training received through the Job Corps program and the average wage received by graduates who entered unsubsidized employment unrelated to the vocational training received;

[(D) the average wage received by graduates placed in unsubsidized employment after completion of the Job Corps program—

[(i) on the first day of the employment;

[(ii) 6 months after the first day of the employment;

and

[(iii) 12 months after the first day of the employment,

analyzed by type of vocational training received through the Job Corps program;

[(E) the number of graduates who entered unsubsidized employment and were retained in the unsubsidized employment—

[(i) 6 months after the first day of the employment;

and

[(ii) 12 months after the first day of the employment;

[(F) the number of graduates who entered unsubsidized employment—

[(i) for 32 hours per week or more;

[(ii) for not less than 20 but less than 32 hours per week; and

[(iii) for less than 20 hours per week;

[(G) the number of graduates who entered postsecondary education or advanced training programs, including apprenticeship programs, as appropriate; and

[(H) the number of graduates who attained job readiness and employment skills.]

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

(2) *PERFORMANCE OF RECRUITERS.*—*The Secretary shall also establish performance [measures] indicators, and expected performance levels on the performance [measures] indicators, for local and national recruitment service providers serving the Job Corps program. The performance [measures] indicators shall relate to the number of enrollees retained in the Job Corps program for 30 days and for 60 days after initial placement in the program.*

* * * * *

SEC. 161. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this subtitle such sums as may be necessary for each of the fiscal years **[1999 through 2003]** *2006 through 2011*.

Subtitle D—National Programs

SEC. 166. NATIVE AMERICAN PROGRAMS.

(a) * * *

* * * * *

(h) ADMINISTRATIVE PROVISIONS.—

(1) * * *

* * * * *

(4) ADVISORY COUNCIL.—

(A) * * *

* * * * *

[(C) DUTIES.—The Council shall advise the Secretary on all aspects of the operation and administration of the programs assisted under this section, including the selection of the individual appointed as the head of the unit established under paragraph (1).**]**

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

* * * * *

[(j) ASSISTANCE TO AMERICAN SAMOANS IN HAWAII.—

[(1) IN GENERAL.—Notwithstanding any other provision of law, the Secretary is authorized to provide assistance to American Samoans who reside in Hawaii for the co-location of federally funded and State-funded workforce investment activities.

[(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal year 1999 such sums as may be necessary to carry out this subsection.**]**

SEC. 167. MIGRANT AND SEASONAL FARMWORKER PROGRAMS.

(a) * * *

* * * * *

(d) AUTHORIZED ACTIVITIES.—Funds made available under this section and section 127(b)(1)(A)(iii) shall be used to carry out workforce investment activities (including youth activities) and provide related assistance for eligible migrant and seasonal farmworkers, which may include employment, training, educational assistance, literacy assistance, an English language program, worker safety training, housing (*including permanent housing*), supportive services, dropout prevention activities, followup services for those individuals placed in employment, self-employment and related business enterprise development education as needed by eligible migrant and seasonal farmworkers and identified pursuant to the plan required by subsection (c), and technical assistance relating to capacity enhancement in such areas as management information technology.

* * * * *

SEC. 168. VETERANS' WORKFORCE INVESTMENT PROGRAMS.

(a) AUTHORIZATION.—

(1) * * *

* * * * *

(3) REQUIRED ACTIVITIES.—Programs supported under this section shall include—

(A) * * *

* * * * *

(C) outreach and public information activities to develop and promote maximum job and job training opportunities for such veterans and to inform such veterans about employment, job training, on-the-job training and educational opportunities under this title, under title 38, United States Code, and under other provisions of law, which activities shall be coordinated with activities provided through the one-stop centers described in [section 134(c)] *section 121(e)*.

* * * * *

[SEC. 169. YOUTH OPPORTUNITY GRANTS.

[(a) GRANTS.—

[(1) IN GENERAL.—Using funds made available under section 127(b)(1)(A), the Secretary shall make grants to eligible local boards and eligible entities described in subsection (d) to provide activities described in subsection (b) for youth to increase the long-term employment of youth who live in empowerment zones, enterprise communities, and high poverty areas and who seek assistance.

[(2) DEFINITION.—In this section, the term “youth” means an individual who is not less than age 14 and not more than age 21.

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

[(4) GRANT AWARDS.—In making grants under this section, the Secretary shall ensure that grants are distributed equitably among local boards and entities serving urban areas and local boards and entities serving rural areas, taking into consideration the poverty rate in such urban and rural areas, as described in subsection (c)(3)(B).

[(b) USE OF FUNDS.—

[(1) IN GENERAL.—A local board or entity that receives a grant under this section shall use the funds made available through the grant to provide activities that meet the requirements of section 129, except as provided in paragraph (2), as well as youth development activities such as activities relating to leadership development, citizenship, and community service, and recreation activities.

[(2) INTENSIVE PLACEMENT AND FOLLOWUP SERVICES.—In providing activities under this section, a local board or entity shall provide—

[(A) intensive placement services; and

- [(B) followup services for not less than 24 months after the completion of participation in the other activities described in this subsection, as appropriate.
- [(c) ELIGIBLE LOCAL BOARDS.—To be eligible to receive a grant under this section, a local board shall serve a community that—
- [(1) has been designated as an empowerment zone or enterprise community under section 1391 of the Internal Revenue Code of 1986;
 - [(2)(A) is a State without a zone or community described in paragraph (1); and
 - [(B) has been designated as a high poverty area by the Governor of the State; or
 - [(3) is 1 of 2 areas in a State that—
 - [(A) have been designated by the Governor as areas for which a local board may apply for a grant under this section; and
 - [(B) meet the poverty rate criteria set forth in subsections (a)(4), (b), and (d) of section 1392 of the Internal Revenue Code of 1986.
- [(d) ELIGIBLE ENTITIES.—To be eligible to receive a grant under this section, an entity (other than a local board) shall—
- [(1) be a recipient of financial assistance under section 166; and
 - [(2) serve a community that—
 - [(A) meets the poverty rate criteria set forth in subsections (a)(4), (b), and (d) of section 1392 of the Internal Revenue Code of 1986; and
 - [(B) is located on an Indian reservation or serves Oklahoma Indians or Alaska Natives.
- [(e) APPLICATION.—To be eligible to receive a grant under this section, a local board or entity shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including—
- [(1) a description of the activities that the local board or entity will provide under this section to youth in the community described in subsection (c);
 - [(2) a description of the performance measures negotiated under subsection (f), and the manner in which the local boards or entities will carry out the activities to meet the performance measures;
 - [(3) a description of the manner in which the activities will be linked to activities described in section 129; and
 - [(4) a description of the community support, including financial support through leveraging additional public and private resources, for the activities.
- [(f) PERFORMANCE MEASURES.—
- [(1) IN GENERAL.—The Secretary shall negotiate and reach agreement with the local board or entity on performance measures for the indicators of performance referred to in subparagraphs (A) and (B) of section 136(b)(2) that will be used to evaluate the performance of the local board or entity in carrying out the activities described in subsection (b). Each local performance measure shall consist of such a indicator of performance, and a performance level referred to in paragraph (2).

[(2) PERFORMANCE LEVELS.—The Secretary shall negotiate and reach agreement with the local board or entity regarding the levels of performance expected to be achieved by the local board or entity on the indicators of performance.]

[(g) ROLE MODEL ACADEMY PROJECT.—

[(1) IN GENERAL.—Using the funds made available pursuant to section 127(b)(1)(A)(iv) for fiscal year 1999, the Secretary shall provide assistance to an entity to carry out a project establishing a role model academy for out-of-school youth.]

[(2) RESIDENTIAL CENTER.—The entity shall use the assistance to establish an academy that consists of a residential center located on the site of a military installation closed or realigned pursuant to a law providing for closures and realignments of such installations.]

[(3) SERVICES.—The academy established pursuant to this subsection shall provide services that—

[(A) utilize a military style model that emphasizes leadership skills and discipline, or another model of demonstrated effectiveness; and

[(B) include vocational training, secondary school course work leading to a secondary school diploma or recognized equivalent, and the use of mentors who serve as role models and who provide academic training and career counseling to the youth.]]

SEC. 169. YOUTH CHALLENGE GRANTS.

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

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

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

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

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

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

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

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

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

(6) *USE OF FUNDS.*—Funds under this subsection may be used for activities that are designed to assist youth in acquiring the skills, credentials and employment experience that are necessary

to succeed in the labor market, including the activities identified in section 129. The activities may include activities such as—

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

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

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

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

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

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

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

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

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

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

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

(c) **DISCRETIONARY GRANTS FOR YOUTH ACTIVITIES.**—

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

(2) **ELIGIBLE ENTITIES.**—Grants under this subsection may be awarded to public or private entities that the Secretary determines would effectively carry out activities relating to youth under this subsection.

(3) *PARTICIPANT ELIGIBILITY.*—Youth ages 14 through 19 at the time the eligibility determination is made may be eligible to participate in activities under this subsection.

(4) *USE OF FUNDS.*—Funds provided under this subsection may be used for activities that will assist youth in preparing for, and entering and retaining, employment, including the activities described in section 129 for out-of-school youth, activities designed to assist in-school youth to stay in school and gain work experience, and such other activities that the Secretary determines are appropriate.

(5) *APPLICATIONS.*—To be eligible to receive a grant under this subsection, an eligible entity shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

(6) *ADDITIONAL REQUIREMENTS.*—The Secretary may require the provision of a non-Federal share for projects funded under this subsection and may require participation of grantees in evaluations of such projects, including evaluations using the techniques as described in section 172(c).

SEC. 170. TECHNICAL ASSISTANCE.

[(a) GENERAL TECHNICAL ASSISTANCE.—]

[(1)] (a) IN GENERAL.—The Secretary shall provide, coordinate, and support the development of, appropriate training, technical assistance, staff development, and other activities, including assistance in replicating programs of demonstrated effectiveness, to States and localities, *the training of staff providing rapid response services, the training of other staff of recipients of funds under this title, peer review activities under this title, assistance regarding accounting and program operation practices (when such assistance would not be duplicative to assistance provided by the State), technical assistance to States that do not meet State performance measures described in section 136,* and, in particular, to assist States in making transitions **[(from carrying out activities under the provisions of law repealed under section 199 to carrying out activities under this title)]** *to implement the amendments made by the Job Training Improvement Act of 2005.*

[(2)] (b) FORM OF ASSISTANCE.—In carrying out paragraph (1) on behalf of a State, or recipient of financial assistance under any of sections 166 through 169, the Secretary, after consultation with the State or grant recipient, may award grants and enter into contracts and cooperative agreements.

[(3)] (c) LIMITATION.—Grants or contracts awarded under paragraph (1) to entities other than States or local units of government that are for amounts in excess of \$100,000 shall only be awarded on a competitive basis.

[(b) DISLOCATED WORKER TECHNICAL ASSISTANCE.—]

[(1) AUTHORITY.—Of the amounts available pursuant to section 132(a)(2), the Secretary shall reserve not more than 5 percent of such amounts to provide technical assistance to States that do not meet the State performance measures described in section 136 with respect to employment and training activities for dislocated workers. Using such reserved funds, the Secretary may provide such assistance to other States, local areas, and other entities involved in providing assistance to dis-

located workers, to promote the continuous improvement of assistance provided to dislocated workers, under this title.

[(2) TRAINING.—Amounts reserved under this subsection may be used to provide for the training of staff, including specialists, who provide rapid response services. Such training shall include instruction in proven methods of promoting, establishing, and assisting labor-management committees. Such projects shall be administered through the dislocated worker office described in section 173(b).]

(d) *BEST PRACTICES COORDINATION.—The Secretary shall establish a system whereby States may share information regarding best practices with regard to the operation of workforce investment activities under this Act.*

SEC. 171. DEMONSTRATION, PILOT, MULTISERVICE, RESEARCH, AND MULTISTATE PROJECTS.

(a) * * *

(b) DEMONSTRATION AND PILOT PROJECTS.—

(1) IN GENERAL.—[Under a] *Consistent with the priorities specified in the plan published under subsection (a), the Secretary shall, through grants or contracts, carry out demonstration and pilot projects for the purpose of developing and implementing techniques and approaches, and demonstrating the effectiveness of specialized methods, in addressing employment and training needs. Such projects shall include the provision of direct services to individuals to enhance employment opportunities and an evaluation component and may include—*

[(A) the establishment of advanced manufacturing technology skill centers developed through local partnerships of industry, labor, education, community-based organizations, and economic development organizations to meet unmet, high-tech skill needs of local communities;

[(B) projects that provide training to upgrade the skills of employed workers who reside and are employed in enterprise communities or empowerment zones;

[(C) programs conducted jointly with the Department of Defense to develop training programs utilizing computer-based and other innovative learning technologies;

[(D) projects that promote the use of distance learning, enabling students to take courses through the use of media technology such as videos, teleconferencing computers, and the Internet;

[(E) projects that assist in providing comprehensive services to increase the employment rates of out-of-school youth residing in targeted high poverty areas within empowerment zones and enterprise communities;]

(A) projects that assist national employers in connecting with the workforce investment system established under this title in order to facilitate the recruitment and employment of needed workers and to provide information to such system on skills and occupations in demand;

(B) projects that promote the development of systems that will improve the effectiveness and efficiency of programs carried out under this title;

(C) projects that focus on opportunities for employment in industries and sectors of industries that are experiencing or

are likely to experience high rates of growth, including those relating to information technology;

(D) projects carried out by States and local areas to test innovative approaches to delivering employment-related services;

[(F)] (E) the establishment of partnerships with national organizations with special expertise in developing, organizing, and administering employment and training services, for individuals with disabilities, at the national, State, and local levels;

[(G)] (F) projects to assist public housing authorities that provide, to public housing residents, job training programs that demonstrate success in upgrading the job skills and promoting employment of the residents; [and]

[(H)] projects that assist local areas to develop and implement local self-sufficiency standards to evaluate the degree to which participants in programs under this title are achieving self-sufficiency.]

(G) projects that provide retention grants to qualified job training programs upon placement or retention of a low-income individual trained by that program in employment with a single employer for a period of 1 year, provided that such employment is providing to the low-income individual an income not less than twice the poverty line for that individual;

(H) projects that focus on opportunities for employment in industries and sectors of industries that are being transformed by technology and innovation requiring new knowledge or skill sets for workers, including advanced manufacturing; and

(I) projects carried out by States and local areas to assist adults or out of school youth in starting a small business, including training and assistance in business or financial management or in developing other skills necessary to operate a business.

(2) LIMITATIONS.—

(A) * * *

[(B) ELIGIBLE ENTITIES.—Grants or contracts may be awarded under this subsection only to—

[(i) entities with recognized expertise in—

[(I) conducting national demonstration projects;

[(II) utilizing state-of-the-art demonstration methods; or

[(III) conducting evaluations of workforce investment projects; or

[(ii) State and local entities with expertise in operating or overseeing workforce investment programs.]

[(C)] (B) TIME LIMITS.—The Secretary shall establish appropriate time limits for carrying out demonstration and pilot projects under this subsection.

(c) MULTISERVICE PROJECTS, RESEARCH PROJECTS, AND MULTISTATE PROJECTS.—

(1) * * *

(2) RESEARCH PROJECTS.—

(A) * * *

[(B) FORMULA IMPROVEMENT STUDY AND REPORT.—

[(i) STUDY.—The Secretary shall conduct a 2-year study concerning improvements in the formulas described in section 132(b)(1)(B) and paragraphs (2)(A) and (3) of section 133(b) (regarding distributing funds under subtitle B to States and local areas for adult employment and training activities). In conducting the study, the Secretary shall examine means of improving the formulas by—

[(I) developing formulas based on statistically reliable data;

[(II) developing formulas that are consistent with the goals and objectives of this title; and

[(III) developing formulas based on organizational and financial stability of State boards and local boards.

[(ii) REPORT.—The Secretary shall prepare and submit to Congress a report containing the results of the study, including recommendations for improved formulas.]

(B) NET IMPACT STUDIES AND REPORTS.—The Secretary shall conduct studies to determine the net impacts of programs, services, and activities carried out under this title. The Secretary shall prepare and disseminate to Congress and the public reports containing the results of such studies.

* * * * *

[(d) DISLOCATED WORKER PROJECTS.—Of the amount made available pursuant to section 132(a)(2)(A) for any program year, the Secretary shall use not more than 10 percent of such amount to carry out demonstration and pilot projects, multiservice projects, and multistate projects, relating to the employment and training needs of dislocated workers. Of the requirements of this section, such projects shall be subject only to the provisions relating to review and evaluation of applications under subsection (c)(4)(C). Such projects may include demonstration and pilot projects relating to promoting self-employment, promoting job creation, averting dislocations, assisting dislocated farmers, assisting dislocated fishermen, and promoting public works. Such projects shall be administered through the dislocated worker office described in section 173(b).]

(d) COMMUNITY-BASED JOB TRAINING.—

(1) DEMONSTRATION PROJECT.—*In addition to the demonstration projects under subsection (b), the Secretary may establish and implement a national demonstration project designed to develop local solutions to the workforce challenges facing high-growth, high-skill industries with labor shortages, and increase opportunities for workers to gain access to employment in high-growth, high-demand occupations by promoting the establishment of partnerships among education entities, the workforce investment system, and businesses in high-growth, high-skill industries.*

(2) GRANTS.—*In carrying out the demonstration project under this subsection, the Secretary shall award competitive grants, in accordance with generally applicable Federal requirements, to*

eligible entities to carry out activities authorized under this subsection.

(3) *DEFINITIONS.—*

(A) *ELIGIBLE ENTITY.—*In this subsection, the term “eligible entity” means a community college or consortium of community colleges that shall work in conjunction with—
 (i) the local workforce investment system; and
 (ii) business or businesses in a qualified industry or an industry association in a qualified industry.

(B) *QUALIFIED INDUSTRY.—*In this subsection, the term “qualified industry” means an industry or economic sector that is projected to experience significant growth, such as an industry and economic sector that—

(i) is projected to add substantial numbers of new jobs to the economy;

(ii) has significant impact on the economy;

(iii) impacts the growth of other industries and economic sectors;

(iv) is being transformed by technology and innovation requiring new knowledge or skill sets for workers;

(v) is a new or emerging industry or economic sector that is projected to grow; or

(vi) has high-skilled occupations and significant labor shortages in the local area.

(C) *COMMUNITY COLLEGE.—*As used in this subsection, the term “community college” means an institution of higher education, as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001), that provides not less than a 2-year program that is acceptable for full credit toward a bachelor’s degree, or is a tribally controlled college or university.

(4) *AUTHORITY TO REQUIRE NON-FEDERAL SHARE.—*The Secretary may require that recipients of grants under this subsection provide a non-Federal share, from either cash or noncash resources, of the costs of activities carried out under a grant awarded under this subsection.

(5) *USE OF FUNDS.—*Grants awarded under this subsection may be used for—

(A) the development, by a community college, in consultation with representatives of qualified industries, of rigorous training and education programs related to employment in a qualified industry identified in the eligible entity’s application;

(B) training of adults and dislocated workers in the skills and competencies needed to obtain or upgrade employment in a qualified industry identified in the eligible entity’s application;

(C) disseminating to adults and dislocated workers, through the one-stop delivery system, information on high-growth, high-demand occupations in qualified industries;

(D) placing, through the one-stop delivery system, trained individuals into employment in qualified industries; and

(E) increasing the integration of community colleges with activities of businesses and the one-stop delivery system to meet the training needs for qualified industries.

(6) *APPLICATIONS.*—To be eligible to receive a grant under this subsection, an eligible entity shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including—

(A) a description of the community college that will offer training under the grant;

(B) an economic analysis of the local labor market to identify high-growth, high-demand industries and identify the workforce issues faced by those industries;

(C) a description of the qualified industry for which training will occur and the availability of competencies on which training will be based;

(D) an assurance that the application was developed in consultation with the local board or boards in the area or areas where the proposed grant will be used;

(E) performance outcomes for the grant, including expected number of individuals to be trained in a qualified industry, the employment and retention rates for such individuals in a qualified industry, and earnings increases for such individuals;

(F) a description of how the activities funded by the proposed grant will be coordinated with activities provided through the one-stop delivery system in the local area or areas; and

(G) a description of any local or private resources that will support the activities carried out under this subsection and allow the entity to carry out and expand such activities after the expiration of the grant.

(7) *FACTORS FOR AWARD OF GRANT.*—

(A) *IN GENERAL.*—In awarding grants under this subsection the Secretary shall consider—

(i) the extent of public and private collaboration, including existing partnerships among industries, community colleges, and the public workforce investment system;

(ii) the extent to which the grant will provide job seekers with employment opportunities in high-growth, high-demand occupations;

(iii) the extent to which the grant will expand the local one-stop delivery system's capacity to be demand-driven and responsive to local economic needs;

(iv) the extent to which local businesses commit to hire or retain individuals who receive training through the grant; and

(v) the extent to which the eligible entity commits to make any newly developed products, such as competencies or training curriculum, available for distribution nationally.

(B) *LEVERAGING OF RESOURCES.*—In awarding grants under this subsection, the Secretary shall also consider—

(i) the extent to which local or private resources, in addition to the funds provided under this subsection, will be made available to support the activities carried out under this subsection; and

(ii) the ability of an eligible entity to continue to carry out and expand such activities after the expiration of the grant.

(C) *DISTRIBUTION OF GRANTS.*—In awarding grants under this subsection the Secretary shall ensure an equitable distribution of such grants across geographically diverse areas.

(8) *PERFORMANCE ACCOUNTABILITY AND EVALUATION.*—

(A) *PERFORMANCE ACCOUNTABILITY.*—The Secretary shall require an eligible entity that receives a grant under this subsection to report to the Secretary on the employment outcomes obtained by individuals receiving training under this subsection using the indicators of performance identified in the eligible entity's grant application.

(B) *EVALUATION.*—The Secretary may require that an eligible entity that receives a grant under this subsection participate in an evaluation of activities carried out under this subsection, including an evaluation using the techniques described in section 172(c).

(e) *PERSONAL REEMPLOYMENT ACCOUNTS.*—

(1) *DEFINITION.*—In this subsection, the term "State" means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the United States Virgin Islands.

(2) *DEMONSTRATION PROJECT.*—In addition to the demonstration projects under subsection (b), the Secretary may establish and implement a national demonstration project designed to analyze and provide data on workforce training programs that accelerate the reemployment of unemployed individuals, promote the retention in employment of such individuals, and provide such individuals with enhanced flexibility, choice, and control in obtaining intensive reemployment, training, and supportive services.

(3) *GRANTS.*—

(A) *IN GENERAL.*—In carrying out the demonstration project, the Secretary shall make grants, on a competitive basis, to eligible entities to provide personal reemployment accounts to eligible individuals. In awarding grants under this subsection the Secretary shall take into consideration awarding grants to eligible entities from diverse geographic areas, including rural areas.

(B) *DURATION.*—The Secretary shall make the grants for periods of not less than 2 years and may renew the grant for each of the succeeding 3 years.

(4) *ELIGIBLE ENTITY.*—In this subsection, the term "eligible entity" means—

(A) a State; or

(B) a local board or consortium of local boards.

(5) *USE OF FUNDS.*—

(A) *IN GENERAL.*—An eligible entity that receives a grant under this subsection shall use the grant funds to provide, through a local area or areas, eligible individuals with personal reemployment accounts. An eligible individual may receive only 1 personal reemployment account.

(B) *GEOGRAPHIC AREA AND AMOUNT.*—

(i) *IN GENERAL.*—The eligible entity shall establish the amount of a personal reemployment account for each eligible individual participating, which shall be uniform throughout the area represented by the eligible entity, and shall not exceed \$3,000.

(ii) *OPTION FOR STATES.*—If the eligible entity is a State, the eligible entity may choose to use the grant statewide, if practicable, or only in specified local areas within a State.

(C) *ELIGIBLE INDIVIDUALS.*—

(i) *IN GENERAL.*—Each eligible entity shall establish eligibility criteria for individuals for personal reemployment accounts in accordance with this subparagraph.

(ii) *ELIGIBILITY CRITERIA REQUIREMENTS.*—

(I) *IN GENERAL.*—Subject to subclause (II), an individual shall be eligible to receive a personal reemployment account under a grant awarded under this subsection if, beginning after the date of enactment of this subsection, the individual—

(aa) is identified by the State pursuant to section 303(j)(1) of the Social Security Act (42 U.S.C. 503(j)(1)) as likely to exhaust regular unemployment compensation and in need of job search assistance to make a successful transition to new employment, or the individual's unemployment can be attributed in substantial part to unfair competition from Federal Prison Industries, Incorporated;

(bb) is receiving regular unemployment compensation under any Federal or State unemployment compensation program administered by the State; and

(cc) is eligible for not less than 20 weeks of regular unemployment compensation described in item (bb).

(II) *ADDITIONAL ELIGIBILITY AND PRIORITY CRITERIA.*—An eligible entity may establish criteria that are in addition to the criteria described in subclause (I) for the eligibility of individuals to receive a personal reemployment account under this subsection. An eligible entity may also establish criteria for priority in the provision of a personal reemployment account to such eligible individuals under a grant awarded under this subsection.

(iii) *TRANSITION RULE.*—

(I) *PREVIOUSLY IDENTIFIED AS LIKELY TO EXHAUST UNEMPLOYMENT COMPENSATION.*—

(aa) *IN GENERAL.*—At the option of the eligible entity, and subject to item (bb), an individual may be eligible to receive a personal reemployment account under this subsection if the individual—

(AA) during the 13-week period ending the week prior to the date of the enactment

of the subsection, was identified by the State pursuant to section 303(j)(1) of the Social Security Act (42 U.S.C. 503(j)(1)) as likely to exhaust regular unemployment compensation and in need of job search assistance to make a successful transition to new employment; and

(BB) otherwise meets the requirements of clause (ii)(I)(bb) and (cc).

(bb) **ADDITIONAL ELIGIBILITY AND PRIORITY CRITERIA.**—An eligible entity may establish criteria that is in addition to the criteria described in item (aa) for the eligibility of individuals to receive a personal reemployment account under this subsection. An eligible entity may also establish criteria for priority in the provision of such accounts to such eligible individuals under this subsection.

(II) **PREVIOUSLY EXHAUSTED UNEMPLOYMENT COMPENSATION.**—At the option of the eligible entity, an individual may be eligible to receive a personal reemployment account under a grant awarded under this subsection if the individual—

(aa) during the 26-week period ending the week prior to the date of the enactment of this subsection, exhausted all rights to any unemployment compensation; and

(bb)(AA) is enrolled in training and needs additional support to complete such training, with a priority of service to be provided to such individuals who are training for shortage occupations or high-growth industries; or

(BB) is separated from employment in an industry or occupation that has experienced declining employment, or no longer provides any employment, in the local labor market during the 2-year period ending on the date of the determination of eligibility of the individual under this subparagraph.

(iv) **NO INDIVIDUAL ENTITLEMENT.**—Nothing in this subsection shall be construed to entitle any individual to receive a personal reemployment account.

(D) **LIMITATIONS.**—

(i) **INFORMATION AND ATTESTATION.**—Prior to the establishment of a personal reemployment account for an eligible individual, the eligible entity receiving a grant, through the one-stop delivery system in the participating local area or areas, shall ensure that the individual—

(I) is informed of the requirements applicable to the personal reemployment account, including the allowable uses of funds from the account, the limitations on access to services described in paragraph (7)(A)(iii) and a description of such services,

and the conditions for receiving a reemployment bonus;

(II) has the option to develop a personal reemployment plan which will identify the employment goals and appropriate combination of services selected by the individual to achieve the employment goals; and

(III) signs an attestation that the individual has been given the option to develop a personal reemployment plan in accordance with subclause (II), will comply with the requirements under this subsection relating to the personal reemployment accounts, and will reimburse the account or, if the account has been terminated, the grant awarded under this subsection, for any amounts expended from the account that are not allowable.

(ii) PERIODIC INTERVIEWS.—If a recipient exhausts his or her rights to any unemployment compensation, and the recipient has a remaining balance in his or her personal reemployment account, the one-stop delivery system shall conduct periodic interviews with the recipient to assist the recipient in meeting his or her individual employment goals.

(iii) USE OF PERSONAL REEMPLOYMENT ACCOUNTS.—The eligible entity receiving a grant shall ensure that eligible individuals receiving a personal reemployment account use the account in accordance with paragraph (7).

(6) APPLICATION FOR GRANTS.—To be eligible to receive a grant under this subsection, an eligible entity shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including—

(A) if the eligible entity is a State—

(i) assurance that the application was developed in conjunction with the local board or boards and chief elected officials where the personal reemployment accounts shall be made available; and

(ii) a description of the methods and procedures for providing funds to local areas where the personal reemployment accounts shall be made available;

(B) a description of the criteria and methods to be used for determining eligibility for the personal reemployment account, including whether the eligible entity intends to include the optional categories described in paragraph (5)(C)(iii), and the additional criteria and priority for service that the eligible entity intends to apply, if any, pursuant to paragraph (5)(C)(ii)(II);

(C) a description of the methods or procedures to be used to provide eligible individuals information relating to services and providers;

(D) a description of safeguards to ensure that funds from the personal reemployment accounts are used for purposes authorized under this subsection and to ensure the quality and integrity of services and providers, consistent with the

purpose of providing eligible individuals with enhanced flexibility, choice, and control in obtaining intensive reemployment, training, and supportive services;

(E) a description of how the eligible entity will coordinate the activities carried out under this subsection with the employment and training activities carried out under section 134 and other activities carried out by local boards through the one-stop delivery system in the State or local area; and

(F) an assurance that the eligible entity will comply with any evaluation and reporting requirements the Secretary may require.

(7) USE OF PERSONAL REEMPLOYMENT ACCOUNTS.—

(A) ALLOWABLE ACTIVITIES.—

(i) IN GENERAL.—Subject to the requirements contained in clauses (ii) and (iii), a recipient of a personal reemployment account may use amounts in a personal reemployment account to purchase 1 or more of the following:

(I) Intensive services, including those type of services specified in section 134(d)(3)(C).

(II) Training services, including those types of services specified in section 134(d)(4)(D).

(III) Supportive services, except for needs related payments.

(ii) DELIVERY OF SERVICES.—The following requirements relating to delivery of services shall apply to the grants under this subsection:

(I) Recipients may use funds from the personal reemployment account to purchase the services described in clause (i) through the one-stop delivery system on a fee-for-service basis, or through other providers, consistent with the safeguards described in paragraph (6)(D).

(II) The eligible entity, through the one-stop delivery system in the participating local area, may pay costs for such services directly on behalf of the recipient, through a voucher system, or by reimbursement to the recipient upon receipt of appropriate cost documentation.

(III) Each eligible entity, through the one-stop delivery system in the participating local area, shall make available to recipients information on training providers specified in section 134(d)(4)(F)(ii), information available to the one-stop delivery system on providers of the intensive and supportive services described in clause (i), and information relating to occupations in demand in the local area.

(iii) LIMITATIONS.—The following limitations shall apply with respect to personal reemployment accounts under this subsection:

(I) Amounts in a personal reemployment account may be used for up to 1 year from the date of the establishment of the account.

(II) Each recipient shall submit cost documentation as required by the one-stop delivery system.

(III) For the 1-year period following the establishment of the account, recipients may not receive intensive, supportive, or training services funded under this title except on a fee-for-services basis as specified in clause (ii)(I).

(IV) Amounts in a personal reemployment account shall be nontransferable.

(B) REEMPLOYMENT BONUS.—

(i) **IN GENERAL.—**Subject to clause (ii)—

(I) if a recipient determined eligible under paragraph (5)(C)(ii) obtains full-time employment before the 13th week of unemployment for which unemployment compensation is paid, the balance of his or her personal reemployment account shall be provided directly to the recipient in cash; and

(II) if a recipient determined eligible under paragraph (5)(C)(iii) obtains full-time employment before the end of the 13th week after the date on which the account is established, the balance of his or her personal reemployment account shall be provided directly to the recipient in cash.

(ii) **LIMITATIONS.—**The following limitations shall apply with respect to a recipient described in clause (i):

(I) 60 percent of the remaining personal reemployment account balance shall be paid to the recipient at the time of employment.

(II) 40 percent of the remaining personal reemployment account shall be paid to the recipient after 26 weeks of employment retention.

(iii) **EXCEPTION REGARDING SUBSEQUENT EMPLOYMENT.—**If a recipient described in clause (i) subsequently becomes unemployed due to a lack of work after receiving the portion of the reemployment bonus specified under clause (ii)(I), the individual may use the amount remaining in the personal reemployment account for the purposes described in subparagraph (A) but may not be eligible for additional cash payments under this subparagraph.

(8) PROGRAM INFORMATION AND EVALUATION.—

(A) **INFORMATION.—**The Secretary may require from eligible entities the collection and reporting on such financial, performance, and other program-related information as the Secretary determines is appropriate to carry out this subsection, including the evaluation described in subparagraph (B).

(B) EVALUATION.—

(i) **IN GENERAL.—**The Secretary, pursuant to the authority provided under section 172, shall, directly or through grants, contracts, or cooperative agreement with appropriate entities, conduct an evaluation of the activities carried out under any grants awarded under this subsection.

(ii) *REPORT.*—The report to Congress under section 172(e) relating to the results of the evaluations required under section 172 shall include the recommendation of the Secretary with respect to the use of personal reemployment account as a mechanism to assist individuals in obtaining and retaining employment.

(f) *TRAINING FOR REALTIME WRITERS.*—

(1) *IN GENERAL.*—The Secretary may make competitive grants to eligible entities under paragraph (2)(A) to promote training and placement of individuals as realtime writers in order to meet the requirements for closed captioning of video programming set forth in section 723 of the Communications Act of 1934 (47 U.S.C. 613) and the rules prescribed thereunder.

(2) *LIMITATIONS.*—

(A) *ELIGIBLE ENTITIES.*—For purposes of this subsection, an eligible entity is a court reporting or realtime writing training program that—

(i) can document and demonstrate to the Secretary that it meets appropriate standards of educational and financial accountability, with a curriculum capable of training realtime writers, qualified to provide captioning services and includes arrangements to assist in the placement of such individuals in employment as realtime writers; and

(ii) is an entity that—

(I) is an eligible provider of training services under section 122; or

(II) is accredited by an accrediting agency recognized by the Department of Education; and participates in student aid programs under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.).

(B) *PRIORITY IN GRANTS.*—In determining whether to award grants under this section, the Secretary shall give priority to eligible entities that—

(i) demonstrate the greatest ability to increase their capacity to train realtime writers;

(ii) demonstrate the most promising collaboration with local workforce investment boards, local educational institutions, businesses, labor organizations, or other community-based organization having the potential to train or provide job placement assistance to realtime writers; and

(iii) propose the most promising and innovative approaches for initiating or expanding training or job placement assistance efforts for realtime writers.

(C) *DURATION OF GRANT.*—A grant under this subsection shall be for a period of 2 years.

(D) *MAXIMUM AMOUNT OF GRANT.*—The amount of a grant provided under paragraph (1) to an entity eligible may not exceed \$1,500,000.

(3) *APPLICATION.*—To receive a grant under paragraph (1), an eligible entity shall submit an application to the Secretary at such time and in such manner as the Secretary may require. The application shall include—

(A) a description of the training and assistance to be funded using the grant amount, including how such training and assistance will increase the number of realtime writers;

(B) a description of performance measures to be utilized to evaluate the progress of individuals receiving such training and assistance in matters relating to enrollment, completion of training, and job placement and retention;

(C) a description of the manner in which the eligible entity intends to continue providing the training and assistance to be funded by the grant after the end of the grant period, including any partnerships or arrangements established for that purpose;

(D) a description of how the eligible entity will work with local workforce investment boards to ensure that training and assistance to be funded with the grant will further local workforce goals, including the creation of educational opportunities for individuals who are from economically disadvantaged backgrounds or are dislocated workers; and

(E) such other information as the Secretary may require.

(4) *USE OF FUNDS.*—

(A) *IN GENERAL.*—An eligible entity receiving a grant under paragraph (1) shall use the grant amount for purposes relating to the recruitment, training, assistance, and job placement of individuals (including individuals who have completed a court reporting training program) as realtime writers, including—

(i) recruitment activities;

(ii) the provision of training grants to individuals for training in realtime writing;

(iii) distance learning;

(iv) design and development of curriculum to more effectively train realtime writing skills and education in the knowledge bases necessary for the delivery of high quality closed captioning services;

(v) assistance in job placement for upcoming and recent graduates with all types of captioning employers; and

(vi) encouragement of individuals with disabilities to pursue a career in realtime writing.

(B) *ADMINISTRATIVE COSTS.*—The recipient of a grant under paragraph (1) may not use more than 5 percent of the grant amount to pay administrative costs associated with activities funded by the grant.

(5) *REPORTS.*—Each eligible entity receiving a grant under paragraph (1) shall submit to the Secretary, at the end of each year of the grant period, a report which shall include—

(A) a description of the use of grant amounts by the entity during such year;

(B) an assessment, utilizing the performance measures submitted by the entity in the application for the grant under paragraph (2)(D), of the effectiveness of activities carried out using such funds in increasing the number of realtime writers; and

(C) a description of the best practices identified by the entity as a result of the grant for increasing the number of individuals who are trained, employed, and retained in employment as realtime writers.

(g) BUSINESS PARTNERSHIP GRANTS.—

(1) DEMONSTRATION PROJECT.—In addition to the demonstration projects under subsection (b), (d), and (e), the Secretary may make up to 10 competitive grants per year to eligible entities to expand local sector-focused training and workforce development in high growth, high wage industry sectors in one or more regions of particular States.

(2) ELIGIBLE ENTITIES.—For purposes of this subsection an eligible entity is a business or business partnership, including associations of single or related industry employers and employee representatives, consortia of such employers, employee representatives, and workforce development community-based organizations, and higher education institutions.

(3) USE OF FUNDS.—Grants awarded under this subsection may be used to—

(A) provide workforce-directed business services to help employers in targeted industries better retain, support and advance their skilled workers;

(B) provide capacity building through regional skill alliances, workforce intermediaries, and other collaborative entities to link businesses to public workforce systems and service providers targeted for their industry;

(C) conduct analyses of skills that are needed in the workforce in such industries currently and in the future to project new market opportunities in particular industries;

(D) develop rigorous training and education programs related to employment in high-growth, high-wage industries;

(E) develop skill standards and industry-certified curricula used in preparing workers for employment in such industries;

(F) train adults and dislocated workers in the skills and competencies needed to obtain or upgrade employment;

(G) disseminate information on high-growth, high-wage occupations;

(H) place trained individuals into employment in high-growth, high-wage industries;

(I) increase integration between training providers, businesses, and the one-stop delivery system to meet the training needs of particular industries.

(4) REPORTS.—The Secretary shall track and annually report to the chairmen and ranking minority members of the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor and Pensions of the Senate, on the industries receiving grants under this subsection, the performance results of each such grant, and the percentage and amount of grants awarded to eligible entities for programs serving each of the following populations: incumbent workers, dislocated workers, adults, and youth.

* * * * *

[SEC. 173. NATIONAL EMERGENCY GRANTS.]

SEC. 173. NATIONAL DISLOCATED WORKER GRANTS.

(a) IN GENERAL.—The Secretary is authorized to award **[national emergency grants]** *national dislocated worker grants* in a timely manner—

- (1) to an entity described in **[subsection (c)]** *subsection (b)* to provide employment and training assistance to workers affected by major economic dislocations, such as plant closures, mass layoffs, or closures and realignments of military installations;

* * * * *

[(b) ADMINISTRATION.]—The Secretary shall designate a dislocated worker office to coordinate the functions of the Secretary under this title relating to employment and training activities for dislocated workers, including activities carried out under the national emergency grants.

[(c) (b) EMPLOYMENT AND TRAINING ASSISTANCE REQUIREMENTS.]—

(1) GRANT RECIPIENT ELIGIBILITY.—

(A) * * *

(B) ELIGIBLE ENTITY.—In this paragraph, the term “entity” means a State, a local board, an entity described in section 166(c), entities determined to be eligible by the Governor of the State involved**[**, and other entities that demonstrate to the Secretary the capability to effectively respond to the circumstances relating to particular dislocations.**]**

(2) PARTICIPANT ELIGIBILITY.—

(A) IN GENERAL.—In order to be eligible to receive employment and training assistance under a national emergency grant awarded pursuant to subsection (a)(1), an individual shall be—

(i) * * *

* * * * *

(iii) an individual who is employed in a nonmanagerial position with a Department of Defense contractor, who is determined by the Secretary of Defense to be at-risk of termination from employment as a result of reductions in defense expenditures, and whose employer is converting operations from defense to non-defense applications in order to prevent worker layoffs; **[or]**

(iv) a member of the Armed Forces who—

(I) * * *

* * * * *

(IV) applies for such employment and training assistance before the end of the 180-day period beginning on the date of that separation**[**; or

(v) *is the spouse of a member of the Armed Forces who is on active duty or full-time National Guard duty, or who was recently separated from such duties,*

and such spouse is in need of employment and training assistance to obtain or retain employment.

* * * * *
[(d)] (c) DISASTER RELIEF EMPLOYMENT ASSISTANCE REQUIREMENTS.—

(1) * * *

* * * * *
[(e) ADDITIONAL ASSISTANCE.—

[(1) IN GENERAL.—From the amount appropriated and made available to carry out this section for any program year, the Secretary shall use not more than \$15,000,000 to make grants to not more than 8 States to provide employment and training activities under section 134, in accordance with subtitle B.

[(2) ELIGIBLE STATES.—The Secretary shall make a grant under paragraph (1) to a State for a program year if—

[(A)(i)] the amount of the allotment that would be made to the State for the program year under the formula specified in section 202(a) of the Job Training Partnership Act, as in effect on July 1, 1998; is greater than

[(ii)] the amount of the allotment that would be made to the State for the program year under the formula specified in section 132(b)(1)(B); and

[(B)] the State is 1 of the 8 States with the greatest quotient obtained by dividing—

[(i)] the amount described in subparagraph (A)(i); by

[(ii)] the amount described in subparagraph (A)(ii).

[(3) AMOUNT OF GRANTS.—Subject to paragraph (1), the amount of the grant made under paragraph (1) to a State for a program year shall be based on the difference between—

[(A)] the amount of the allotment that would be made to the State for the program year under the formula specified in section 202(a) of the Job Training Partnership Act, as in effect on July 1, 1998; and

[(B)] the amount of the allotment that would be made to the State for the program year under the formula specified in section 132(b)(1)(B).

[(4) ALLOCATION OF FUNDS.—A State that receives a grant under paragraph (1) for a program year—

[(A)] shall allocate funds made available through the grant on the basis of the formula used by the State to allocate funds within the State for that program year under—

[(i)] paragraph (2)(A) or (3) of section 133(b); or

[(ii)] paragraph (2)(B) of section 133(b); and

[(B)] shall use the funds in the same manner as the State uses other funds allocated under the appropriate paragraph of section 133(b).】

[(f)] (d) HEALTH INSURANCE COVERAGE ASSISTANCE FOR ELIGIBLE INDIVIDUALS.—

(1) * * *

* * * * *
[(g)] (e) INTERIM HEALTH INSURANCE COVERAGE AND OTHER ASSISTANCE.—

(1) * * *

* * * * *

SEC. 174. AUTHORIZATION OF APPROPRIATIONS.

(a) **NATIVE AMERICAN PROGRAMS; MIGRANT AND SEASONAL FARMWORKER PROGRAMS; VETERANS' WORKFORCE INVESTMENT PROGRAMS.**—

(1) **IN GENERAL.**—Subject to paragraph (2), there are authorized to be appropriated to carry out sections 166 through 168 such sums as may be necessary for each of the fiscal years **[1999 through 2003]** *2006 through 2011*.

* * * * *

[(b) TECHNICAL ASSISTANCE; DEMONSTRATION AND PILOT PROJECTS; EVALUATIONS; INCENTIVE GRANTS.—

[(1) IN GENERAL.—Subject to paragraph (2), there are authorized to be appropriated to carry out sections 170 through 172 and section 503 such sums as may be necessary for each of the fiscal years 1999 through 2003.

[(2) RESERVATIONS.—Of the amount appropriated pursuant to the authorization of appropriations under paragraph (1) for a fiscal year, the Secretary shall—

[(A)(i) for fiscal year 1999, reserve up to 40 percent for carrying out section 170 (other than subsection (b) of such section);

[(ii) for fiscal year 2000, reserve up to 25 percent for carrying out section 170 (other than subsection (b) of such section); and

[(iii) for each of the fiscal years 2001 through 2003, reserve up to 20 percent for carrying out section 170 (other than subsection (b) of such section);

[(B)(i) for fiscal year 1999, reserve not less than 50 percent for carrying out section 171; and

[(ii) for each of the fiscal years 2000 through 2003, reserve not less than 45 percent for carrying out section 171;

[(C)(i) for fiscal year 1999, reserve not less than 10 percent for carrying out section 172; and

[(ii) for each of the fiscal years 2000 through 2003, reserve not less than 10 percent for carrying out section 172; and

[(D)(i) for fiscal year 1999, reserve no funds for carrying out section 503;

[(ii) for fiscal year 2000, reserve up to 20 percent for carrying out section 503; and

[(iii) for each of the fiscal years 2001 through 2003, reserve up to 25 percent for carrying out section 503.]

(b) **TECHNICAL ASSISTANCE; DEMONSTRATION AND PILOT PROJECTS; EVALUATIONS; INCENTIVE GRANTS.**—

(1) **DEMONSTRATION AND PILOT PROJECTS.**—

(A) **IN GENERAL.**—*There are authorized to be appropriated to carry out section 171, \$211,000,000 for fiscal year 2006 and such sums as may be necessary for fiscal years 2007 through 2011.*

(B) **RESERVATION FOR COMMUNITY-BASED JOB TRAINING.**—*Of the amount appropriated pursuant to subpara-*

graph (A), the Secretary shall reserve up to \$125,000,000 for carrying out section 171(d).

(2) *TECHNICAL ASSISTANCE, EVALUATIONS.—There are authorized to be appropriated to carry out section 170, section 172, and section 136 such sums as may be necessary for each of fiscal years 2006 through 2011.*

* * * * *

Subtitle E—Administration

SEC. 181. REQUIREMENTS AND RESTRICTIONS.

(a) * * *

* * * * *

(c) GRIEVANCE PROCEDURE.—

(1) * * *

(2) INVESTIGATION.—

(A) IN GENERAL.—The Secretary **[shall]** *may* investigate an allegation of a violation described in paragraph (1) if—

(i) * * *

* * * * *

(e) LIMITATION ON USE OF FUNDS.—No funds available under this title shall be used for employment generating activities, economic development activities, investment in revolving loan funds, capitalization of businesses, investment in contract bidding resource centers, and similar activities that are not directly related to **[training for]** *the entry into employment, retention in employment, or increases in earnings of eligible individuals* under this title. No funds available under subtitle B shall be used for foreign travel.

* * * * *

SEC. 185. REPORTS; RECORDKEEPING; INVESTIGATIONS.

(a) * * *

* * * * *

(e) QUARTERLY FINANCIAL REPORTS.—

(1) * * *

(2) ADDITIONAL REQUIREMENT.—Each State shall submit to the Secretary, *and the Secretary shall submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate*, on a quarterly basis, a summary of the reports submitted to the Governor pursuant to paragraph (1).

* * * * *

SEC. 188. NONDISCRIMINATION.

(a) IN GENERAL.—

(1) * * *

[(2) PROHIBITION OF DISCRIMINATION REGARDING PARTICIPATION, BENEFITS, AND EMPLOYMENT.—No individual shall be excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in the administration of or in connection with, any such program or activity because of race, color, religion, sex (except as otherwise per-

mitted under title IX of the Education Amendments of 1972), national origin, age, disability, or political affiliation or belief.】

(2) *PROHIBITION OF DISCRIMINATION REGARDING PARTICIPATION, BENEFITS, AND EMPLOYMENT.*—

(A) *IN GENERAL.*—*Except as provided in subparagraph (B), no individual shall be excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in the administration of or in connection with, any such program or activity because of race, color, religion, sex (except as otherwise permitted under title IX of the Education Amendments of 1972), national origin, age, disability, or political affiliation or belief.*

(B) *EXEMPTION FOR RELIGIOUS ORGANIZATIONS.*—*Subparagraph (A) shall not apply to a recipient of financial assistance under this title that is a religious corporation, association, educational institution, or society, with respect to the employment of individuals of a particular religion to perform work connected with the carrying on by such corporation, association, educational institution, or society of its activities. Such recipients shall comply with the other requirements contained in subparagraph (A).*

* * * * *

SEC. 189. ADMINISTRATIVE PROVISIONS.

(a) * * *

* * * * *

(g) **PROGRAM YEAR.**—

【(1) **IN GENERAL.**—

【(A) **PROGRAM YEAR.**—*Except as provided in subparagraph (B), appropriations for any fiscal year for programs and activities carried out under this title shall be available for obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made.*

【(B) **YOUTH ACTIVITIES.**—*The Secretary may make available for obligation, beginning April 1 of any fiscal year, funds appropriated for such fiscal year to carry out youth activities under subtitle B.*】

(1) *IN GENERAL.*—*Appropriations for any fiscal year for programs and activities carried out under this title shall be available for obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made.*

(2) **AVAILABILITY.**—*Funds obligated for any program year for a program or activity carried out under this title may be expended by each [State] recipient receiving such funds during that program year and the 2 succeeding program years. Funds obligated for any program year for a program or activity carried out under section 171 or 172 shall remain available until expended. Funds received by local areas from States under this title during a program year may be expended during that program year and the succeeding program year. No amount of the funds described in this paragraph shall be deobligated on account of a rate of expenditure that is consistent with a State plan, an operating plan described in section 151, or a plan,*

grant agreement, contract, application, or other agreement described in subtitle D, as appropriate.

* * * * *

(i) WAIVERS AND SPECIAL RULES.—

(1) * * *

* * * * *

(4) GENERAL WAIVERS OF STATUTORY OR REGULATORY REQUIREMENTS.—

(A) GENERAL AUTHORITY.—Notwithstanding any other provision of law, the Secretary may waive for a State, or a local area in a State, pursuant to a request submitted by the Governor of the State (in consultation with appropriate local elected officials) that meets the requirements of subparagraph (B), or in accordance with subparagraph (D)—

(i) * * *

* * * * *

(D) EXPEDITED PROCESS FOR EXTENDING APPROVED WAIVERS TO ADDITIONAL STATES.—In lieu of the requirements of subparagraphs (B) and (C), the Secretary may establish an expedited procedure for the purpose of extending to additional States the waiver of statutory or regulatory requirements that have been approved for a State pursuant to a request under subparagraph (B). Such procedure shall ensure that the extension of such waivers to additional States are accompanied by appropriate conditions relating the implementation of such waivers.

* * * * *

SEC. 195. GENERAL PROGRAM REQUIREMENTS.

Except as otherwise provided in this title, the following conditions are applicable to all programs under this title:

(1) * * *

* * * * *

(14) Funds provided under this title shall not be used to establish or operate stand-alone fee-for-service enterprises that compete with private sector employment agencies within the meaning of section 701(c) of the Civil Rights Act of 1964 (42 U.S.C. 2000e(c)). For purposes of this paragraph, such an enterprise does not include one-stop centers.

(15) Any report required to be submitted to Congress, or to a Committee of Congress, under this title shall be submitted to both the chairmen and ranking minority members of the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate.

[TITLE II—ADULT EDUCATION AND LITERACY

[SEC. 201. SHORT TITLE.

[This title may be cited as the “Adult Education and Family Literacy Act”.

[SEC. 202. PURPOSE.

It is the purpose of this title to create a partnership among the Federal Government, States, and localities to provide, on a voluntary basis, adult education and literacy services, in order to—

[(1) assist adults to become literate and obtain the knowledge and skills necessary for employment and self-sufficiency;

[(2) assist adults who are parents to obtain the educational skills necessary to become full partners in the educational development of their children; and

[(3) assist adults in the completion of a secondary school education.

[SEC. 203. DEFINITIONS.

In this title:

[(1) ADULT EDUCATION.—The term “adult education” means services or instruction below the postsecondary level for individuals—

[(A) who have attained 16 years of age;

[(B) who are not enrolled or required to be enrolled in secondary school under State law; and

[(C) who—

[(i) lack sufficient mastery of basic educational skills to enable the individuals to function effectively in society;

[(ii) do not have a secondary school diploma or its recognized equivalent, and have not achieved an equivalent level of education; or

[(iii) are unable to speak, read, or write the English language.

[(2) ADULT EDUCATION AND LITERACY ACTIVITIES.—The term “adult education and literacy activities” means activities described in section 231(b).

[(3) EDUCATIONAL SERVICE AGENCY.—The term “educational service agency” means a regional public multiservice agency authorized by State statute to develop and manage a service or program, and to provide the service or program to a local educational agency.

[(4) ELIGIBLE AGENCY.—The term “eligible agency” means the sole entity or agency in a State or an outlying area responsible for administering or supervising policy for adult education and literacy in the State or outlying area, respectively, consistent with the law of the State or outlying area, respectively.

[(5) ELIGIBLE PROVIDER.—The term “eligible provider” means—

[(A) a local educational agency;

[(B) a community-based organization of demonstrated effectiveness;

[(C) a volunteer literacy organization of demonstrated effectiveness;

[(D) an institution of higher education;

[(E) a public or private nonprofit agency;

[(F) a library;

[(G) a public housing authority;

[(H) a nonprofit institution that is not described in any of subparagraphs (A) through (G) and has the ability to provide literacy services to adults and families; and

- [(I) a consortium of the agencies, organizations, institutions, libraries, or authorities described in any of subparagraphs (A) through (H).
- [(6) ENGLISH LITERACY PROGRAM.—The term “English literacy program” means a program of instruction designed to help individuals of limited English proficiency achieve competence in the English language.
- [(7) FAMILY LITERACY SERVICES.—The term “family literacy services” means services that are of sufficient intensity in terms of hours, and of sufficient duration, to make sustainable changes in a family, and that integrate all of the following activities:
- [(A) Interactive literacy activities between parents and their children.
 - [(B) Training for parents regarding how to be the primary teacher for their children and full partners in the education of their children.
 - [(C) Parent literacy training that leads to economic self-sufficiency.
 - [(D) An age-appropriate education to prepare children for success in school and life experiences.
- [(8) GOVERNOR.—The term “Governor” means the chief executive officer of a State or outlying area.
- [(9) INDIVIDUAL WITH A DISABILITY.—
- [(A) IN GENERAL.—The term “individual with a disability” means an individual with any disability (as defined in section 3 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102)).
 - [(B) INDIVIDUALS WITH DISABILITIES.—The term “individuals with disabilities” means more than one individual with a disability.
- [(10) INDIVIDUAL OF LIMITED ENGLISH PROFICIENCY.—The term “individual of limited English proficiency” means an adult or out-of-school youth who has limited ability in speaking, reading, writing, or understanding the English language, and—
- [(A) whose native language is a language other than English; or
 - [(B) who lives in a family or community environment where a language other than English is the dominant language.
- [(11) INSTITUTION OF HIGHER EDUCATION.—The term “institution of higher education” has the meaning given the term in section 101 of the Higher Education Act of 1965.
- [(12) LITERACY.—The term “literacy” means an individual’s ability to read, write, and speak in English, compute, and solve problems, at levels of proficiency necessary to function on the job, in the family of the individual, and in society.
- [(13) LOCAL EDUCATIONAL AGENCY.—The term “local educational agency” has the meaning given the term in section 9101 of the Elementary and Secondary Education Act of 1965.
- [(14) OUTLYING AREA.—The term “outlying area” has the meaning given the term in section 101.
- [(15) POSTSECONDARY EDUCATIONAL INSTITUTION.—The term “postsecondary educational institution” means—

[(A) an institution of higher education that provides not less than a 2-year program of instruction that is acceptable for credit toward a bachelor's degree;

[(B) a tribally controlled community college; or

[(C) a nonprofit educational institution offering certificate or apprenticeship programs at the postsecondary level.

[(16) SECRETARY.—The term “Secretary” means the Secretary of Education.

[(17) STATE.—The term “State” means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

[(18) WORKPLACE LITERACY SERVICES.—The term “workplace literacy services” means literacy services that are offered for the purpose of improving the productivity of the workforce through the improvement of literacy skills.

[SEC. 204. HOME SCHOOLS.

[Nothing in this title shall be construed to affect home schools, or to compel a parent engaged in home schooling to participate in an English literacy program, family literacy services, or adult education.

[SEC. 205. AUTHORIZATION OF APPROPRIATIONS.

[There is authorized to be appropriated to carry out this title such sums as may be necessary for each of the fiscal years 1999 through 2003.

[Subtitle A—Adult Education and Literacy Programs

[CHAPTER 1—FEDERAL PROVISIONS

[SEC. 211. RESERVATION OF FUNDS; GRANTS TO ELIGIBLE AGENCIES; ALLOTMENTS.

[(a) RESERVATION OF FUNDS.—From the sum appropriated under section 205 for a fiscal year, the Secretary—

[(1) shall reserve 1.5 percent to carry out section 242, except that the amount so reserved shall not exceed \$8,000,000;

[(2) shall reserve 1.5 percent to carry out section 243, except that the amount so reserved shall not exceed \$8,000,000; and

[(3) shall make available, to the Secretary of Labor, 1.72 percent for incentive grants under section 503.

[(b) GRANTS TO ELIGIBLE AGENCIES.—

[(1) IN GENERAL.—From the sum appropriated under section 205 and not reserved under subsection (a) for a fiscal year, the Secretary shall award a grant to each eligible agency having a State plan approved under section 224 in an amount equal to the sum of the initial allotment under subsection (c)(1) and the additional allotment under subsection (c)(2) for the eligible agency for the fiscal year, subject to subsections (f) and (g), to enable the eligible agency to carry out the activities assisted under this subtitle.

[(2) PURPOSE OF GRANTS.—The Secretary may award a grant under paragraph (1) only if the eligible entity involved agrees

to expend the grant for adult education and literacy activities in accordance with the provisions of this subtitle.

[(c) ALLOTMENTS.—

[(1) INITIAL ALLOTMENTS.—From the sum appropriated under section 205 and not reserved under subsection (a) for a fiscal year, the Secretary shall allot to each eligible agency having a State plan approved under section 224(f)—

[(A) \$100,000, in the case of an eligible agency serving an outlying area; and

[(B) \$250,000, in the case of any other eligible agency.

[(2) ADDITIONAL ALLOTMENTS.—From the sum appropriated under section 205, not reserved under subsection (a), and not allotted under paragraph (1), for a fiscal year, the Secretary shall allot to each eligible agency that receives an initial allotment under paragraph (1) an additional amount that bears the same relationship to such sum as the number of qualifying adults in the State or outlying area served by the eligible agency bears to the number of such adults in all States and outlying areas.

[(d) QUALIFYING ADULT.—For the purpose of subsection (c)(2), the term “qualifying adult” means an adult who—

[(1) is at least 16 years of age;

[(2) is beyond the age of compulsory school attendance under the law of the State or outlying area;

[(3) does not have a secondary school diploma or its recognized equivalent; and

[(4) is not enrolled in secondary school.

[(e) SPECIAL RULE.—

[(1) IN GENERAL.—From amounts made available under subsection (c) for the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau, the Secretary shall award grants to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau to carry out activities described in this subtitle in accordance with the provisions of this subtitle that the Secretary determines are not inconsistent with this subsection.

[(2) AWARD BASIS.—The Secretary shall award grants pursuant to paragraph (1) on a competitive basis and pursuant to recommendations from the Pacific Region Educational Laboratory in Honolulu, Hawaii.

[(3) TERMINATION OF ELIGIBILITY.—Notwithstanding any other provision of law, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau shall not receive any funds under this subtitle for any fiscal year that begins after September 30, 2001.

[(4) ADMINISTRATIVE COSTS.—The Secretary may provide not more than 5 percent of the funds made available for grants under this subsection to pay the administrative costs of the Pacific Region Educational Laboratory regarding activities assisted under this subsection.

[(f) HOLD-HARMLESS.—

[(1) IN GENERAL.—Notwithstanding subsection (c)—

[(A) for fiscal year 1999, no eligible agency shall receive an allotment under this subtitle that is less than 90 percent of the payments made to the State or outlying area of the eligible agency for fiscal year 1998 for programs for which funds were authorized to be appropriated under section 313 of the Adult Education Act (as such Act was in effect on the day before the date of the enactment of the Workforce Investment Act of 1998); and

[(B) for fiscal year 2000 and each succeeding fiscal year, no eligible agency shall receive an allotment under this subtitle that is less than 90 percent of the allotment the eligible agency received for the preceding fiscal year under this subtitle.

[(2) RATABLE REDUCTION.—If for any fiscal year the amount available for allotment under this subtitle is insufficient to satisfy the provisions of paragraph (1), the Secretary shall ratably reduce the payments to all eligible agencies, as necessary.

[(g) REALLOTMENT.—The portion of any eligible agency's allotment under this subtitle for a fiscal year that the Secretary determines will not be required for the period such allotment is available for carrying out activities under this subtitle, shall be available for reallocation from time to time, on such dates during such period as the Secretary shall fix, to other eligible agencies in proportion to the original allotments to such agencies under this subtitle for such year.

[SEC. 212. PERFORMANCE ACCOUNTABILITY SYSTEM.

[(a) PURPOSE.—The purpose of this section is to establish a comprehensive performance accountability system, comprised of the activities described in this section, to assess the effectiveness of eligible agencies in achieving continuous improvement of adult education and literacy activities funded under this subtitle, in order to optimize the return on investment of Federal funds in adult education and literacy activities.

[(b) ELIGIBLE AGENCY PERFORMANCE MEASURES.—

[(1) IN GENERAL.—For each eligible agency, the eligible agency performance measures shall consist of—

[(A)(i) the core indicators of performance described in paragraph (2)(A); and

[(ii) additional indicators of performance (if any) identified by the eligible agency under paragraph (2)(B); and

[(B) an eligible agency adjusted level of performance for each indicator described in subparagraph (A).

[(2) INDICATORS OF PERFORMANCE.—

[(A) CORE INDICATORS OF PERFORMANCE.—The core indicators of performance shall include the following:

[(i) Demonstrated improvements in literacy skill levels in reading, writing, and speaking the English language, numeracy, problem solving, English language acquisition, and other literacy skills.

[(ii) Placement in, retention in, or completion of, postsecondary education, training, unsubsidized employment or career advancement.

[(iii) Receipt of a secondary school diploma or its recognized equivalent.

[(B) ADDITIONAL INDICATORS.—An eligible agency may identify in the State plan additional indicators for adult education and literacy activities authorized under this subtitle.

[(3) LEVELS OF PERFORMANCE.—

[(A) ELIGIBLE AGENCY ADJUSTED LEVELS OF PERFORMANCE FOR CORE INDICATORS.—

[(i) IN GENERAL.—For each eligible agency submitting a State plan, there shall be established, in accordance with this subparagraph, levels of performance for each of the core indicators of performance described in paragraph (2)(A) for adult education and literacy activities authorized under this subtitle. The levels of performance established under this subparagraph shall, at a minimum—

[(I) be expressed in an objective, quantifiable, and measurable form; and

[(II) show the progress of the eligible agency toward continuously improving in performance.

[(ii) IDENTIFICATION IN STATE PLAN.—Each eligible agency shall identify, in the State plan submitted under section 224, expected levels of performance for each of the core indicators of performance for the first 3 program years covered by the State plan.

[(iii) AGREEMENT ON ELIGIBLE AGENCY ADJUSTED LEVELS OF PERFORMANCE FOR FIRST 3 YEARS.—In order to ensure an optimal return on the investment of Federal funds in adult education and literacy activities authorized under this subtitle, the Secretary and each eligible agency shall reach agreement on levels of performance for each of the core indicators of performance, for the first 3 program years covered by the State plan, taking into account the levels identified in the State plan under clause (ii) and the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the eligible agency adjusted levels of performance for the eligible agency for such years and shall be incorporated into the State plan prior to the approval of such plan.

[(iv) FACTORS.—The agreement described in clause (iii) or (v) shall take into account—

[(I) how the levels involved compare with the eligible agency adjusted levels of performance established for other eligible agencies, taking into account factors including the characteristics of participants when the participants entered the program, and the services or instruction to be provided; and

[(II) the extent to which such levels involved promote continuous improvement in performance on the performance measures by such eligible agency and ensure optimal return on the investment of Federal funds.

[(v) AGREEMENT ON ELIGIBLE AGENCY ADJUSTED LEVELS OF PERFORMANCE FOR 4TH AND 5TH YEARS.—

Prior to the fourth program year covered by the State plan, the Secretary and each eligible agency shall reach agreement on levels of performance for each of the core indicators of performance for the fourth and fifth program years covered by the State plan, taking into account the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the eligible agency adjusted levels of performance for the eligible agency for such years and shall be incorporated into the State plan.

[(vi) REVISIONS.—If unanticipated circumstances arise in a State resulting in a significant change in the factors described in clause (iv)(II), the eligible agency may request that the eligible agency adjusted levels of performance agreed to under clause (iii) or (v) be revised. The Secretary, after collaboration with the representatives described in section 136(i)(1), shall issue objective criteria and methods for making such revisions.

[(B) LEVELS OF PERFORMANCE FOR ADDITIONAL INDICATORS.—The eligible agency may identify, in the State plan, eligible agency levels of performance for each of the additional indicators described in paragraph (2)(B). Such levels shall be considered to be eligible agency adjusted levels of performance for purposes of this subtitle.

[(c) REPORT.—

[(1) IN GENERAL.—Each eligible agency that receives a grant under section 211(b) shall annually prepare and submit to the Secretary a report on the progress of the eligible agency in achieving eligible agency performance measures, including information on the levels of performance achieved by the eligible agency with respect to the core indicators of performance.

[(2) INFORMATION DISSEMINATION.—The Secretary—

[(A) shall make the information contained in such reports available to the general public through publication and other appropriate methods;

[(B) shall disseminate State-by-State comparisons of the information; and

[(C) shall provide the appropriate committees of Congress with copies of such reports.

CHAPTER 2—STATE PROVISIONS

SEC. 221. STATE ADMINISTRATION.

Each eligible agency shall be responsible for the State or outlying area administration of activities under this subtitle, including—

(1) the development, submission, and implementation of the State plan;

(2) consultation with other appropriate agencies, groups, and individuals that are involved in, or interested in, the development and implementation of activities assisted under this subtitle; and

(3) coordination and nonduplication with other Federal and State education, training, corrections, public housing, and social service programs.

[SEC. 222. STATE DISTRIBUTION OF FUNDS; MATCHING REQUIREMENT.

[(a) STATE DISTRIBUTION OF FUNDS.—Each eligible agency receiving a grant under this subtitle for a fiscal year—

[(1) shall use not less than 82.5 percent of the grant funds to award grants and contracts under section 231 and to carry out section 225, of which not more than 10 percent of the 82.5 percent shall be available to carry out section 225;

[(2) shall use not more than 12.5 percent of the grant funds to carry out State leadership activities under section 223; and

[(3) shall use not more than 5 percent of the grant funds, or \$65,000, whichever is greater, for the administrative expenses of the eligible agency.

[(b) MATCHING REQUIREMENT.—

[(1) IN GENERAL.—In order to receive a grant from the Secretary under section 211(b) each eligible agency shall provide, for the costs to be incurred by the eligible agency in carrying out the adult education and literacy activities for which the grant is awarded, a non-Federal contribution in an amount equal to—

[(A) in the case of an eligible agency serving an outlying area, 12 percent of the total amount of funds expended for adult education and literacy activities in the outlying area, except that the Secretary may decrease the amount of funds required under this subparagraph for an eligible agency; and

[(B) in the case of an eligible agency serving a State, 25 percent of the total amount of funds expended for adult education and literacy activities in the State.

[(2) NON-FEDERAL CONTRIBUTION.—An eligible agency's non-Federal contribution required under paragraph (1) may be provided in cash or in kind, fairly evaluated, and shall include only non-Federal funds that are used for adult education and literacy activities in a manner that is consistent with the purpose of this subtitle.

[SEC. 223. STATE LEADERSHIP ACTIVITIES.

[(a) IN GENERAL.—Each eligible agency shall use funds made available under section 222(a)(2) for one or more of the following adult education and literacy activities:

[(1) The establishment or operation of professional development programs to improve the quality of instruction provided pursuant to local activities required under section 231(b), including instruction incorporating phonemic awareness, systematic phonics, fluency, and reading comprehension, and instruction provided by volunteers or by personnel of a State or outlying area.

[(2) The provision of technical assistance to eligible providers of adult education and literacy activities.

[(3) The provision of technology assistance, including staff training, to eligible providers of adult education and literacy activities to enable the eligible providers to improve the quality of such activities.

[(4) The support of State or regional networks of literacy resource centers.

[(5) The monitoring and evaluation of the quality of, and the improvement in, adult education and literacy activities.

[(6) Incentives for—

[(A) program coordination and integration; and

[(B) performance awards.

[(7) Developing and disseminating curricula, including curricula incorporating phonemic awareness, systematic phonics, fluency, and reading comprehension.

[(8) Other activities of statewide significance that promote the purpose of this title.

[(9) Coordination with existing support services, such as transportation, child care, and other assistance designed to increase rates of enrollment in, and successful completion of, adult education and literacy activities, to adults enrolled in such activities.

[(10) Integration of literacy instruction and occupational skill training, and promoting linkages with employers.

[(11) Linkages with postsecondary educational institutions.

[(b) COLLABORATION.—In carrying out this section, eligible agencies shall collaborate where possible, and avoid duplicating efforts, in order to maximize the impact of the activities described in subsection (a).

[(c) STATE-IMPOSED REQUIREMENTS.—Whenever a State or outlying area implements any rule or policy relating to the administration or operation of a program authorized under this subtitle that has the effect of imposing a requirement that is not imposed under Federal law (including any rule or policy based on a State or outlying area interpretation of a Federal statute, regulation, or guideline), the State or outlying area shall identify, to eligible providers, the rule or policy as being State- or outlying area-imposed.

[SEC. 224. STATE PLAN.

[(a) 5-YEAR PLANS.—

[(1) IN GENERAL.—Each eligible agency desiring a grant under this subtitle for any fiscal year shall submit to, or have on file with, the Secretary a 5-year State plan.

[(2) COMPREHENSIVE PLAN OR APPLICATION.—The eligible agency may submit the State plan as part of a comprehensive plan or application for Federal education assistance.

[(b) PLAN CONTENTS.—In developing the State plan, and any revisions to the State plan, the eligible agency shall include in the State plan or revisions—

[(1) an objective assessment of the needs of individuals in the State or outlying area for adult education and literacy activities, including individuals most in need or hardest to serve;

[(2) a description of the adult education and literacy activities that will be carried out with any funds received under this subtitle;

[(3) a description of how the eligible agency will evaluate annually the effectiveness of the adult education and literacy activities based on the performance measures described in section 212;

[(4) a description of the performance measures described in section 212 and how such performance measures will ensure the improvement of adult education and literacy activities in the State or outlying area;

[(5) an assurance that the eligible agency will award not less than one grant under this subtitle to an eligible provider who offers flexible schedules and necessary support services (such as child care and transportation) to enable individuals, including individuals with disabilities, or individuals with other special needs, to participate in adult education and literacy activities, which eligible provider shall attempt to coordinate with support services that are not provided under this subtitle prior to using funds for adult education and literacy activities provided under this subtitle for support services;

[(6) an assurance that the funds received under this subtitle will not be expended for any purpose other than for activities under this subtitle;

[(7) a description of how the eligible agency will fund local activities in accordance with the considerations described in section 231(e);

[(8) an assurance that the eligible agency will expend the funds under this subtitle only in a manner consistent with fiscal requirements in section 241;

[(9) a description of the process that will be used for public participation and comment with respect to the State plan;

[(10) a description of how the eligible agency will develop program strategies for populations that include, at a minimum—

[(A) low-income students;

[(B) individuals with disabilities;

[(C) single parents and displaced homemakers; and

[(D) individuals with multiple barriers to educational enhancement, including individuals with limited English proficiency;

[(11) a description of how the adult education and literacy activities that will be carried out with any funds received under this subtitle will be integrated with other adult education, career development, and employment and training activities in the State or outlying area served by the eligible agency; and

[(12) a description of the steps the eligible agency will take to ensure direct and equitable access, as required in section 231(c)(1).

[(c) PLAN REVISIONS.—When changes in conditions or other factors require substantial revisions to an approved State plan, the eligible agency shall submit the revisions to the State plan to the Secretary.

[(d) CONSULTATION.—The eligible agency shall—

[(1) submit the State plan, and any revisions to the State plan, to the Governor of the State or outlying area for review and comment; and

[(2) ensure that any comments by the Governor regarding the State plan, and any revision to the State plan, are submitted to the Secretary.

[(e) PEER REVIEW.—The Secretary shall establish a peer review process to make recommendations regarding the approval of State plans.

[(f) PLAN APPROVAL.—A State plan submitted to the Secretary shall be approved by the Secretary unless the Secretary makes a

written determination, within 90 days after receiving the plan, that the plan is inconsistent with the specific provisions of this subtitle.

[(g) TRANSITION.—The provisions of this section shall be subject to section 506(b).

[SEC. 225. PROGRAMS FOR CORRECTIONS EDUCATION AND OTHER INSTITUTIONALIZED INDIVIDUALS.

[(a) PROGRAM AUTHORIZED.—From funds made available under section 222(a)(1) for a fiscal year, each eligible agency shall carry out corrections education and education for other institutionalized individuals.

[(b) USES OF FUNDS.—The funds described in subsection (a) shall be used for the cost of educational programs for criminal offenders in correctional institutions and for other institutionalized individuals, including academic programs for—

[(1) basic education;

[(2) special education programs as determined by the eligible agency;

[(3) English literacy programs; and

[(4) secondary school credit programs.

[(c) PRIORITY.—Each eligible agency that is using assistance provided under this section to carry out a program for criminal offenders within a correctional institution shall give priority to serving individuals who are likely to leave the correctional institution within 5 years of participation in the program.

[(d) DEFINITION OF CRIMINAL OFFENDER.—

[(1) CRIMINAL OFFENDER.—The term “criminal offender” means any individual who is charged with or convicted of any criminal offense.

[(2) CORRECTIONAL INSTITUTION.—The term “correctional institution” means any—

[(A) prison;

[(B) jail;

[(C) reformatory;

[(D) work farm;

[(E) detention center; or

[(F) halfway house, community-based rehabilitation center, or any other similar institution designed for the confinement or rehabilitation of criminal offenders.

[CHAPTER 3—LOCAL PROVISIONS

[SEC. 231. GRANTS AND CONTRACTS FOR ELIGIBLE PROVIDERS.

[(a) GRANTS AND CONTRACTS.—From grant funds made available under section 211(b), each eligible agency shall award multiyear grants or contracts, on a competitive basis, to eligible providers within the State or outlying area to enable the eligible providers to develop, implement, and improve adult education and literacy activities within the State.

[(b) REQUIRED LOCAL ACTIVITIES.—The eligible agency shall require that each eligible provider receiving a grant or contract under subsection (a) use the grant or contract to establish or operate one or more programs that provide services or instruction in one or more of the following categories:

[(1) Adult education and literacy services, including workplace literacy services.

[(2) Family literacy services.

[(3) English literacy programs.

[(c) DIRECT AND EQUITABLE ACCESS; SAME PROCESS.—Each eligible agency receiving funds under this subtitle shall ensure that—

[(1) all eligible providers have direct and equitable access to apply for grants or contracts under this section; and

[(2) the same grant or contract announcement process and application process is used for all eligible providers in the State or outlying area.

[(d) SPECIAL RULE.—Each eligible agency awarding a grant or contract under this section shall not use any funds made available under this subtitle for adult education and literacy activities for the purpose of supporting or providing programs, services, or activities for individuals who are not individuals described in subparagraphs (A) and (B) of section 203(1), except that such agency may use such funds for such purpose if such programs, services, or activities are related to family literacy services. In providing family literacy services under this subtitle, an eligible provider shall attempt to coordinate with programs and services that are not assisted under this subtitle prior to using funds for adult education and literacy activities under this subtitle for activities other than adult education activities.

[(e) CONSIDERATIONS.—In awarding grants or contracts under this section, the eligible agency shall consider—

[(1) the degree to which the eligible provider will establish measurable goals for participant outcomes;

[(2) the past effectiveness of an eligible provider in improving the literacy skills of adults and families, and, after the 1-year period beginning with the adoption of an eligible agency's performance measures under section 212, the success of an eligible provider receiving funding under this subtitle in meeting or exceeding such performance measures, especially with respect to those adults with the lowest levels of literacy;

[(3) the commitment of the eligible provider to serve individuals in the community who are most in need of literacy services, including individuals who are low-income or have minimal literacy skills;

[(4) whether or not the program—

[(A) is of sufficient intensity and duration for participants to achieve substantial learning gains; and

[(B) uses instructional practices, such as phonemic awareness, systematic phonics, fluency, and reading comprehension that research has proven to be effective in teaching individuals to read;

[(5) whether the activities are built on a strong foundation of research and effective educational practice;

[(6) whether the activities effectively employ advances in technology, as appropriate, including the use of computers;

[(7) whether the activities provide learning in real life contexts to ensure that an individual has the skills needed to compete in the workplace and exercise the rights and responsibilities of citizenship;

[(8) whether the activities are staffed by well-trained instructors, counselors, and administrators;

[(9) whether the activities coordinate with other available resources in the community, such as by establishing strong links with elementary schools and secondary schools, postsecondary educational institutions, one-stop centers, job training programs, and social service agencies;

[(10) whether the activities offer flexible schedules and support services (such as child care and transportation) that are necessary to enable individuals, including individuals with disabilities or other special needs, to attend and complete programs;

[(11) whether the activities maintain a high-quality information management system that has the capacity to report participant outcomes and to monitor program performance against the eligible agency performance measures; and

[(12) whether the local communities have a demonstrated need for additional English literacy programs.

[SEC. 232. LOCAL APPLICATION.

[Each eligible provider desiring a grant or contract under this subtitle shall submit an application to the eligible agency containing such information and assurances as the eligible agency may require, including—

[(1) a description of how funds awarded under this subtitle will be spent; and

[(2) a description of any cooperative arrangements the eligible provider has with other agencies, institutions, or organizations for the delivery of adult education and literacy activities.

[SEC. 233. LOCAL ADMINISTRATIVE COST LIMITS.

[(a) IN GENERAL.—Subject to subsection (b), of the amount that is made available under this subtitle to an eligible provider—

[(1) not less than 95 percent shall be expended for carrying out adult education and literacy activities; and

[(2) the remaining amount, not to exceed 5 percent, shall be used for planning, administration, personnel development, and interagency coordination.

[(b) SPECIAL RULE.—In cases where the cost limits described in subsection (a) are too restrictive to allow for adequate planning, administration, personnel development, and interagency coordination, the eligible provider shall negotiate with the eligible agency in order to determine an adequate level of funds to be used for non-instructional purposes.

[CHAPTER 4—GENERAL PROVISIONS

[SEC. 241. ADMINISTRATIVE PROVISIONS.

[(a) SUPPLEMENT NOT SUPPLANT.—Funds made available for adult education and literacy activities under this subtitle shall supplement and not supplant other State or local public funds expended for adult education and literacy activities.

[(b) MAINTENANCE OF EFFORT.—

[(1) IN GENERAL.—

[(A) DETERMINATION.—An eligible agency may receive funds under this subtitle for any fiscal year if the Secretary finds that the fiscal effort per student or the aggregate expenditures of such eligible agency for adult education and literacy activities, in the second preceding fiscal

year, was not less than 90 percent of the fiscal effort per student or the aggregate expenditures of such eligible agency for adult education and literacy activities, in the third preceding fiscal year.

[(B) PROPORTIONATE REDUCTION.—Subject to paragraphs (2), (3), and (4), for any fiscal year with respect to which the Secretary determines under subparagraph (A) that the fiscal effort or the aggregate expenditures of an eligible agency for the preceding program year were less than such effort or expenditures for the second preceding program year, the Secretary—

[(i) shall determine the percentage decreases in such effort or in such expenditures; and

[(ii) shall decrease the payment made under this subtitle for such program year to the agency for adult education and literacy activities by the lesser of such percentages.

[(2) COMPUTATION.—In computing the fiscal effort and aggregate expenditures under paragraph (1), the Secretary shall exclude capital expenditures and special one-time project costs.

[(3) DECREASE IN FEDERAL SUPPORT.—If the amount made available for adult education and literacy activities under this subtitle for a fiscal year is less than the amount made available for adult education and literacy activities under this subtitle for the preceding fiscal year, then the fiscal effort per student and the aggregate expenditures of an eligible agency required in order to avoid a reduction under paragraph (1)(B) shall be decreased by the same percentage as the percentage decrease in the amount so made available.

[(4) WAIVER.—The Secretary may waive the requirements of this subsection for 1 fiscal year only, if the Secretary determines that a waiver would be equitable due to exceptional or uncontrollable circumstances, such as a natural disaster or an unforeseen and precipitous decline in the financial resources of the State or outlying area of the eligible agency. If the Secretary grants a waiver under the preceding sentence for a fiscal year, the level of effort required under paragraph (1) shall not be reduced in the subsequent fiscal year because of the waiver.

[SEC. 242. NATIONAL INSTITUTE FOR LITERACY.

[(a) PURPOSE.—The purpose of this section is to establish a National Institute for Literacy that—

[(1) provides national leadership regarding literacy;

[(2) coordinates literacy services and policy; and

[(3) serves as a national resource for adult education and literacy programs by—

[(A) providing the best and most current information available, including the work of the National Institute of Child Health and Human Development in the area of phonemic awareness, systematic phonics, fluency, and reading comprehension, to all recipients of Federal assistance that focuses on reading, including programs under titles I and VII of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq. and 7401 et seq.), the Head Start Act (42 U.S.C. 9831 et seq.), the Individuals with

Disabilities Education Act (20 U.S.C. 1400 et seq.), and this Act; and

[(B) supporting the creation of new ways to offer services of proven effectiveness.

[(b) ESTABLISHMENT.—

[(1) IN GENERAL.—There is established the National Institute for Literacy (in this section referred to as the “Institute”). The Institute shall be administered under the terms of an interagency agreement entered into by the Secretary of Education with the Secretary of Labor and the Secretary of Health and Human Services (in this section referred to as the “Interagency Group”). The Interagency Group may include in the Institute any research and development center, institute, or clearinghouse established within the Department of Education, the Department of Labor, or the Department of Health and Human Services the purpose of which is determined by the Interagency Group to be related to the purpose of the Institute.

[(2) OFFICES.—The Institute shall have offices separate from the offices of the Department of Education, the Department of Labor, and the Department of Health and Human Services.

[(3) RECOMMENDATIONS.—The Interagency Group shall consider the recommendations of the National Institute for Literacy Advisory Board (in this section referred to as the “Board”) established under subsection (e) in planning the goals of the Institute and in the implementation of any programs to achieve the goals. If the Board’s recommendations are not followed, the Interagency Group shall provide a written explanation to the Board concerning actions the Interagency Group takes that are inconsistent with the Board’s recommendations, including the reasons for not following the Board’s recommendations with respect to the actions. The Board may also request a meeting of the Interagency Group to discuss the Board’s recommendations.

[(4) DAILY OPERATIONS.—The daily operations of the Institute shall be administered by the Director of the Institute.

[(c) DUTIES.—

[(1) IN GENERAL.—In order to provide leadership for the improvement and expansion of the system for delivery of literacy services, the Institute is authorized—

[(A) to establish a national electronic data base of information that disseminates information to the broadest possible audience within the literacy and basic skills field, and that includes—

[(i) effective practices in the provision of literacy and basic skills instruction, including instruction in phonemic awareness, systematic phonics, fluency, and reading comprehension, and the integration of literacy and basic skills instruction with occupational skills training;

[(ii) public and private literacy and basic skills programs, and Federal, State, and local policies, affecting the provision of literacy services at the national, State, and local levels;

[(iii) opportunities for technical assistance, meetings, conferences, and other opportunities that lead to

the improvement of literacy and basic skills services; and

[(iv) a communication network for literacy programs, providers, social service agencies, and students; [(B) to coordinate support for the provision of literacy and basic skills services across Federal agencies and at the State and local levels;

[(C) to coordinate the support of reliable and replicable research and development on literacy and basic skills in families and adults across Federal agencies, especially with the Office of Educational Research and Improvement in the Department of Education, and to carry out basic and applied research and development on topics that are not being investigated by other organizations or agencies, such as the special literacy needs of individuals with learning disabilities;

[(D) to collect and disseminate information on methods of advancing literacy that show great promise, including phonemic awareness, systematic phonics, fluency, and reading comprehension based on the work of the National Institute of Child Health and Human Development;

[(E) to provide policy and technical assistance to Federal, State, and local entities for the improvement of policy and programs relating to literacy;

[(F) to fund a network of State or regional adult literacy resource centers to assist State and local public and private nonprofit efforts to improve literacy by—

[(i) encouraging the coordination of literacy services;

[(ii) enhancing the capacity of State and local organizations to provide literacy services; and

[(iii) serving as a link between the Institute and providers of adult education and literacy activities for the purpose of sharing information, data, research, expertise, and literacy resources;

[(G) to coordinate and share information with national organizations and associations that are interested in literacy and workforce investment activities;

[(H) to advise Congress and Federal departments and agencies regarding the development of policy with respect to literacy and basic skills; and

[(I) to undertake other activities that lead to the improvement of the Nation's literacy delivery system and that complement other such efforts being undertaken by public and private agencies and organizations.

[(2) GRANTS, CONTRACTS, AND COOPERATIVE AGREEMENTS.—The Institute may award grants to, or enter into contracts or cooperative agreements with, individuals, public or private institutions, agencies, organizations, or consortia of such institutions, agencies, or organizations to carry out the activities of the Institute.

[(d) LITERACY LEADERSHIP.—

[(1) IN GENERAL.—The Institute, in consultation with the Board, may award fellowships, with such stipends and allowances that the Director considers necessary, to outstanding in-

dividuals pursuing careers in adult education or literacy in the areas of instruction, management, research, or innovation.

[(2) FELLOWSHIPS.—Fellowships awarded under this subsection shall be used, under the auspices of the Institute, to engage in research, education, training, technical assistance, or other activities to advance the field of adult education or literacy, including the training of volunteer literacy providers at the national, State, or local level.

[(3) INTERNS AND VOLUNTEERS.—The Institute, in consultation with the Board, may award paid and unpaid internships to individuals seeking to assist the Institute in carrying out its mission. Notwithstanding section 1342 of title 31, United States Code, the Institute may accept and use voluntary and uncompensated services as the Institute determines necessary.

[(e) NATIONAL INSTITUTE FOR LITERACY ADVISORY BOARD.—

[(1) ESTABLISHMENT.—

[(A) IN GENERAL.—There shall be a National Institute for Literacy Advisory Board (in this section referred to as the “Board”), which shall consist of 10 individuals appointed by the President with the advice and consent of the Senate.

[(B) COMPOSITION.—The Board shall be comprised of individuals who are not otherwise officers or employees of the Federal Government and who are representative of entities such as—

[(i) literacy organizations and providers of literacy services, including nonprofit providers, providers of English literacy programs and services, social service organizations, and eligible providers receiving assistance under this subtitle;

[(ii) businesses that have demonstrated interest in literacy programs;

[(iii) literacy students, including literacy students with disabilities;

[(iv) experts in the area of literacy research;

[(v) State and local governments;

[(vi) State Directors of adult education; and

[(vii) representatives of employees, including representatives of labor organizations.

[(2) DUTIES.—The Board shall—

[(A) make recommendations concerning the appointment of the Director and staff of the Institute;

[(B) provide independent advice on the operation of the Institute; and

[(C) receive reports from the Interagency Group and the Director.

[(3) FEDERAL ADVISORY COMMITTEE ACT.—Except as otherwise provided, the Board established by this subsection shall be subject to the provisions of the Federal Advisory Committee Act (5 U.S.C. App.).

[(4) APPOINTMENTS.—

[(A) IN GENERAL.—Each member of the Board shall be appointed for a term of 3 years, except that the initial terms for members may be 1, 2, or 3 years in order to establish a rotation in which one-third of the members are

selected each year. Any such member may be appointed for not more than 2 consecutive terms.

[(B) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until a successor has taken office.

[(5) QUORUM.—A majority of the members of the Board shall constitute a quorum but a lesser number may hold hearings. Any recommendation of the Board may be passed only by a majority of the Board's members present.

[(6) ELECTION OF OFFICERS.—The Chairperson and Vice Chairperson of the Board shall be elected by the members of the Board. The term of office of the Chairperson and Vice Chairperson shall be 2 years.

[(7) MEETINGS.—The Board shall meet at the call of the Chairperson or a majority of the members of the Board.

[(f) GIFTS, BEQUESTS, AND DEVISES.—

[(1) IN GENERAL.—The Institute may accept, administer, and use gifts or donations of services, money, or property, whether real or personal, tangible or intangible.

[(2) RULES.—The Board shall establish written rules setting forth the criteria to be used by the Institute in determining whether the acceptance of contributions of services, money, or property whether real or personal, tangible or intangible, would reflect unfavorably upon the ability of the Institute or any employee to carry out the responsibilities of the Institute or employee, or official duties, in a fair and objective manner, or would compromise the integrity or the appearance of the integrity of the Institute's programs or any official involved in those programs.

[(g) MAILS.—The Board and the Institute may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

[(h) STAFF.—The Interagency Group, after considering recommendations made by the Board, shall appoint and fix the pay of a Director.

[(i) APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.—The Director and staff of the Institute may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of the annual rate of basic pay payable for level IV of the Executive Schedule.

[(j) EXPERTS AND CONSULTANTS.—The Institute may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

[(k) REPORT.—The Institute shall submit a report biennially to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate. Each report submitted under this subsection shall include—

[(1) a comprehensive and detailed description of the Institute's operations, activities, financial condition, and accomplishments in the field of literacy for the period covered by the report;

[(2) a description of how plans for the operation of the Institute for the succeeding 2 fiscal years will facilitate achievement of the goals of the Institute and the goals of the literacy programs within the Department of Education, the Department of Labor, and the Department of Health and Human Services; and

[(3) any additional minority, or dissenting views submitted by members of the Board.

[(1) FUNDING.—Any amounts appropriated to the Secretary, the Secretary of Labor, the Secretary of Health and Human Services, or any other department that participates in the Institute for purposes that the Institute is authorized to perform under this section may be provided to the Institute for such purposes.

[SEC. 243. NATIONAL LEADERSHIP ACTIVITIES.

[(The Secretary shall establish and carry out a program of national leadership activities to enhance the quality of adult education and literacy programs nationwide. Such activities may include the following:

[(1) Technical assistance, including—

[(A) assistance provided to eligible providers in developing and using performance measures for the improvement of adult education and literacy activities, including family literacy services;

[(B) assistance related to professional development activities, and assistance for the purposes of developing, improving, identifying, and disseminating the most successful methods and techniques for providing adult education and literacy activities, including family literacy services, based on scientific evidence where available; and

[(C) assistance in distance learning and promoting and improving the use of technology in the classroom.

[(2) Funding national leadership activities that are not described in paragraph (1), either directly or through grants, contracts, or cooperative agreements awarded on a competitive basis to or with postsecondary educational institutions, public or private organizations or agencies, or consortia of such institutions, organizations, or agencies, such as—

[(A) developing, improving, and identifying the most successful methods and techniques for addressing the education needs of adults, including instructional practices using phonemic awareness, systematic phonics, fluency, and reading comprehension, based on the work of the National Institute of Child Health and Human Development;

[(B) increasing the effectiveness of, and improving the quality of, adult education and literacy activities, including family literacy services;

[(C) carrying out research, such as estimating the number of adults functioning at the lowest levels of literacy proficiency;

[(D)(i) carrying out demonstration programs;

[(ii) developing and replicating model and innovative programs, such as the development of models for basic skill certificates, identification of effective strategies for working with adults with learning disabilities and with individuals with limited English proficiency who are adults, and workplace literacy programs; and

[(iii) disseminating best practices information, including information regarding promising practices resulting from federally funded demonstration programs;

[(E) providing for the conduct of an independent evaluation and assessment of adult education and literacy activities through studies and analyses conducted independently through grants and contracts awarded on a competitive basis, which evaluation and assessment shall include descriptions of—

[(i) the effect of performance measures and other measures of accountability on the delivery of adult education and literacy activities, including family literacy services;

[(ii) the extent to which the adult education and literacy activities, including family literacy services, increase the literacy skills of adults (and of children, in the case of family literacy services), lead the participants in such activities to involvement in further education and training, enhance the employment and earnings of such participants, and, if applicable, lead to other positive outcomes, such as reductions in recidivism in the case of prison-based adult education and literacy activities;

[(iii) the extent to which the provision of support services to adults enrolled in adult education and family literacy programs increase the rate of enrollment in, and successful completion of, such programs; and

[(iv) the extent to which eligible agencies have distributed funds under section 231 to meet the needs of adults through community-based organizations;

[(F) supporting efforts aimed at capacity building at the State and local levels, such as technical assistance in program planning, assessment, evaluation, and monitoring of activities carried out under this subtitle;

[(G) collecting data, such as data regarding the improvement of both local and State data systems, through technical assistance and development of model performance data collection systems; and

[(H) other activities designed to enhance the quality of adult education and literacy activities nationwide.

[Subtitle B—Repeals

[SEC. 251. REPEALS.

[(a) REPEALS.—

[(1) ADULT EDUCATION ACT.—The Adult Education Act (20 U.S.C. 1201 et seq.) is repealed.

- [(2) NATIONAL LITERACY ACT OF 1991.—The National Literacy Act of 1991 (20 U.S.C. 1201 note) is repealed.]
- [(b) CONFORMING AMENDMENTS.—
- [(1) REFUGEE EDUCATION ASSISTANCE ACT.—Subsection (b) of section 402 of the Refugee Education Assistance Act of 1980 (8 U.S.C. 1522 note) is repealed.]
- [(2) ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—
- [(A) SECTION 1202 OF ESEA.—Section 1202(c)(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6362(c)(1)) is amended by striking “Adult Education Act” and inserting “Adult Education and Family Literacy Act”.]
- [(B) SECTION 1205 OF ESEA.—Section 1205(8)(B) of such Act (20 U.S.C. 6365(8)(B)) is amended by striking “Adult Education Act” and inserting “Adult Education and Family Literacy Act”.]
- [(C) SECTION 1206 OF ESEA.—Section 1206(a)(1)(A) of such Act (20 U.S.C. 6366(a)(1)(A)) is amended by striking “an adult basic education program under the Adult Education Act” and inserting “adult education and literacy activities under the Adult Education and Family Literacy Act”.]
- [(D) SECTION 3113 OF ESEA.—Section 3113(1) of such Act (20 U.S.C. 6813(1)) is amended by striking “section 312 of the Adult Education Act” and inserting “section 203 of the Adult Education and Family Literacy Act”.]
- [(E) SECTION 9161 OF ESEA.—Section 9161(2) of such Act (20 U.S.C. 7881(2)) is amended by striking “section 312(2) of the Adult Education Act” and inserting “section 203 of the Adult Education and Family Literacy Act”.]
- [(3) OLDER AMERICANS ACT OF 1965.—Section 203(b)(8) of the Older Americans Act of 1965 (42 U.S.C. 3013(b)(8)) is amended by striking “Adult Education Act” and inserting “Adult Education and Family Literacy Act”.]

TITLE II—ADULT EDUCATION, BASIC SKILLS, AND FAMILY LITERACY EDUCATION

SEC. 201. SHORT TITLE.

This title may be cited as the “Adult Education, Basic Skills, and Family Literacy Education Act”.

SEC. 202. PURPOSE.

It is the purpose of this title to provide instructional opportunities for adults seeking to improve their literacy skills, including their basic reading, writing, speaking, and math skills, and support States and local communities in providing, on a voluntary basis, adult education, basic skills, and family literacy education programs, in order to—

- (1) increase the literacy of adults, including the basic reading, writing, speaking, and math skills, to a level of proficiency necessary for adults to obtain employment and self-sufficiency and to successfully advance in the workforce;*

(2) assist adults in the completion of a secondary school education (or its equivalent) and the transition to a postsecondary educational institution;

(3) assist adults who are parents to enable them to support the educational development of their children and make informed choices regarding their children's education including, through instruction in basic reading, writing, speaking, and math skills; and

(4) assist immigrants who are not proficient in English in improving their reading, writing, speaking, and math skills and acquiring an understanding of the American free enterprise system, individual freedom, and the responsibilities of citizenship.

SEC. 203. DEFINITIONS.

In this title:

(1) **ADULT EDUCATION, BASIC SKILLS, AND FAMILY LITERACY EDUCATION PROGRAMS.**—The term “adult education, basic skills, and family literacy education programs” means a sequence of academic instruction and educational services below the postsecondary level that increase an individual's ability to read, write, and speak in English and perform mathematical computations leading to a level of proficiency equivalent to at least a secondary school completion that is provided for individuals—

(A) who are at least 16 years of age;

(B) who are not enrolled or required to be enrolled in secondary school under State law; and

(C) who—

(i) lack sufficient mastery of basic reading, writing, speaking, and math skills to enable the individuals to function effectively in society;

(ii) do not have a secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent and have not achieved an equivalent level of education; or

(iii) are unable to read, write, or speak the English language.

(2) **ELIGIBLE AGENCY.**—The term “eligible agency”—

(A) means the primary entity or agency in a State or an outlying area responsible for administering or supervising policy for adult education, basic skills, and family literacy education programs in the State or outlying area, respectively, consistent with the law of the State or outlying area, respectively; and

(B) may be the State educational agency, the State agency responsible for administering workforce investment activities, or the State agency responsible for administering community or technical colleges.

(3) **ELIGIBLE PROVIDER.**—The term “eligible provider” means—

(A) a local educational agency;

(B) a community-based or faith-based organization of demonstrated effectiveness;

(C) a volunteer literacy organization of demonstrated effectiveness;

(D) an institution of higher education;

(E) a public or private educational agency;

(F) a library;

(G) a public housing authority;

(H) an institution that is not described in any of subparagraphs (A) through (G) and has the ability to provide adult education, basic skills, and family literacy education programs to adults and families; or

(I) a consortium of the agencies, organizations, institutions, libraries, or authorities described in any of subparagraphs (A) through (H).

(4) **ENGLISH LANGUAGE ACQUISITION PROGRAM.**—The term “English language acquisition program” means a program of instruction designed to help individuals with limited English proficiency achieve competence in reading, writing, and speaking the English language.

(5) **ESSENTIAL COMPONENTS OF READING INSTRUCTION.**—The term “essential components of reading instruction” has the meaning given to that term in section 1208 of the Elementary and Secondary Education Act of 1965.

(6) **FAMILY LITERACY EDUCATION PROGRAM.**—The term “family literacy education program” means an educational program that—

(A) assists parents and students, on a voluntary basis, in achieving the purposes of this title as described in section 202; and

(B) is of sufficient intensity in terms of hours and of sufficient duration to make sustainable changes in a family, is based upon scientific research-based principles, and, for the purpose of substantially increasing the ability of parents and children to read, write, and speak English, integrates—

(i) interactive literacy activities between parents and their children;

(ii) training for parents regarding how to be the primary teacher for their children and full partners in the education of their children;

(iii) parent literacy training that leads to economic self-sufficiency; and

(iv) an age-appropriate education to prepare children for success in school and life experiences.

(7) **GOVERNOR.**—The term “Governor” means the chief executive officer of a State or outlying area.

(8) **INDIVIDUAL WITH A DISABILITY.**—

(A) **IN GENERAL.**—The term “individual with a disability” means an individual with any disability (as defined in section 3 of the Americans with Disabilities Act of 1990).

(B) **INDIVIDUALS WITH DISABILITIES.**—The term “individuals with disabilities” means more than one individual with a disability.

(9) **INDIVIDUAL WITH LIMITED ENGLISH PROFICIENCY.**—The term “individual with limited English proficiency” means an adult or out-of-school youth who has limited ability in reading, writing, speaking, or understanding the English language, and—

- (A) whose native language is a language other than English; or
 (B) who lives in a family or community environment where a language other than English is the dominant language.
- (10) *INSTITUTION OF HIGHER EDUCATION.*—The term “institution of higher education” has the meaning given to that term in section 101 of the Higher Education Act of 1965.
- (11) *LITERACY.*—The term “literacy” means an individual’s ability to read, write, and speak in English, compute, and solve problems at a level of proficiency necessary to obtain employment and to successfully make the transition to postsecondary education.
- (12) *LOCAL EDUCATIONAL AGENCY.*—The term “local educational agency” has the meaning given to that term in section 9101 of the Elementary and Secondary Education Act of 1965.
- (13) *OUTLYING AREA.*—The term “outlying area” has the meaning given to that term in section 101 of this Act.
- (14) *POSTSECONDARY EDUCATIONAL INSTITUTION.*—The term “postsecondary educational institution” means—
 (A) an institution of higher education that provides not less than a 2-year program of instruction that is acceptable for credit toward a bachelor’s degree;
 (B) a tribally controlled community college; or
 (C) a nonprofit educational institution offering certificate or apprenticeship programs at the postsecondary level.
- (15) *READING.*—The term “reading” has the meaning given to that term in section 1208 of the Elementary and Secondary Education Act of 1965.
- (16) *SCIENTIFICALLY BASED RESEARCH.*—The term “scientifically based research” has the meaning given to that term in section 9101 of the Elementary and Secondary Education Act of 1965.
- (17) *SECRETARY.*—The term “Secretary” means the Secretary of Education.
- (18) *STATE.*—The term “State” means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.
- (19) *STATE EDUCATIONAL AGENCY.*—The term “State educational agency” has the meaning given to that term in section 9101 of the Elementary and Secondary Education Act of 1965.
- (20) *WORKPLACE LITERACY PROGRAM.*—The term “workplace literacy program” means an educational program that is offered in collaboration between eligible providers and employers or employee organizations for the purpose of improving the productivity of the workforce through the improvement of reading, writing, speaking, and math skills.

SEC. 204. HOME SCHOOLS.

Nothing in this title shall be construed to affect home schools, whether or not a home school is treated as a home school or a private school under State law, or to compel a parent engaged in home schooling to participate in an English language acquisition program, a family literacy education program, or an adult education, basic skills, and family literacy education program.

SEC. 205. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this title \$590,127,000 for fiscal year 2006 and such sums as may be necessary for fiscal years 2007 through 2011.

CHAPTER 1—FEDERAL PROVISIONS**SEC. 211. RESERVATION OF FUNDS; GRANTS TO ELIGIBLE AGENCIES; ALLOTMENTS.**

(a) **RESERVATION OF FUNDS.**—*From the sums appropriated under section 205 for a fiscal year, the Secretary—*

(1) *shall reserve up to 1.72 percent for incentive grants under section 213;*

(2) *shall reserve 1.75 percent to carry out section 242; and*

(3) *shall reserve up to 1.55 percent to carry out section 243.*

(b) **GRANTS TO ELIGIBLE AGENCIES.**—

(1) **IN GENERAL.**—*From the sums appropriated under section 205 and not reserved under subsection (a) for a fiscal year, the Secretary shall award a grant to each eligible agency having a State plan approved under section 224 in an amount equal to the sum of the initial allotment under subsection (c)(1) and the additional allotment under subsection (c)(2) for the eligible agency for the fiscal year, subject to subsections (f) and (g).*

(2) **PURPOSE OF GRANTS.**—*The Secretary may award a grant under paragraph (1) only if the eligible agency involved agrees to expend the grant in accordance with the provisions of this title.*

(c) **ALLOTMENTS.**—

(1) **INITIAL ALLOTMENTS.**—*From the sums appropriated under section 205 and not reserved under subsection (a) for a fiscal year, the Secretary shall allot to each eligible agency having a State plan approved under section 224—*

(A) *\$100,000, in the case of an eligible agency serving an outlying area; and*

(B) *\$250,000, in the case of any other eligible agency.*

(2) **ADDITIONAL ALLOTMENTS.**—*From the sums appropriated under section 205, not reserved under subsection (a), and not allotted under paragraph (1), for a fiscal year, the Secretary shall allot to each eligible agency that receives an initial allotment under paragraph (1) an additional amount that bears the same relationship to such sums as the number of qualifying adults in the State or outlying area served by the eligible agency bears to the number of such adults in all States and outlying areas.*

(d) **QUALIFYING ADULT.**—*For the purpose of subsection (c)(2), the term “qualifying adult” means an adult who—*

(1) *is at least 16 years of age;*

(2) *is beyond the age of compulsory school attendance under the law of the State or outlying area;*

(3) *does not have a secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent; and*

(4) *is not enrolled in secondary school.*

(e) **SPECIAL RULE.**—

(1) **IN GENERAL.**—*From amounts made available under subsection (c) for the Republic of Palau, the Secretary shall award*

grants to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Republic of Palau to carry out activities described in this title in accordance with the provisions of this title as determined by the Secretary.

(2) **TERMINATION OF ELIGIBILITY.**—Notwithstanding any other provision of law, the Republic of Palau shall be eligible to receive a grant under this title until an agreement for the extension of United States education assistance under the Compact of Free Association for the Republic of Palau becomes effective.

(3) **ADMINISTRATIVE COSTS.**—The Secretary may provide not more than 5 percent of the funds made available for grants under this subsection to pay the administrative costs of the Pacific Region Educational Laboratory regarding activities assisted under this subsection.

(f) **HOLD-HARMLESS PROVISIONS.**—

(1) **IN GENERAL.**—Notwithstanding subsection (c), and subject to paragraphs (2) and (3), for fiscal year 2006 and each succeeding fiscal year, no eligible agency shall receive an allotment under this title that is less than 90 percent of the allotment the eligible agency received for the preceding fiscal year under this title.

(2) **EXCEPTION.**—An eligible agency that receives for the preceding fiscal year only an initial allotment under subsection (c)(1) (and no additional allotment under subsection (c)(2)) shall receive an allotment equal to 100 percent of the initial allotment.

(3) **RATABLE REDUCTION.**—If for any fiscal year the amount available for allotment under this title is insufficient to satisfy the provisions of paragraph (1), the Secretary shall ratably reduce the payments to all eligible agencies, as necessary.

(g) **REALLOTMENT.**—The portion of any eligible agency's allotment under this title for a fiscal year that the Secretary determines will not be required for the period such allotment is available for carrying out activities under this title, shall be available for reallocation from time to time, on such dates during such period as the Secretary shall fix, to other eligible agencies in proportion to the original allotments to such agencies under this title for such year.

SEC. 212. PERFORMANCE ACCOUNTABILITY SYSTEM.

(a) **PURPOSE.**—The purpose of this section is to establish a comprehensive performance accountability system, composed of the activities described in this section, to assess the effectiveness of eligible agencies in achieving continuous improvement of adult education, basic skills, and family literacy education programs funded under this title, in order to optimize the return on investment of Federal funds in adult education, basic skills, and family literacy education programs.

(b) **ELIGIBLE AGENCY PERFORMANCE MEASURES.**—

(1) **IN GENERAL.**—For each eligible agency, the eligible agency performance measures shall consist of—

(A)(i) the core indicators of performance described in paragraph (2)(A); and

(ii) employment performance indicators identified by the eligible agency under paragraph (2)(B); and

(B) an eligible agency adjusted level of performance for each indicator described in subparagraph (A).

(2) INDICATORS OF PERFORMANCE.—

(A) CORE INDICATORS OF PERFORMANCE.—*The core indicators of performance shall include the following:*

(i) *Measurable improvements in literacy, including basic skill levels in reading, writing, and speaking the English language and basic math, leading to proficiency in each skill.*

(ii) *Receipt of a secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent.*

(iii) *Placement in postsecondary education or other training programs.*

(B) EMPLOYMENT PERFORMANCE INDICATORS.—*Consistent with applicable Federal and State privacy laws, an eligible agency shall identify in the State plan the following individual participant employment performance indicators:*

(i) *Entry into employment.*

(ii) *Retention in employment.*

(iii) *Increase in earnings.*

(3) LEVELS OF PERFORMANCE.—

(A) ELIGIBLE AGENCY ADJUSTED LEVELS OF PERFORMANCE FOR CORE INDICATORS.—

(i) IN GENERAL.—*For each eligible agency submitting a State plan, there shall be established, in accordance with this subparagraph, levels of performance for each of the core indicators of performance described in paragraph (2)(A) for adult education, basic skills, and family literacy education programs authorized under this title. The levels of performance established under this subparagraph shall, at a minimum—*

(I) *be expressed in an objective, quantifiable, and measurable form; and*

(II) *show the progress of the eligible agency toward continuously and significantly improving the agency's performance outcomes in an objective, quantifiable, and measurable form.*

(ii) IDENTIFICATION IN STATE PLAN.—*Each eligible agency shall identify, in the State plan submitted under section 224, expected levels of performance for each of the core indicators of performance for the first 3 program years covered by the State plan.*

(iii) AGREEMENT ON ELIGIBLE AGENCY ADJUSTED LEVELS OF PERFORMANCE FOR FIRST 3 YEARS.—*In order to ensure an optimal return on the investment of Federal funds in adult education, basic skills, and family literacy education programs authorized under this title, the Secretary and each eligible agency shall reach agreement on levels of student performance for each of the core indicators of performance, for the first 3 program years covered by the State plan, taking into account the levels identified in the State plan under clause (ii) and the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the eligible agency adjusted levels of performance for the eligible agency for such years and shall be in-*

corporated into the State plan prior to the approval of such plan.

(iv) **FACTORS.**—The agreement described in clause (iii) or (v) shall take into account—

(I) how the levels involved compare with the eligible agency's adjusted levels of performance, taking into account factors including the characteristics of participants when the participants entered the program; and

(II) the extent to which such levels promote continuous and significant improvement in performance on the student proficiency measures used by such eligible agency and ensure optimal return on the investment of Federal funds.

(v) **AGREEMENT ON ELIGIBLE AGENCY ADJUSTED LEVELS OF PERFORMANCE FOR SECOND 3 YEARS.**—Prior to the fourth program year covered by the State plan, the Secretary and each eligible agency shall reach agreement on levels of student performance for each of the core indicators of performance for the fourth, fifth, and sixth program years covered by the State plan, taking into account the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the eligible agency adjusted levels of performance for the eligible agency for such years and shall be incorporated into the State plan.

(vi) **REVISIONS.**—If unanticipated circumstances arise in a State resulting in a significant change in the factors described in clause (iv)(I), the eligible agency may request that the eligible agency adjusted levels of performance agreed to under clause (iii) or (v) be revised.

(B) **LEVELS OF EMPLOYMENT PERFORMANCE.**—The eligible agency shall identify, in the State plan, eligible agency levels of performance for each of the employment performance indicators described in paragraph (2)(B). Such levels shall be considered to be eligible agency adjusted levels of performance for purposes of this title.

(c) **REPORT.**—

(1) **IN GENERAL.**—Each eligible agency that receives a grant under section 211(b) shall annually prepare and submit to the Secretary, the Governor, the State legislature, and eligible providers a report on the progress of the eligible agency in achieving eligible agency performance measures, including the following:

(A) Information on the levels of performance achieved by the eligible agency with respect to the core indicators of performance and employment performance indicators.

(B) The number and type of each eligible provider that receives funding under such grant.

(2) **INFORMATION DISSEMINATION.**—The Secretary—

(A) shall make the information contained in such reports available to the general public through publication (including on the Internet site of the Department of Education) and other appropriate methods;

(B) shall disseminate State-by-State comparisons of the information; and

(C) shall provide the appropriate committees of the Congress with copies of such reports.

SEC. 213. INCENTIVE GRANTS FOR STATES.

(a) *IN GENERAL.*—From funds appropriated under section 211(a)(1), the Secretary may award grants to States for exemplary performance in carrying out programs under this title. Such awards shall be based on States exceeding the core indicators of performance established under section 212(b)(2)(A) and may be based on the performance of the State in serving populations, such as those described in section 224(b)(10), including the levels of service provided and the performance outcomes, and such other factors relating to the performance of the State under this title as the Secretary determines appropriate.

(b) *USE OF FUNDS.*—The funds awarded to a State under this paragraph may be used to carry out any activities authorized under this title, including demonstrations and innovative programs for hard-to-serve populations.

CHAPTER 2—STATE PROVISIONS

SEC. 221. STATE ADMINISTRATION.

Each eligible agency shall be responsible for the following activities under this title:

(1) The development, submission, implementation, and monitoring of the State plan.

(2) Consultation with other appropriate agencies, groups, and individuals that are involved in, or interested in, the development and implementation of activities assisted under this title.

(3) Coordination and avoidance of duplication with other Federal and State education, training, corrections, public housing, and social service programs.

SEC. 222. STATE DISTRIBUTION OF FUNDS; MATCHING REQUIREMENT.

(a) *STATE DISTRIBUTION OF FUNDS.*—Each eligible agency receiving a grant under this title for a fiscal year—

(1) shall use an amount not less than 82.5 percent of the grant funds to award grants and contracts under section 231 and to carry out section 225, of which not more than 10 percent of such amount shall be available to carry out section 225;

(2) shall use not more than 12.5 percent of the grant funds to carry out State leadership activities under section 223; and

(3) shall use not more than 5 percent of the grant funds, or \$75,000, whichever is greater, for the administrative expenses of the eligible agency.

(b) *MATCHING REQUIREMENT.*—

(1) *IN GENERAL.*—In order to receive a grant from the Secretary under section 211(b), each eligible agency shall provide, for the costs to be incurred by the eligible agency in carrying out the adult education, basic skills, and family literacy education programs for which the grant is awarded, a non-Federal contribution in an amount at least equal to—

(A) in the case of an eligible agency serving an outlying area, 12 percent of the total amount of funds expended for adult education, basic skills, and family literacy education

programs in the outlying area, except that the Secretary may decrease the amount of funds required under this subparagraph for an eligible agency; and

(B) in the case of an eligible agency serving a State, 25 percent of the total amount of funds expended for adult education, basic skills, and family literacy education programs in the State.

(2) *NON-FEDERAL CONTRIBUTION.*—An eligible agency's non-Federal contribution required under paragraph (1) may be provided in cash or in kind, fairly evaluated, and shall include only non-Federal funds that are used for adult education, basic skills, and family literacy education programs in a manner that is consistent with the purpose of this title.

SEC. 223. STATE LEADERSHIP ACTIVITIES.

(a) *IN GENERAL.*—Each eligible agency may use funds made available under section 222(a)(2) for any of the following adult education, basic skills, and family literacy education programs:

(1) The establishment or operation of professional development programs to improve the quality of instruction provided pursuant to local activities required under section 231(b), including instruction incorporating the essential components of reading instruction and instruction provided by volunteers or by personnel of a State or outlying area.

(2) The provision of technical assistance to eligible providers of adult education, basic skills, and family literacy education programs, including for the development and dissemination of scientifically based research instructional practices in reading, writing, speaking, math, and English language acquisition programs.

(3) The provision of assistance to eligible providers in developing, implementing, and reporting measurable progress in achieving the objectives of this title.

(4) The provision of technology assistance, including staff training, to eligible providers of adult education, basic skills, and family literacy education programs, including distance learning activities, to enable the eligible providers to improve the quality of such activities.

(5) The development and implementation of technology applications or distance learning, including professional development to support the use of instructional technology.

(6) Coordination with other public programs, including welfare-to-work, workforce development, and job training programs.

(7) Coordination with existing support services, such as transportation, child care, and other assistance designed to increase rates of enrollment in, and successful completion of, adult education, basic skills, and family literacy education programs, for adults enrolled in such activities.

(8) The development and implementation of a system to assist in the transition from adult basic education to postsecondary education.

(9) Activities to promote workplace literacy programs.

(10) Activities to promote and complement local outreach initiatives described in section 243(7).

(11) *Other activities of statewide significance, including assisting eligible providers in achieving progress in improving the skill levels of adults who participate in programs under this title.*

(12) *Integration of literacy, instructional, and occupational skill training and promotion of linkages with employees.*

(b) *COORDINATION.—In carrying out this section, eligible agencies shall coordinate where possible, and avoid duplicating efforts, in order to maximize the impact of the activities described in subsection (a).*

(c) *STATE-IMPOSED REQUIREMENTS.—Whenever a State or outlying area implements any rule or policy relating to the administration or operation of a program authorized under this title that has the effect of imposing a requirement that is not imposed under Federal law (including any rule or policy based on a State or outlying area interpretation of a Federal statute, regulation, or guideline), the State or outlying area shall identify, to eligible providers, the rule or policy as being imposed by the State or outlying area.*

SEC. 224. STATE PLAN.

(a) *6-YEAR PLANS.—*

(1) *IN GENERAL.—Each eligible agency desiring a grant under this title for any fiscal year shall submit to, or have on file with, the Secretary a 6-year State plan.*

(2) *COMPREHENSIVE PLAN OR APPLICATION.—The eligible agency may submit the State plan as part of a comprehensive plan or application for Federal education assistance.*

(b) *PLAN CONTENTS.—The eligible agency shall include in the State plan or any revisions to the State plan—*

(1) *an objective assessment of the needs of individuals in the State or outlying area for adult education, basic skills, and family literacy education programs, including individuals most in need or hardest to serve;*

(2) *a description of the adult education, basic skills, and family literacy education programs that will be carried out with funds received under this title;*

(3) *a description of how the eligible agency will evaluate and measure annually the effectiveness and improvement of the adult education, basic skills, and family literacy education programs based on the performance measures described in section 212 including—*

(A) *how the eligible agency will evaluate and measure annually such effectiveness on a grant-by-grant basis; and*

(B) *how the eligible agency—*

(i) *will hold eligible providers accountable regarding the progress of such providers in improving the academic achievement of participants in adult education programs under this title and regarding the core indicators of performance described in section 212(b)(2)(A); and*

(ii) *will use technical assistance, sanctions, and rewards (including allocation of grant funds based on performance and termination of grant funds based on nonperformance);*

(4) *a description of the performance measures described in section 212 and how such performance measures have signifi-*

cantly improved adult education, basic skills, and family literacy education programs in the State or outlying area;

(5) an assurance that the eligible agency will, in addition to meeting all of the other requirements of this title, award not less than one grant under this title to an eligible provider that—

(A) offers flexible schedules and necessary support services (such as child care and transportation) to enable individuals, including individuals with disabilities, or individuals with other special needs, to participate in adult education, basic skills, and family literacy education programs; and

(B) attempts to coordinate with support services that are not provided under this title prior to using funds for adult education, basic skills, and family literacy education programs provided under this title for support services;

(6) an assurance that the funds received under this title will not be expended for any purpose other than for activities under this title;

(7) a description of how the eligible agency will fund local activities in accordance with the measurable goals described in section 231(d);

(8) an assurance that the eligible agency will expend the funds under this title only in a manner consistent with fiscal requirements in section 241;

(9) a description of the process that will be used for public participation and comment with respect to the State plan, which process—

(A) shall include consultation with the State workforce investment board, the State board responsible for administering community or technical colleges, the Governor, the State educational agency, the State board or agency responsible for administering block grants for temporary assistance to needy families under title IV of the Social Security Act, the State council on disabilities, the State vocational rehabilitation agency, other State agencies that promote the improvement of adult education, basic skills, and family literacy education programs, and direct providers of such programs; and

(B) may include consultation with the State agency on higher education, institutions responsible for professional development of adult education, basic skills, and family literacy education programs instructors, representatives of business and industry, refugee assistance programs, and faith-based organizations;

(10) a description of the eligible agency's strategies for serving populations that include, at a minimum—

(A) low-income individuals;

(B) individuals with disabilities;

(C) the unemployed;

(D) the underemployed; and

(E) individuals with multiple barriers to educational enhancement, including individuals with limited English proficiency;

(11) a description of how the adult education, basic skills, and family literacy education programs that will be carried out with any funds received under this title will be integrated with other adult education, career development, and employment and training activities in the State or outlying area served by the eligible agency;

(12) a description of the steps the eligible agency will take to ensure direct and equitable access, as required in section 231(c)(1), including—

(A) how the State will build the capacity of community-based and faith-based organizations to provide adult education, basic skills, and family literacy education programs; and

(B) how the State will increase the participation of business and industry in adult education, basic skills, and family literacy education programs;

(13) an assessment of the adequacy of the system of the State or outlying area to ensure teacher quality and a description of how the State or outlying area will use funds received under this subtitle to improve teacher quality, including professional development on the use of scientifically based research to improve instruction; and

(14) a description of how the eligible agency will consult with any State agency responsible for postsecondary education to develop adult education that prepares students to enter postsecondary education without the need for remediation upon completion of secondary school equivalency programs.

(c) **PLAN REVISIONS.**—When changes in conditions or other factors require substantial revisions to an approved State plan, the eligible agency shall submit the revisions of the State plan to the Secretary.

(d) **CONSULTATION.**—The eligible agency shall—

(1) submit the State plan, and any revisions to the State plan, to the Governor, the chief State school officer, or the State officer responsible for administering community or technical colleges, or outlying area for review and comment; and

(2) ensure that any comments regarding the State plan by the Governor, the chief State school officer, or the State officer responsible for administering community or technical colleges, and any revision to the State plan, are submitted to the Secretary.

(e) **PLAN APPROVAL.**—A State plan submitted to the Secretary shall be approved by the Secretary only if the plan is consistent with the specific provisions of this title.

SEC. 225. PROGRAMS FOR CORRECTIONS EDUCATION AND OTHER INSTITUTIONALIZED INDIVIDUALS.

(a) **PROGRAM AUTHORIZED.**—From funds made available under section 222(a)(1) for a fiscal year, each eligible agency shall carry out corrections education and education for other institutionalized individuals.

(b) **USES OF FUNDS.**—The funds described in subsection (a) shall be used for the cost of educational programs for criminal offenders in correctional institutions and for other institutionalized individuals, including academic programs for—

(1) basic skills education;

(2) special education programs as determined by the eligible agency;

(3) reading, writing, speaking, and math programs; and

(4) secondary school credit or diploma programs or their recognized equivalent.

(c) **PRIORITY.**—Each eligible agency that is using assistance provided under this section to carry out a program for criminal offenders within a correctional institution shall give priority to serving individuals who are likely to leave the correctional institution within 5 years of participation in the program.

(d) **DEFINITIONS.**—For purposes of this section:

(1) **CORRECTIONAL INSTITUTION.**—The term “correctional institution” means any—

(A) prison;

(B) jail;

(C) reformatory;

(D) work farm;

(E) detention center; or

(F) halfway house, community-based rehabilitation center, or any other similar institution designed for the confinement or rehabilitation of criminal offenders.

(2) **CRIMINAL OFFENDER.**—The term “criminal offender” means any individual who is charged with, or convicted of, any criminal offense.

CHAPTER 3—LOCAL PROVISIONS

SEC. 231. GRANTS AND CONTRACTS FOR ELIGIBLE PROVIDERS.

(a) **GRANTS AND CONTRACTS.**—From grant funds made available under section 211(b), each eligible agency shall award multiyear grants or contracts, on a competitive basis, to eligible providers within the State or outlying area that meet the conditions and requirements of this title to enable the eligible providers to develop, implement, and improve adult education, basic skills, and family literacy education programs within the State.

(b) **LOCAL ACTIVITIES.**—The eligible agency shall require eligible providers receiving a grant or contract under subsection (a) to establish or operate one or more programs of instruction that provide services or instruction in one or more of the following categories:

(1) Adult education, basic skills, and family literacy education programs (including proficiency in reading, writing, speaking, and math).

(2) Workplace literacy programs.

(3) English language acquisition programs.

(4) Family literacy education programs.

(c) **DIRECT AND EQUITABLE ACCESS; SAME PROCESS.**—Each eligible agency receiving funds under this title shall ensure that—

(1) all eligible providers have direct and equitable access to apply for grants or contracts under this section; and

(2) the same grant or contract announcement process and application process is used for all eligible providers in the State or outlying area.

(d) **MEASURABLE GOALS.**—The eligible agency shall require eligible providers receiving a grant or contract under subsection (a) to demonstrate—

(1) the eligible provider's measurable goals for participant outcomes to be achieved annually on the core indicators of performance and employment performance indicators described in section 212(b)(2);

(2) the past effectiveness of the eligible provider in improving the basic academic skills of adults and, for eligible providers receiving grants in the prior year, the success of the eligible provider receiving funding under this title in exceeding its performance goals in the prior year;

(3) the commitment of the eligible provider to serve individuals in the community who are the most in need of basic academic skills instruction services, including individuals who are low-income or have minimal reading, writing, speaking, and math skills, or limited English proficiency;

(4) the program—

(A) is of sufficient intensity and duration for participants to achieve substantial learning gains; and

(B) uses instructional practices that include the essential components of reading instruction;

(5) educational practices are based on scientifically based research;

(6) the activities of the eligible provider effectively employ advances in technology, as appropriate, including the use of computers;

(7) the activities provide instruction in real-life contexts, when appropriate, to ensure that an individual has the skills needed to compete in the workplace and exercise the rights and responsibilities of citizenship;

(8) the activities are staffed by well-trained instructors, counselors, and administrators;

(9) the activities are coordinated with other available resources in the community, such as through strong links with elementary schools and secondary schools, postsecondary educational institutions, one-stop centers, job training programs, community-based and faith-based organizations, and social service agencies;

(10) the activities offer flexible schedules and support services (such as child care and transportation) that are necessary to enable individuals, including individuals with disabilities or other special needs, to attend and complete programs;

(11) the activities include a high-quality information management system that has the capacity to report measurable participant outcomes and to monitor program performance against the performance measures established by the eligible agency;

(12) the local communities have a demonstrated need for additional English language acquisition programs;

(13) the capacity of the eligible provider to produce valid information on performance results, including enrollments and measurable participant outcomes;

(14) adult education, basic skills, and family literacy education programs offer rigorous reading, writing, speaking, and math content that are based on scientifically based research; and

(15) applications of technology, and services to be provided by the eligible providers, are of sufficient intensity and duration to

increase the amount and quality of learning and lead to measurable learning gains within specified time periods.

(e) SPECIAL RULE.—Eligible providers may use grant funds under this title to serve children participating in family literacy programs assisted under this part, provided that other sources of funds available to provide similar services for such children are used first.

SEC. 232. LOCAL APPLICATION.

Each eligible provider desiring a grant or contract under this title shall submit an application to the eligible agency containing such information and assurances as the eligible agency may require, including—

(1) a description of how funds awarded under this title will be spent consistent with the requirements of this title;

(2) a description of any cooperative arrangements the eligible provider has with other agencies, institutions, or organizations for the delivery of adult education, basic skills, and family literacy education programs; and

(3) each of the demonstrations required by section 231(d).

SEC. 233. LOCAL ADMINISTRATIVE COST LIMITS.

(a) IN GENERAL.—Subject to subsection (b), of the amount that is made available under this title to an eligible provider—

(1) at least 95 percent shall be expended for carrying out adult education, basic skills, and family literacy education programs; and

(2) the remaining amount shall be used for planning, administration, personnel and professional development, development of measurable goals in reading, writing, speaking, and math, and interagency coordination.

(b) SPECIAL RULE.—In cases where the cost limits described in subsection (a) are too restrictive to allow for adequate planning, administration, personnel development, and interagency coordination, the eligible provider may negotiate with the eligible agency in order to determine an adequate level of funds to be used for noninstructional purposes.

CHAPTER 4—GENERAL PROVISIONS

SEC. 241. ADMINISTRATIVE PROVISIONS.

(a) SUPPLEMENT NOT SUPPLANT.—Funds made available for adult education, basic skills, and family literacy education programs under this title shall supplement and not supplant other State or local public funds expended for adult education, basic skills, and family literacy education programs.

(b) MAINTENANCE OF EFFORT.—

(1) IN GENERAL.—

(A) DETERMINATION.—An eligible agency may receive funds under this title for any fiscal year if the Secretary finds that the fiscal effort per student or the aggregate expenditures of such eligible agency for activities under this title, in the second preceding fiscal year, were not less than 90 percent of the fiscal effort per student or the aggregate expenditures of such eligible agency for adult education, basic skills, and family literacy education programs, in the third preceding fiscal year.

(B) *PROPORTIONATE REDUCTION.*—Subject to paragraphs (2), (3), and (4), for any fiscal year with respect to which the Secretary determines under subparagraph (A) that the fiscal effort or the aggregate expenditures of an eligible agency for the preceding program year were less than such effort or expenditures for the second preceding program year, the Secretary—

(i) shall determine the percentage decreases in such effort or in such expenditures; and

(ii) shall decrease the payment made under this title for such program year to the agency for adult education, basic skills, and family literacy education programs by the lesser of such percentages.

(2) *COMPUTATION.*—In computing the fiscal effort and aggregate expenditures under paragraph (1), the Secretary shall exclude capital expenditures and special one-time project costs.

(3) *DECREASE IN FEDERAL SUPPORT.*—If the amount made available for adult education, basic skills, and family literacy education programs under this title for a fiscal year is less than the amount made available for adult education, basic skills, and family literacy education programs under this title for the preceding fiscal year, then the fiscal effort per student and the aggregate expenditures of an eligible agency required in order to avoid a reduction under paragraph (1)(B) shall be decreased by the same percentage as the percentage decrease in the amount so made available.

(4) *WAIVER.*—The Secretary may waive the requirements of this subsection for not more than 1 fiscal year, if the Secretary determines that a waiver would be equitable due to exceptional or uncontrollable circumstances, such as a natural disaster or an unforeseen and precipitous decline in the financial resources of the State or outlying area of the eligible agency. If the Secretary grants a waiver under the preceding sentence for a fiscal year, the level of effort required under paragraph (1) shall not be reduced in the subsequent fiscal year because of the waiver.

SEC. 242. NATIONAL INSTITUTE FOR LITERACY.

(a) *IN GENERAL.*—

(1) *PURPOSE.*—The purpose of the National Institute for Literacy is to promote the improvement of literacy, including skills in reading, writing, and English language acquisition for children, youth, and adults, through practices derived from the findings of scientifically based research.

(2) *ESTABLISHMENT.*—There is established a National Institute for Literacy (in this section referred to as the “Institute”). The Institute shall be administered under the terms of an interagency agreement entered into, reviewed annually, and modified as needed by the Secretary of Education with the Secretary of Health and Human Services and the Secretary of Labor (in this section referred to as the “Interagency Group”).

(3) *OFFICES.*—The Institute shall have offices separate from the offices of the Department of Education, the Department of Health and Human Services, and the Department of Labor.

(4) *ADMINISTRATIVE SUPPORT.*—The Department of Education shall provide administrative support for the Institute.

(5) *DAILY OPERATIONS.*—*The Director of the Institute shall administer the daily operations of the Institute.*

(b) *DUTIES.*—

(1) *IN GENERAL.*—*To carry out its purpose, the Institute may—*

(A) *identify and disseminate rigorous scientific research on the effectiveness of instructional practices and organizational strategies relating to programs on the acquisition of skills in reading, writing, and English language acquisition for children, youth, and adults;*

(B) *create and widely disseminate materials about the acquisition and application of skills in reading, writing, and English language acquisition for children, youth, and adults based on scientifically based research;*

(C) *ensure a broad understanding of scientifically based research on reading, writing, and English language acquisition for children, youth, and adults among Federal agencies with responsibilities for administering programs that provide related services, including State and local educational agencies;*

(D) *facilitate coordination and information sharing among national organizations and associations interested in programs that provide services to improve skills in reading, writing, and English language acquisition for children, youth, and adults;*

(E) *coordinate with the appropriate offices in the Department of Education, the Department of Health and Human Services, the Department of Labor, and other Federal agencies to apply the findings of scientifically based research related to programs on reading, writing, and English language acquisition for children, youth, and adults;*

(F) *establish a national electronic database and Internet site describing and fostering communication on scientifically based programs in reading, writing, and English language acquisition for children, youth, and adults, including professional development programs; and*

(G) *provide opportunities for technical assistance, meetings, and conferences that will foster increased coordination among Federal, State, and local agencies and entities and improvement of reading, writing, and English language acquisition skills for children, youth, and adults.*

(2) *COORDINATION.*—*In identifying scientifically based research on reading, writing, and English language acquisition for children, youth, and adults, the Institute shall use standards for research quality that are consistent with those established by the Institute of Education Sciences.*

(3) *GRANTS, CONTRACTS, AND COOPERATIVE AGREEMENTS.*—

(A) *IN GENERAL.*—*The Institute may award grants to, or enter into contracts or cooperative agreements with, individuals, public or private institutions, agencies, organizations, or consortia of such individuals, institutions, agencies, or organizations, to carry out the activities of the Institute.*

(B) *REGULATIONS.*—The Director may adopt the general administrative regulations of the Department of Education, as applicable, for use by the Institute.

(C) *RELATION TO OTHER LAWS.*—The duties and powers of the Institute under this title are in addition to the duties and powers of the Institute under subparts 1, 2, and 3 of part B of the Elementary and Secondary Education Act of 1965 (commonly referred to as *Reading First*, *Early Reading First*, and the *William F. Goodling Even Start Family Literacy Program*, respectively).

(c) *VISITING SCHOLARS.*—The Institute may establish a visiting scholars program, with such stipends and allowances as the Director considers necessary, for outstanding researchers, scholars, and individuals who—

(1) have careers in adult education, workforce development, or scientifically based reading, writing, or English language acquisition; and

(2) can assist the Institute in translating research into practice and providing analysis that advances instruction in the fields of reading, writing, and English language acquisition for children, youth, and adults.

(d) *INTERNS AND VOLUNTEERS.*—The Institute, in consultation with the National Institute for Literacy Advisory Board, may award paid and unpaid internships to individuals seeking to assist the Institute in carrying out its purpose. Notwithstanding section 1342 of title 31, United States Code, the Institute may accept and use voluntary and uncompensated services as the Institute determines necessary.

(e) *NATIONAL INSTITUTE FOR LITERACY ADVISORY BOARD.*—

(1) *ESTABLISHMENT.*—

(A) *IN GENERAL.*—There shall be a National Institute for Literacy Advisory Board (in this section referred to as the “Board”), which shall consist of 10 individuals appointed by the President with the advice and consent of the Senate.

(B) *QUALIFICATIONS.*—The Board shall be composed of individuals who—

(i) are not otherwise officers or employees of the Federal Government; and

(ii) are knowledgeable about current effective scientifically based research findings on instruction in reading, writing, and English language acquisition for children, youth, and adults.

(C) *COMPOSITION.*—The Board may include—

(i) representatives of business, industry, labor, literacy organizations, adult education providers, community colleges, students with disabilities, and State agencies, including State directors of adult education; and

(ii) individuals who, and representatives of entities that, have been successful in improving skills in reading, writing, and English language acquisition for children, youth, and adults.

(2) *DUTIES.*—The Board shall—

(A) make recommendations concerning the appointment of the Director of the Institute;

(B) provide independent advice on the operation of the Institute;

(C) receive reports from the Interagency Group and the Director; and

(D) review the biennial report to the Congress under subsection (k).

(3) *FEDERAL ADVISORY COMMITTEE ACT.*—Except as otherwise provided, the Board shall be subject to the provisions of the Federal Advisory Committee Act.

(4) *APPOINTMENTS.*—

(A) *IN GENERAL.*—Each member of the Board shall be appointed for a term of 3 years, except that the initial terms for members may be 1, 2, or 3 years in order to establish a rotation in which one-third of the members are selected each year. Any such member may be appointed for not more than 2 consecutive terms.

(B) *VACANCIES.*—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until a successor has taken office.

(5) *QUORUM.*—A majority of the members of the Board shall constitute a quorum, but a lesser number may hold hearings. A recommendation of the Board may be passed only by a majority of the Board's members present at a meeting for which there is a quorum.

(6) *ELECTION OF OFFICERS.*—The Chairperson and Vice Chairperson of the Board shall be elected by the members of the Board. The term of office of the Chairperson and Vice Chairperson shall be 2 years.

(7) *MEETINGS.*—The Board shall meet at the call of the Chairperson or a majority of the members of the Board.

(f) *GIFTS, BEQUESTS, AND DEVISES.*—

(1) *IN GENERAL.*—The Institute may accept, administer, and use gifts or donations of services, money, or property, whether real or personal, tangible or intangible.

(2) *RULES.*—The Board shall establish written rules setting forth the criteria to be used by the Institute in determining whether the acceptance of contributions of services, money, or property whether real or personal, tangible or intangible, would reflect unfavorably upon the ability of the Institute or any employee to carry out the responsibilities of the Institute or employee, or official duties, in a fair and objective manner, or would compromise the integrity, or the appearance of the integrity, of the Institute's programs or any official involved in those programs.

(g) *MAILS.*—The Board and the Institute may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

(h) *DIRECTOR.*—The Secretary of Education, after considering recommendations made by the Board and consulting with the Interagency Group, shall appoint and fix the pay of the Director of the Institute and, when necessary, shall appoint an Interim Director of the Institute.

(i) **APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.**—*The Director and staff of the Institute may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of the annual rate of basic pay payable for level IV of the Executive Schedule.*

(j) **EXPERTS AND CONSULTANTS.**—*The Institute may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.*

(k) **BIENNIAL REPORT.**—

(1) **IN GENERAL.**—*The Institute shall submit a report biennially to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate. Each report submitted under this subsection shall include—*

(A) *a comprehensive and detailed description of the Institute's operations, activities, financial condition, and accomplishments in identifying and describing programs on reading, writing, and English language acquisition for children, youth, and adults for the period covered by the report; and*

(B) *a description of how plans for the operation of the Institute for the succeeding 2 fiscal years will facilitate achievement of the purpose of the Institute.*

(2) **FIRST REPORT.**—*The Institute shall submit its first report under this subsection to the Congress not later than 1 year after the date of the enactment of the Job Training Improvement Act of 2005.*

(l) **ADDITIONAL FUNDING.**—*In addition to the funds authorized under section 205 and reserved for the Institute under section 211, the Secretary of Education, the Secretary of Health and Human Services, the Secretary of Labor, or the head of any other Federal agency or department that participates in the activities of the Institute may provide funds to the Institute for activities that the Institute is authorized to perform under this section.*

SEC. 243. NATIONAL LEADERSHIP ACTIVITIES.

The Secretary shall establish and carry out a program of national leadership activities that may include the following:

(1) **Technical assistance, on request, including assistance—**

(A) *on request to volunteer community- and faith-based organizations, including but not limited to, improving their fiscal management, research-based instruction, and reporting requirements, and the development of measurable objectives to carry out the requirements of this title;*

(B) *in developing valid, measurable, and reliable performance data, and using performance information for the improvement of adult education basic skills, English language acquisition, and family literacy education programs;*

(C) *on adult education professional development; and*

(D) *in using distance learning and improving the application of technology in the classroom, including instruction*

in English language acquisition for individuals who have limited English proficiency.

(2) Providing for the conduct of research on national literacy basic skill acquisition levels among adults, including the number of limited English proficient adults functioning at different levels of reading proficiency.

(3) Improving the coordination, efficiency, and effectiveness of adult education and workforce development services at the national, State, and local levels.

(4) Determining how participation in adult education basic skills, English language acquisition, and family literacy education programs prepares individuals for entry into and success in postsecondary education and employment, and in the case of prison-based services, the effect on recidivism.

(5) Evaluating how different types of providers, including community and faith-based organizations or private for-profit agencies measurably improve the skills of participants in adult education basic skills, English language acquisition, and family literacy education programs.

(6) Identifying model integrated basic and workplace skills education programs, including programs for individuals with limited English proficiency coordinated literacy and employment services, and effective strategies for serving adults with disabilities.

(7) Supporting the development of an entity that would produce and distribute technology-based programs and materials for adult education, basic skills, and family literacy education programs using an intercommunication system, as that term is defined in section 397 of the Communications Act of 1934, and expand the effective outreach and use of such programs and materials to adult education eligible providers.

(8) Initiating other activities designed to improve the measurable quality and effectiveness of adult education basic skills, English language acquisition, and family literacy education programs nationwide.

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TITLE V—GENERAL PROVISIONS

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[SEC. 502. DEFINITIONS FOR INDICATORS OF PERFORMANCE.

[(a) IN GENERAL.—In order to ensure nationwide comparability of performance data, the Secretary of Labor and the Secretary of Education, after consultation with the representatives described in subsection (b), shall issue definitions for indicators of performance and levels of performance established under titles I and II.

[(b) REPRESENTATIVES.—The representatives referred to in subsection (a) are representatives of States (as defined in section 101) and political subdivisions, business and industry, employees, eligible providers of employment and training activities (as defined in section 101), educators, participants in activities carried out under this Act, State Directors of adult education, providers of adult education, providers of literacy services, individuals with expertise in serving the employment and training needs of eligible youth (as de-

fined in section 101), parents, and other interested parties, with expertise regarding activities authorized under this Act.

SEC. 503. INCENTIVE GRANTS.

[(a) IN GENERAL.—Beginning on July 1, 2000, the Secretary shall award a grant to each State that exceeds the State adjusted levels of performance for title I, the adjusted levels of performance for title II, and the levels of performance for programs under Public Law 105–332 (20 U.S.C. 2301 et seq.), for the purpose of carrying out an innovative program consistent with the requirements of any one or more of the programs within title I, title II, or such Public Law, respectively.

[(b) APPLICATION.—

[(1) IN GENERAL.—The Secretary may provide a grant to a State under subsection (a) only if the State submits an application to the Secretary for the grant that meets the requirements of paragraph (2).

[(2) REQUIREMENTS.—The Secretary may review an application described in paragraph (1) only to ensure that the application contains the following assurances:

[(A) The legislature of the State was consulted with respect to the development of the application.

[(B) The application was approved by the Governor, the eligible agency (as defined in section 203), and the State agency responsible for programs established under Public Law 105–332 (20 U.S.C. 2301 et seq.).

[(C) The State and the eligible agency, as appropriate, exceeded the State adjusted levels of performance for title I, the expected levels of performance for title II, and the levels of performance for programs under Public Law 105–332 (20 U.S.C. 2301 et seq.).

[(c) AMOUNT.—

[(1) MINIMUM AND MAXIMUM GRANT AMOUNTS.—Subject to paragraph (2), a grant provided to a State under subsection (a) shall be awarded in an amount that is not less than \$750,000 and not more than \$3,000,000.

[(2) PROPORTIONATE REDUCTION.—If the amount available for grants under this section for a fiscal year is insufficient to award a grant to each State or eligible agency that is eligible for a grant, the Secretary shall reduce the minimum and maximum grant amount by a uniform percentage.

[(d) Notwithstanding any other provision of this section, for fiscal year 2000, the Secretary shall not consider the expected levels of performance under Public Law 105–332 (20 U.S.C. 2301 et seq.) and shall not award a grant under subsection (a) based on the levels of performance for that Act.]

* * * * *

WAGNER-PEYSER ACT

[SECTION 1. In order to promote the establishment and maintenance of a national system of public employment offices, the United States Employment Service shall be established and maintained within the Department of Labor.

[SEC. 2. For purposes of this Act—

[(1) the term “chief elected official” has the same meaning given that term under the Workforce Investment Act of 1998;

[(2) the term “local workforce investment board” means a local workforce investment board established under section 117 of the Workforce Investment Act of 1998;

[(3) the term “one-stop delivery system” means a one-stop delivery system described in section 134(c) of the Workforce Investment Act of 1998;

[(4) the term “Secretary” means the Secretary of Labor; and

[(5) the term “State” means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, and the Virgin Islands.

[SEC. 3. (a) The Secretary shall assist in coordinating the State public employment services throughout the country and in increasing their usefulness by developing and prescribing minimum standards of efficiency, assisting them in meeting problems peculiar to their localities, promoting uniformity in their administrative and statistical procedure, furnishing and publishing information as to opportunities for employment and other information of value in the operation of the system, and maintaining a system for clearing labor between the States.

[(b) It shall be the duty of the Secretary to assure that unemployment insurance and employment service offices in each State, as appropriate, upon request of a public agency administering or supervising the administration of a State program funded under part A of title IV of the Social Security Act, of a public agency charged with any duty or responsibility under any program or activity authorized or required under part D of title IV of such Act, or of a State agency charged with the administration of the food stamp program in a State under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), shall (and, notwithstanding any other provision of law, is authorized to) furnish to such agency making the request, from any data contained in the files of any such office, information with respect to any individual specified in the request as to (1) whether such individual is receiving, has received, or has made application for, unemployment compensation, and the amount of any such compensation being received by such individual, (2) the current (or most recent) home address of such individual, and (3) whether such individual has refused an offer of employment and, if so, a description of the employment so offered and the terms, conditions, and rate of pay therefor.

[(c) The Secretary shall—

[(1) assist in the coordination and development of a nationwide system of public labor exchange services, provided as part of the one-stop customer service systems of the States;

[(2) assist in the development of continuous improvement models for such nationwide system that ensure private sector satisfaction with the system and meet the demands of job-seekers relating to the system; and

[(3) ensure, for individuals otherwise eligible to receive unemployment compensation, the provision of reemployment services and other activities in which the individuals are required to participate to receive the compensation.

[SEC. 4. In order to obtain the benefits of appropriations apportioned under section 5, a State shall, pursuant to State statute, ac-

cept the provisions of this Act and, in accordance with such State statute, the Governor shall designate or authorize the creation of a State agency vested with all powers necessary to cooperate with the Secretary under this Act.

【SEC. 5. (a) There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts from time to time as the Congress may deem necessary to carry out the purposes of this Act.

【(b) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State which—

【(1) except in the case of Guam, has an unemployment compensation law approved by the Secretary under the Federal Unemployment Tax Act and is found to be in compliance with section 303 of the Social Security Act, as amended,

【(2) is found to have coordinated the public employment services with the provision of unemployment insurance claimant services, and

【(3) is found to be in compliance with this Act, such amounts as the Secretary determines to be necessary for allotment in accordance with section 6.

【(c)(1) Beginning with fiscal year 1985 and thereafter appropriations for any fiscal year for programs and activities assisted or conducted under this Act shall be available for obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made.

【(2) Funds obligated for any program year may be expended by the State during that program year and the two succeeding program years and no amount shall be deobligated on account of a rate of expenditure which is consistent with the program plan.

【(3)(A) Appropriations for fiscal year 1984 shall be available both to fund activities for the period between October 1, 1983, and July 1, 1984, and for the program year beginning July 1, 1984.

【(B) There are authorized to be appropriated such additional sums as may be necessary to carry out the provisions of this paragraph for the transition to program year funding.

【SEC. 6. (a) From the amounts appropriated pursuant to section 5 for each fiscal year, the Secretary shall first allot to Guam and the Virgin Islands an amount which, in relation to the total amount available for the fiscal year, is equal to the allotment percentage which each received of amounts available under this Act in fiscal year 1983.

【(b)(1) Subject to paragraphs (2), (3), and (4) of this subsection, the Secretary shall allot the remainder of the sums appropriated and certified pursuant to section 5 of this Act for each fiscal year among the States as follows:

【(A) two-thirds of such sums shall be allotted on the basis of the relative number of individuals in the civilian labor force in each State as compared to the total number of such individuals in all States; and

【(B) one-third of such sums shall be allotted on the basis of the relative number of unemployed individuals in each State as compared to the total number of such individuals in all States. For purposes of this paragraph, the number of individuals in the civilian labor force and the number of unemployed individuals shall

be based on data for the most recent calendar year available, as determined by the Secretary.

[(2) No State's allotment under this section for any fiscal year shall be less than 90 percent of its allotment percentage for the fiscal year preceding the fiscal year for which the determination is made. For the purpose of this section, the Secretary shall determine the allotment percentage for each State (including Guam and the Virgin Islands) for fiscal year 1984 which is the percentage that the State received under this Act for fiscal year 1983 of the total amounts available for payments to all States for such fiscal year. For each succeeding fiscal year, the allotment percentage for each such State shall be the percentage that the State received under this Act for the preceding fiscal year of the total amounts available for allotments for all States for such fiscal year.

[(3) For each fiscal year, no State shall receive a total allotment under paragraphs (1) and (2) which is less than 0.28 percent of the total amount available for allotments for all States.

[(4) The Secretary shall reserve such amount, not to exceed 3 percent of the sums available for allotments under this section for each fiscal year, as shall be necessary to assure that each State will have a total allotment under this section sufficient to provide staff and other resources necessary to carry out employment service activities and related administrative and support functions on a statewide basis.

[(5) The Secretary shall, not later than March 15 of fiscal year 1983 and each succeeding fiscal year, provide preliminary planning estimates and shall, not later than May 15 of each such fiscal year, provide final planning estimates, showing each State's projected allocation for the following year.

[SEC. 7. (a) Ninety percent of the sums allotted to each State pursuant to section 6 may be used—

[(1) for job search and placement services to job seekers including counseling, testing, occupational and labor market information, assessment, and referral to employers;

[(2) for appropriate recruitment services and special technical services for employers; and

[(3) for any of the following activities:

[(A) evaluation of programs;

[(B) developing linkages between services funded under this Act and related Federal or State legislation, including the provision of labor exchange services at education sites;

[(C) providing services for workers who have received notice of permanent layoff or impending layoff, or workers in occupations which are experiencing limited demand due to technological change, impact of imports, or plant closures;

[(D) developing and providing labor market and occupational information;

[(E) developing a management information system and compiling and analyzing reports therefrom; and

[(F) administering the work test for the State unemployment compensation system and providing job finding and placement services for unemployment insurance claimants.

[(b) Ten percent of the sums allotted to each State pursuant to section 6 shall be reserved for use in accordance with this subsection by the Governor of each such State to provide—

[(1) performance incentives for public employment service offices and programs, consistent with performance standards established by the Secretary, taking into account direct or indirect placements (including those resulting from self-directed job search or group job search activities assisted by such offices or programs), wages on entered employment, retention, and other appropriate factors;

[(2) services for groups with special needs, carried out pursuant to joint agreements between the employment service and the appropriate local workforce investment board and chief elected official or officials or other public agencies or private nonprofit organizations; and

[(3) the extra costs of exemplary models for delivering services of the types described in subsection (a).

[(c)(1) Funds made available to States under this section may be used to provide additional funds under an applicable program if—

[(A) such program otherwise meets the requirements of this Act and the requirements of the applicable program;

[(B) such program serves the same individuals that are served under this Act;

[(C) such program provides services in a coordinated manner with services provided under this Act; and

[(D) such funds would be used to supplement, and not supplant, funds provided from non-Federal sources.

[(2) For purposes of this subsection, the term “applicable program” means any workforce investment activity carried out under the Workforce Investment Act of 1998.

[(d) In addition to the services and activities otherwise authorized by this Act, the Secretary or any State agency designated under this Act may perform such other services and activities as shall be specified in contracts for payment or reimbursement of the costs thereof made with the Secretary or with any Federal, State, or local public agency, or administrative entity under the Workforce Investment Act of 1998, or private nonprofit organization.

[(e) All job search, placement, recruitment, labor employment statistics, and other labor exchange services authorized under subsection (a) shall be provided, consistent with the other requirements of this Act, as part of the one-stop delivery system established by the State.

[SEC. 8. (a) Any State desiring to receive assistance under this Act shall submit to the Secretary, as part of the State plan submitted under section 112 of the Workforce Investment Act of 1998, detailed plans for carrying out the provisions of this Act within such State.

[(b) Such plans shall include provision for the promotion and development of employment opportunities for handicapped persons and for job counseling and placement of such persons, and for the designation of at least one person in each State or Federal employment office, whose duties shall include the effectuation of such purposes. In those States where a State board, department, or agency exists which is charged with the administration of State laws for vocational rehabilitation of physically handicapped persons, such

plans shall include provision for cooperation between such board, department, or agency and the agency designated to cooperate with the United States Employment Service under this Act.

[(c) The part of the State plan described in subsection (a) shall include the information described in paragraphs (8) and (14) of section 112(b) of the Workforce Investment Act of 1998.

[(d) If such detailed plans are in conformity with the provisions of this Act and reasonably appropriate and adequate to carry out its purposes, they shall be approved by the Secretary of Labor and due notice of such approval shall be given to the State agency.

[SEC. 9. (a)(1) Each State shall establish such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursement of, and accounting for, Federal funds paid to the recipient under this Act. The Director of the Office of Management and Budget, in consultation with the Comptroller General of the United States, shall establish guidance for the proper performance of audits. Such guidance shall include a review of fiscal controls and fund accounting procedures established by States under this section.

[(2) At least once every two years, the State shall prepare or have prepared an independent financial and compliance audit of funds received under this Act.

[(3) Each audit shall be conducted in accordance with applicable auditing standards set forth in the financial and compliance element of the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions issued by the Comptroller General of the United States.

[(b)(1) The Comptroller General of the United States shall evaluate the expenditures by States of funds received under this Act in order to assure that expenditures are consistent with the provisions of this Act and to determine the effectiveness of the State in accomplishing the purposes of this Act. The Comptroller General shall conduct evaluations whenever determined necessary and shall periodically report to the Congress on the findings of such evaluations.

[(2) Nothing in this Act shall be deemed to relieve the Inspector General of the Department of Labor of his responsibilities under the Inspector General Act.

[(3) For the purpose of evaluating and reviewing programs established or provided for by this Act, the Comptroller General shall have access to and the right to copy any books, accounts, records, correspondence, or other documents pertinent to such programs that are in the possession, custody, or control of the State.

[(c) Each State shall repay to the United States amounts found not to have been expended in accordance with this Act. No such finding shall be made except after notice and opportunity for a fair hearing. The Secretary may offset such amounts against any other amount to which the recipient is or may be entitled under this Act.

[SEC. 10. (a) Each State shall keep records that are sufficient to permit the preparation of reports required by this Act and to permit the tracing of funds to a level of expenditure adequate to insure that the funds have not been spent unlawfully.

[(b)(1) The Secretary may investigate such facts, conditions, practices, or other matters which the Secretary finds necessary to

determine whether any State receiving funds under this Act or any official of such State has violated any provision of this Act.

[(2)(A) In order to evaluate compliance with the provisions of this Act, the Secretary shall conduct investigations of the use of funds received by States under this Act.

[(B) In order to insure compliance with the provisions of this Act, the Comptroller General of the United States may conduct investigations of the use of funds received under this Act by any State.

[(3) In conducting any investigation under this Act, the Secretary or the Comptroller General of the United States may not request new compilation of information not readily available to such State.

[(c) Each State receiving funds under this Act shall—

[(1) make such reports concerning its operations and expenditures in such form and containing such information as shall be prescribed by the Secretary, and

[(2) establish and maintain a management information system in accordance with guidelines established by the Secretary designed to facilitate the compilation and analysis of programmatic and financial data necessary for reporting, monitoring, and evaluating purposes.

[SEC. 11. In carrying out the provisions of this Act the Secretary is authorized and directed to provide for the giving of notice of strikes or lockouts to applicants before they are referred to employment.

[SEC. 12. The Secretary is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this Act.

[SEC. 13. (a) The Secretary is authorized to establish performance standards for activities under this Act which shall take into account the differences in priorities reflected in State plans.

[(b) (1) Nothing in this Act shall be construed to prohibit the referral of any applicant to private agencies as long as the applicant is not charged a fee.

[(2) No funds paid under this Act may be used by any State for advertising in newspapers for high paying jobs unless such State submits an annual report to the Secretary beginning in December 1984 concerning such advertising and the justifications therefor, and the justification may include that such jobs are part of a State industrial development effort.]

SEC. 14. There are authorized to be appropriated such sums as may be necessary to enable the Secretary of *Labor* to provide funds through reimbursable agreements with the States to operate statistical programs which are essential for development of estimates of the gross national product and other national statistical series, including those related to employment and unemployment.

[SEC. 15. EMPLOYMENT STATISTICS.

[(a) SYSTEM CONTENT.—

[(1) IN GENERAL.—The Secretary, in accordance with the provisions of this section, shall oversee the development, maintenance, and continuous improvement of a nationwide employment statistics system of employment statistics that includes—

[(A) statistical data from cooperative statistical survey and projection programs and data from administrative reporting systems that, taken together, enumerate, estimate,

and project employment opportunities and conditions at national, State, and local levels in a timely manner, including statistics on—

[(i) employment and unemployment status of national, State, and local populations, including self-employed, part-time, and seasonal workers;

[(ii) industrial distribution of occupations, as well as current and projected employment opportunities, wages, benefits (where data is available), and skill trends by occupation and industry, with particular attention paid to State and local conditions;

[(iii) the incidence of, industrial and geographical location of, and number of workers displaced by, permanent layoffs and plant closings; and

[(iv) employment and earnings information maintained in a longitudinal manner to be used for research and program evaluation;

[(B) information on State and local employment opportunities, and other appropriate statistical data related to labor market dynamics, which—

[(i) shall be current and comprehensive;

[(ii) shall meet the needs identified through the consultations described in subparagraphs (A) and (B) of subsection (e)(2); and

[(iii) shall meet the needs for the information identified in section 134(d);

[(C) technical standards (which the Secretary shall publish annually) for data and information described in subparagraphs (A) and (B) that, at a minimum, meet the criteria of chapter 35 of title 44, United States Code;

[(D) procedures to ensure compatibility and additivity of the data and information described in subparagraphs (A) and (B) from national, State, and local levels;

[(E) procedures to support standardization and aggregation of data from administrative reporting systems described in subparagraph (A) of employment-related programs;

[(F) analysis of data and information described in subparagraphs (A) and (B) for uses such as—

[(i) national, State, and local policymaking;

[(ii) implementation of Federal policies (including allocation formulas);

[(iii) program planning and evaluation; and

[(iv) researching labor market dynamics;

[(G) wide dissemination of such data, information, and analysis in a user-friendly manner and voluntary technical standards for dissemination mechanisms; and

[(H) programs of—

[(i) training for effective data dissemination;

[(ii) research and demonstration; and

[(iii) programs and technical assistance.

[(2) INFORMATION TO BE CONFIDENTIAL.—

[(A) IN GENERAL.—No officer or employee of the Federal Government or agent of the Federal Government may—

[(i) use any submission that is furnished for exclusively statistical purposes under the provisions of this section for any purpose other than the statistical purposes for which the submission is furnished;

[(ii) make any publication or media transmittal of the data contained in the submission described in clause (i) that permits information concerning individual subjects to be reasonably inferred by either direct or indirect means; or

[(iii) permit anyone other than a sworn officer, employee, or agent of any Federal department or agency, or a contractor (including an employee of a contractor) of such department or agency, to examine an individual submission described in clause (i);

without the consent of the individual, agency, or other person who is the subject of the submission or provides that submission.

[(B) IMMUNITY FROM LEGAL PROCESS.—Any submission (including any data derived from the submission) that is collected and retained by a Federal department or agency, or an officer, employee, agent, or contractor of such a department or agency, for exclusively statistical purposes under this section shall be immune from the legal process and shall not, without the consent of the individual, agency, or other person who is the subject of the submission or provides that submission, be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceeding.

[(C) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to provide immunity from the legal process for such submission (including any data derived from the submission) if the submission is in the possession of any person, agency, or entity other than the Federal Government or an officer, employee, agent, or contractor of the Federal Government, or if the submission is independently collected, retained, or produced for purposes other than the purposes of this Act.

[(b) SYSTEM RESPONSIBILITIES.—

[(1) IN GENERAL.—The employment statistics system described in subsection (a) shall be planned, administered, overseen, and evaluated through a cooperative governance structure involving the Federal Government and States.

[(2) DUTIES.—The Secretary, with respect to data collection, analysis, and dissemination of labor employment statistics for the system, shall carry out the following duties:

[(A) Assign responsibilities within the Department of Labor for elements of the employment statistics system described in subsection (a) to ensure that all statistical and administrative data collected is consistent with appropriate Bureau of Labor Statistics standards and definitions.

[(B) Actively seek the cooperation of other Federal agencies to establish and maintain mechanisms for ensuring complementarity and nonduplication in the development

and operation of statistical and administrative data collection activities.

[(C) Eliminate gaps and duplication in statistical undertakings, with the systemization of wage surveys as an early priority.

[(D) In collaboration with the Bureau of Labor Statistics and States, develop and maintain the elements of the employment statistics system described in subsection (a), including the development of consistent procedures and definitions for use by the States in collecting the data and information described in subparagraphs (A) and (B) of subsection (a)(1).

[(E) Establish procedures for the system to ensure that—

[(i) such data and information are timely;

[(ii) paperwork and reporting for the system are reduced to a minimum; and

[(iii) States and localities are fully involved in the development and continuous improvement of the system at all levels, including ensuring the provision, to such States and localities, of budget information necessary for carrying out their responsibilities under subsection (e).

[(c) ANNUAL PLAN.—The Secretary, working through the Bureau of Labor Statistics, and in cooperation with the States, and with the assistance of other appropriate Federal agencies, shall prepare an annual plan which shall be the mechanism for achieving cooperative management of the nationwide employment statistics system described in subsection (a) and the statewide employment statistics systems that comprise the nationwide system. The plan shall—

[(1) describe the steps the Secretary has taken in the preceding year and will take in the following 5 years to carry out the duties described in subsection (b)(2);

[(2) include a report on the results of an annual consumer satisfaction review concerning the performance of the system, including the performance of the system in addressing the needs of Congress, States, localities, employers, jobseekers, and other consumers;

[(3) evaluate the performance of the system and recommend needed improvements, taking into consideration the results of the consumer satisfaction review, with particular attention to the improvements needed at the State and local levels;

[(4) justify the budget request for annual appropriations by describing priorities for the fiscal year succeeding the fiscal year in which the plan is developed and priorities for the 5 subsequent fiscal years for the system;

[(5) describe current (as of the date of the submission of the plan) spending and spending needs to carry out activities under this section, including the costs to States and localities of meeting the requirements of subsection (e)(2); and

[(6) describe the involvement of States in the development of the plan, through formal consultations conducted by the Secretary in cooperation with representatives of the Governors of every State, and with representatives of local workforce invest-

ment boards, pursuant to a process established by the Secretary in cooperation with the States.

[(d) COORDINATION WITH THE STATES.—The Secretary, working through the Bureau of Labor Statistics, and in cooperation with the States, shall—

[(1) develop the annual plan described in subsection (c) and address other employment statistics issues by holding formal consultations, at least once each quarter (beginning with the calendar quarter in which the Workforce Investment Act of 1998 is enacted) on the products and administration of the nationwide employment statistics system; and

[(2) hold the consultations with representatives from each of the 10 Federal regions of the Department of Labor, elected (pursuant to a process established by the Secretary) by and from the State employment statistics directors affiliated with the State agencies that perform the duties described in subsection (e)(2).

[(e) STATE RESPONSIBILITIES.—

[(1) DESIGNATION OF STATE AGENCY.—In order to receive Federal financial assistance under this section, the Governor of a State shall—

[(A) designate a single State agency to be responsible for the management of the portions of the employment statistics system described in subsection (a) that comprise a statewide employment statistics system and for the State's participation in the development of the annual plan; and

[(B) establish a process for the oversight of such system.

[(2) DUTIES.—In order to receive Federal financial assistance under this section, the State agency shall—

[(A) consult with State and local employers, participants, and local workforce investment boards about the labor market relevance of the data to be collected and disseminated through the statewide employment statistics system;

[(B) consult with State educational agencies and local educational agencies concerning the provision of employment statistics in order to meet the needs of secondary school and postsecondary school students who seek such information;

[(C) collect and disseminate for the system, on behalf of the State and localities in the State, the information and data described in subparagraphs (A) and (B) of subsection (a)(1);

[(D) maintain and continuously improve the statewide employment statistics system in accordance with this section;

[(E) perform contract and grant responsibilities for data collection, analysis, and dissemination for such system;

[(F) conduct such other data collection, analysis, and dissemination activities as will ensure an effective statewide employment statistics system;

[(G) actively seek the participation of other State and local agencies in data collection, analysis, and dissemination activities in order to ensure complementarity, compatibility, and usefulness of data;

[(H) participate in the development of the annual plan described in subsection (c); and

[(I) utilize the quarterly records described in section 136(f)(2) of the Workforce Investment Act of 1998 to assist the State and other States in measuring State progress on State performance measures.

[(3) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as limiting the ability of a State agency to conduct additional data collection, analysis, and dissemination activities with State funds or with Federal funds from sources other than this section.

[(f) NONDUPLICATION REQUIREMENT.—None of the functions and activities carried out pursuant to this section shall duplicate the functions and activities carried out under the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

[(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the fiscal years 1999 through 2004.

[(h) DEFINITION.—In this section, the term “local area” means the smallest geographical area for which data can be produced with statistical reliability.]

SEC. 15. WORKFORCE AND LABOR MARKET INFORMATION SYSTEM.

(a) *SYSTEM CONTENT.*—

(1) *IN GENERAL.*—*The Secretary of Labor, in accordance with the provisions of this section, shall oversee the development, maintenance, and continuous improvement of a nationwide workforce and labor market information system that includes—*

(A) *statistical data from cooperative statistical survey and projection programs and data from administrative reporting systems that, taken together, enumerate, estimate, and project employment opportunities and conditions at national, State, and local levels in a timely manner, including statistics on—*

(i) *employment and unemployment status of national, State, and local populations, including self-employed, part-time, and seasonal workers;*

(ii) *industrial distribution of occupations, as well as current and projected employment opportunities, wages, benefits (where data is available), and skill trends by occupation and industry, with particular attention paid to State and local conditions;*

(iii) *the incidence of, industrial and geographical location of, and number of workers displaced by, permanent layoffs and plant closings; and*

(iv) *employment and earnings information maintained in a longitudinal manner to be used for research and program evaluation;*

(B) *information on State and local employment opportunities, and other appropriate statistical data related to labor market dynamics, which—*

(i) *shall be current and comprehensive;*

(ii) *shall meet the needs identified through the consultations described in subparagraphs (A) and (B) of subsection (e)(2); and*

(iii) shall meet the needs for the information identified in section 134(d);

(C) technical standards (which the Secretary shall publish annually) for data and information described in subparagraphs (A) and (B) that, at a minimum, meet the criteria of chapter 35 of title 44, United States Code;

(D) procedures to ensure compatibility and additivity of the data and information described in subparagraphs (A) and (B) from national, State, and local levels;

(E) procedures to support standardization and aggregation of data from administrative reporting systems described in subparagraph (A) of employment-related programs;

(F) analysis of data and information described in subparagraphs (A) and (B) for uses such as—

(i) national, State, and local policymaking;

(ii) implementation of Federal policies (including allocation formulas);

(iii) program planning and evaluation; and

(iv) researching labor market dynamics;

(G) wide dissemination of such data, information, and analysis in a user-friendly manner and voluntary technical standards for dissemination mechanisms; and

(H) programs of—

(i) training for effective data dissemination;

(ii) research and demonstration; and

(iii) programs and technical assistance.

(2) INFORMATION TO BE CONFIDENTIAL.—

(A) IN GENERAL.—No officer or employee of the Federal Government or agent of the Federal Government may—

(i) use any submission that is furnished for exclusively statistical purposes under the provisions of this section for any purpose other than the statistical purposes for which the submission is furnished;

(ii) make any publication or media transmittal of the data contained in the submission described in clause (i) that permits information concerning individual subjects to be reasonably inferred by either direct or indirect means; or

(iii) permit anyone other than a sworn officer, employee, or agent of any Federal department or agency, or a contractor (including an employee of a contractor) of such department or agency, to examine an individual submission described in clause (i);

without the consent of the individual, agency, or other person who is the subject of the submission or provides that submission.

(B) IMMUNITY FROM LEGAL PROCESS.—Any submission (including any data derived from the submission) that is collected and retained by a Federal department or agency, or an officer, employee, agent, or contractor of such a department or agency, for exclusively statistical purposes under this section shall be immune from the legal process and shall not, without the consent of the individual, agency, or other person who is the subject of the submission or

provides that submission, be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceeding.

(C) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to provide immunity from the legal process for such submission (including any data derived from the submission) if the submission is in the possession of any person, agency, or entity other than the Federal Government or an officer, employee, agent, or contractor of the Federal Government, or if the submission is independently collected, retained, or produced for purposes other than the purposes of this Act.

(b) SYSTEM RESPONSIBILITIES.—

(1) IN GENERAL.—The workforce and labor market information system described in subsection (a) shall be planned, administered, overseen, and evaluated through a cooperative governance structure involving the Federal Government and States.

(2) DUTIES.—The Secretary, with respect to data collection, analysis, and dissemination of labor employment statistics for the system, shall carry out the following duties:

(A) Assign responsibilities within the Department of Labor for elements of the workforce and labor market information system described in subsection (a) to ensure that all statistical and administrative data collected is consistent with appropriate Bureau of Labor Statistics standards and definitions.

(B) Actively seek the cooperation of other Federal agencies to establish and maintain mechanisms for ensuring complementarity and nonduplication in the development and operation of statistical and administrative data collection activities.

(C) Eliminate gaps and duplication in statistical undertakings, with the systemization of wage surveys as an early priority.

(D) In collaboration with the Bureau of Labor Statistics and States, develop and maintain the elements of the workforce and labor market information system described in subsection (a), including the development of consistent procedures and definitions for use by the States in collecting the data and information described in subparagraphs (A) and (B) of subsection (a)(1).

(E) Establish procedures for the system to ensure that—

(i) such data and information are timely;

(ii) paperwork and reporting for the system are reduced to a minimum; and

(iii) States and localities are fully involved in the development and continuous improvement of the system at all levels, including ensuring the provision, to such States and localities, of budget information necessary for carrying out their responsibilities under subsection (e).

(c) NATIONAL ELECTRONIC TOOLS TO PROVIDE SERVICES.—The Secretary is authorized to assist in the development of national electronic tools that may be used to facilitate the delivery of core services described in section 134 and to provide workforce information

to individuals through the one-stop delivery systems described in section 121 and through other appropriate delivery systems.

(d) COORDINATION WITH THE STATES.—

(1) *IN GENERAL.*—The Secretary, working through the Bureau of Labor Statistics and the Employment and Training Administration, shall regularly consult with representatives of State agencies carrying out workforce information activities regarding strategies for improving the workforce and labor market information system.

(2) *FORMAL CONSULTATIONS.*—At least twice each year, the Secretary, working through the Bureau of Labor Statistics, shall conduct formal consultations regarding programs carried out by the Bureau of Labor Statistics with representatives of each of the 10 Federal regions of the Department of Labor, elected from the State directors affiliated with State agencies that perform the duties described in subsection (e)(2).

(e) STATE RESPONSIBILITIES.—

(1) *IN GENERAL.*—In order to receive Federal financial assistance under this section, the Governor of a State shall—

(A) be responsible for the management of the portions of the workforce and labor market information system described in subsection (a) that comprise a statewide workforce and labor market information system and for the State's participation in the development of the annual plan; and

(B) establish a process for the oversight of such system;

(C) consult with State and local employers, participants, and local workforce investment boards about the labor market relevance of the data to be collected and disseminated through the statewide workforce and labor market information system;

(D) consult with State educational agencies and local educational agencies concerning the provision of employment statistics in order to meet the needs of secondary school and postsecondary school students who seek such information;

(E) collect and disseminate for the system, on behalf of the State and localities in the State, the information and data described in subparagraphs (A) and (B) of subsection (a)(1);

(F) maintain and continuously improve the statewide workforce and labor market information system in accordance with this section;

(G) perform contract and grant responsibilities for data collection, analysis, and dissemination for such system;

(H) conduct such other data collection, analysis, and dissemination activities as will ensure an effective statewide workforce and labor market information system;

(I) actively seek the participation of other State and local agencies in data collection, analysis, and dissemination activities in order to ensure complementarity, compatibility, and usefulness of data;

(J) participate in the development of the annual plan described in subsection (c); and

(K) utilize the quarterly records described in section 136(f)(2) of the Workforce Investment Act of 1998 to assist the State and other States in measuring State progress on State performance measures.

(2) *RULE OF CONSTRUCTION.*—Nothing in this section shall be construed as limiting the ability of a Governor to conduct additional data collection, analysis, and dissemination activities with State funds or with Federal funds from sources other than this section.

(f) *NONDUPLICATION REQUIREMENT.*—None of the functions and activities carried out pursuant to this section shall duplicate the functions and activities carried out under the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

(g) *AUTHORIZATION OF APPROPRIATIONS.*—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the fiscal years 2006 through 2011.

(h) *DEFINITION.*—In this section, the term “local area” means the smallest geographical area for which data can be produced with statistical reliability.

* * * * *

REHABILITATION ACT OF 1973

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) * * *

(b) *TABLE OF CONTENTS.*—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

* * * * *

TITLE I—VOCATIONAL REHABILITATION SERVICES

* * * * *

PART B—BASIC VOCATIONAL REHABILITATION SERVICES

Sec. 110. State allotments.

Sec. 110A. *Reservation for expanded transition services.*

* * * * *

TITLE VII—INDEPENDENT LIVING SERVICES AND CENTERS FOR INDEPENDENT LIVING

CHAPTER 1—INDIVIDUALS WITH SIGNIFICANT DISABILITIES

PART A—GENERAL PROVISIONS

Sec. 701. Purpose.

* * * * *

Sec. 706. Responsibilities of the [Commissioner] *Director.*

* * * * *

SEC. 2. FINDINGS; PURPOSE; POLICY.

(a) *FINDINGS.*—Congress finds that—

(1) * * *

* * * * *

(5) individuals with disabilities continually encounter various forms of discrimination in such critical areas as employment,

housing, public accommodations, education, transportation, communication, recreation, institutionalization, health services, voting, and public services; [and]

(6) the goals of the Nation properly include the goal of providing individuals with disabilities with the tools necessary to—

(A) make informed choices and decisions; and

(B) achieve equality of opportunity, full inclusion and integration in society, employment, independent living, and economic and social self-sufficiency, for such individuals[.]; and

(7) there is a substantial need to improve and expand services for students with disabilities under this Act.

* * * * *

REHABILITATION SERVICES ADMINISTRATION

SEC. 3. (a) There is established in the [Office of the Secretary] Department of Education a Rehabilitation Services Administration which shall be headed by a [Commissioner] Director (hereinafter in this Act referred to as the “[Commissioner] Director”) appointed by the [President by and with the advice and consent of the Senate] Secretary, except that the Commissioner appointed under the authority existing on the day prior to the date of enactment of the Job Training Improvement Act of 2005 may continue to serve in the former capacity. Except for titles IV and V and as otherwise specifically provided in this Act, such Administration shall be the principal agency[, and the Commissioner shall be the principal officer,] of such Department for carrying out this Act. The [Commissioner] Director shall be an individual with substantial experience in rehabilitation and in rehabilitation program management. In the performance of the functions of the office, the [Commissioner] Director shall be directly responsible to the Secretary or to the Under Secretary or an appropriate Assistant Secretary of such Department, as designated by the Secretary. The functions of the [Commissioner] Director shall not be delegated to any officer not directly responsible, both with respect to program operation and administration, to the [Commissioner] Director. Any reference in this Act to duties to be carried out by the [Commissioner] Director shall be considered to be a reference to duties to be carried out by the Secretary acting through the [Commissioner] Director. In carrying out any of the functions of the office under this Act, the [Commissioner] Director shall be guided by general policies of the National Council on Disability established under title IV of this Act.

* * * * *

SEC. 7. DEFINITIONS.

For the purposes of this Act:

(1) * * *

* * * * *

(12) ESTABLISHMENT OF A COMMUNITY REHABILITATION PROGRAM.—The term “establishment of a community rehabilitation program” includes the acquisition, expansion, remodeling, or alteration of existing buildings necessary to adapt them to

community rehabilitation program purposes or to increase their effectiveness for such purposes (subject, however, to such limitations as the Secretary may determine, in accordance with regulations the Secretary shall prescribe, in order to prevent impairment of the objectives of, or duplication of, other Federal laws providing Federal assistance in the construction of facilities for community rehabilitation programs), and may include such additional equipment and staffing as the **【Commissioner】** Director considers appropriate.

* * * * *
 (35)(A) The term “student with a disability” means an individual with a disability who—

(i) is not younger than 16 and not older than 21;

(ii) has been determined to be eligible under section 102(a) for assistance under this title; and

(iii)(I) is eligible for, and is receiving, special education under part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.); or

(II) is an individual with a disability, for purposes of section 504.

(B) The term “students with disabilities” means more than 1 student with a disability.

【(35)】 (36) SUPPORTED EMPLOYMENT.—

(A) IN GENERAL.—The term “supported employment” means competitive work in integrated work settings, or employment in integrated work settings in which individuals are working toward competitive work, consistent with the strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individuals, for individuals with the most significant disabilities—

(i) * * *

(ii) who, because of the nature and severity of their disability, need intensive supported employment services for the period, and any extension, described in **【paragraph (36)(C)】** paragraph (37)(C) and extended services after the transition described in paragraph (13)(C) in order to perform such work.

* * * * *
【(36)】 (37) SUPPORTED EMPLOYMENT SERVICES.—The term “supported employment services” means ongoing support services and other appropriate services needed to support and maintain an individual with a most significant disability in supported employment, that—

(A) * * *

* * * * *
【(37)】 (38) TRANSITION SERVICES.—The term “transition services” means a coordinated set of activities for a student, designed within an outcome-oriented process, that promotes movement from school to post school activities, including post-secondary education, vocational training, integrated employment (including supported employment), continuing and adult education, adult services, independent living, or community participation. The coordinated set of activities shall be based

upon the individual student's needs, taking into account the student's preferences and interests, and shall include instruction, community experiences, the development of employment and other post school adult living objectives, and, when appropriate, acquisition of daily living skills and functional vocational evaluation.

- (39) *The term "transition services expansion year" means—*
 - (A) *the first fiscal year for which the amount appropriated under section 100(b) exceeds the amount appropriated under section 100(b) for fiscal year 2004 by not less than \$100,000,000; and*
 - (B) *each fiscal year subsequent to that first fiscal year.*

[(38)] (40) VOCATIONAL REHABILITATION SERVICES.—The term "vocational rehabilitation services" means those services identified in section 103 which are provided to individuals with disabilities under this Act.

[(39)] (41) WORKFORCE INVESTMENT ACTIVITIES.—The term "workforce investment activities" means workforce investment activities, as defined in section 101 of the Workforce Investment Act of 1998, that are carried out under that Act.

* * * * *

ADMINISTRATION OF THE ACT

SEC. 12. (a) In carrying out the purposes of this Act, the [Commissioner] Director may—

(1) * * *

* * * * *

(b)(1) In carrying out the duties under this Act, the [Commissioner] Director may utilize the services and facilities of any agency of the Federal Government and of any other public or nonprofit agency or organization, in accordance with agreements between the [Commissioner] Director and the head thereof, and may pay therefor, in advance or by way of reimbursement, as may be provided in the agreement.

(2) In carrying out the provisions of this Act, the [Commissioner] Director shall appoint such task forces as may be necessary to collect and disseminate information in order to improve the ability of the [Commissioner] Director to carry out the provisions of this Act.

(c) The [Commissioner] Director may promulgate such regulations as are considered appropriate to carry out the Commissioner's duties under this Act.

* * * * *

REPORTS

SEC. 13. (a) Not later than one hundred and eighty days after the close of each fiscal year, the [Commissioner] Director shall prepare and submit to the President and to the Congress a full and complete report on the activities carried out under this Act, including the activities and staffing of the information clearinghouse under section 15.

(b) The [Commissioner] Director shall collect information to determine whether the purposes of this Act are being met and to as-

sess the performance of programs carried out under this Act. The **【Commissioner】 Director** shall take whatever action is necessary to assure that the identity of each individual for which information is supplied under this section is kept confidential, except as otherwise required by law (including regulation).

(c) In preparing the report, the **【Commissioner】 Director** shall annually collect and include in the report information based on the information submitted by States in accordance with section 101(a)(10), including information on administrative costs as required by section 101(a)(10)(D). The **【Commissioner】 Director** shall, to the maximum extent appropriate, include in the report all information that is required to be submitted in the reports described in section 136(d) of the Workforce Investment Act of 1998 and that pertains to the employment of individuals with disabilities.

EVALUATION

SEC. 14. (a) For the purpose of improving program management and effectiveness, the Secretary, in consultation with the **【Commissioner】 Director**, shall evaluate all the programs authorized by this Act, their general effectiveness in relation to their cost, their impact on related programs, and their structure and mechanisms for delivery of services, using appropriate methodology and evaluative research designs. The Secretary shall establish and use standards for the evaluations required by this subsection. Such an evaluation shall be conducted by a person not immediately involved in the administration of the program evaluated.

* * * * *

(f)(1) The **【Commissioner】 Director** shall identify and disseminate information on exemplary practices concerning vocational rehabilitation.

(2) To facilitate compliance with paragraph (1), the **【Commissioner】 Director** shall conduct studies and analyses that identify exemplary practices concerning vocational rehabilitation, including studies in areas relating to providing informed choice in the rehabilitation process, promoting consumer satisfaction, promoting job placement and retention, providing supported employment, providing services to particular disability populations, financing personal assistance services, providing assistive technology devices and assistive technology services, entering into cooperative agreements, establishing standards and certification for community rehabilitation programs, converting from nonintegrated to integrated employment, and providing caseload management.

* * * * *

INFORMATION CLEARINGHOUSE

SEC. 15. (a) * * *

(b) The **【Commissioner】 Director** may assist the Secretary to develop within the Department of Education a coordinated system of information and data retrieval, which will have the capacity and responsibility to provide information regarding the information and data referred to in subsection (a) of this section to the Congress, public and private agencies and organizations, individuals with dis-

abilities and their families, professionals in fields serving such individuals, and the general public.

* * * * *

SEC. 21. TRADITIONALLY UNDERSERVED POPULATIONS.

(a) * * *

* * * * *

(b) OUTREACH TO MINORITIES.—

(1) IN GENERAL.—For each fiscal year, the **Commissioner** *Director of the Rehabilitation Services Administration* and the Director of the National Institute on Disability and Rehabilitation Research **Director** (referred to in this subsection as the “Director”) shall reserve 1 percent of the funds appropriated for the fiscal year for programs authorized under titles II, III, VI, and VII to carry out this subsection. The **Commissioner and the Director** *both such Directors* shall use the reserved funds to carry out one or more of the activities described in paragraph (2) through a grant, contract, or cooperative agreement.

(2) ACTIVITIES.—The activities carried out by the **Commissioner and the Director** *both such Directors* shall include one or more of the following:

(A) * * *

* * * * *

(4) REPORT.—In each fiscal year, the **Commissioner and the Director** *both such Directors* shall prepare and submit to Congress a report that describes the activities funded under this subsection for the preceding fiscal year.

* * * * *

(c) DEMONSTRATION.—In awarding grants, or entering into contracts or cooperative agreements under titles I, II, III, VI, and VII, and section 509, the **Commissioner and the Director** *both such Directors*, in appropriate cases, shall require applicants to demonstrate how the applicants will address, in whole or in part, the needs of individuals with disabilities from minority backgrounds.

TITLE I—VOCATIONAL REHABILITATION SERVICES

PART A—GENERAL PROVISIONS

SEC. 100. DECLARATION OF POLICY; AUTHORIZATION OF APPROPRIATIONS.

(a) * * *

* * * * *

(b) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—For the purpose of making grants to States under part B to assist States in meeting the costs of vocational rehabilitation services provided in accordance with State plans under section 101, there are authorized to be appropriated such sums as may be necessary for **fiscal years 1999 through 2003** *fiscal years 2006 through 2011*, except that the amount to be appropriated for a fiscal year shall not be less than the

amount of the appropriation under this paragraph for the immediately preceding fiscal year, increased by the percentage change in the Consumer Price Index determined under subsection (c) for the immediately preceding fiscal year.

* * * * *

(d) EXTENSION.—

(1) IN GENERAL.—

(A) * * *

(B) CALCULATION.—The amount authorized to be appropriated for the additional fiscal year described in subparagraph (A) shall be an amount equal to the amount appropriated for such program for fiscal year [2003] 2011, increased by the percentage change in the Consumer Price Index determined under subsection (c) for the immediately preceding fiscal year, if the percentage change indicates an increase.

(2) CONSTRUCTION.—

(A) * * *

(B) ACTS OR DETERMINATIONS OF [COMMISSIONER] DIRECTOR.—In any case where the [Commissioner] Director is required under an applicable statute to carry out certain acts or make certain determinations which are necessary for the continuation of the program authorized by this title, if such acts or determinations are required during the terminal year of such program, such acts and determinations shall be required during any fiscal year in which the extension described in that part of paragraph (1) that follows clause (ii) of paragraph (1)(A) is in effect.

* * * * *

SEC. 101. STATE PLANS.

(a) PLAN REQUIREMENTS.—

(1) IN GENERAL.—

(A) SUBMISSION.—To be eligible to participate in programs under this title, a State shall submit to the [Commissioner] Director a State plan for vocational rehabilitation services that meets the requirements of this section, on the same date that the State submits a State plan under section 112 of the Workforce Investment Act of 1998.

(B) NONDUPLICATION.—The State shall not be required to submit, in the State plan for vocational rehabilitation services, policies, procedures, or descriptions required under this title that have been previously submitted to the [Commissioner] Director and that demonstrate that such State meets the requirements of this title, including any policies, procedures, or descriptions submitted under this title as in effect on the day before the effective date of the Rehabilitation Act Amendments of 1998.

(C) DURATION.—The State plan shall remain in effect subject to the submission of such modifications as the State determines to be necessary or as the [Commissioner] Director may require based on a change in State policy, a change in Federal law (including regulations), an interpretation of this Act by a Federal court or the highest

court of the State, or a finding by the [Commissioner] *Director* of State noncompliance with the requirements of this Act, until the State submits and receives approval of a new State plan.

(2) DESIGNATED STATE AGENCY; DESIGNATED STATE UNIT.—

(A) DESIGNATED STATE AGENCY.—The State plan shall designate a State agency as the sole State agency to administer the plan, or to supervise the administration of the plan by a local agency, except that—

(i) * * *

(ii) the [Commissioner] *Director*, on the request of a State, may authorize the designated State agency to share funding and administrative responsibility with another agency of the State or with a local agency in order to permit the agencies to carry out a joint program to provide services to individuals with disabilities, and may waive compliance, with respect to vocational rehabilitation services furnished under the joint program, with the requirement of paragraph (4) that the plan be in effect in all political subdivisions of the State; and

* * * * *

(4) STATEWIDENESS.—The State plan shall provide that the plan shall be in effect in all political subdivisions of the State, except that—

(A) in the case of any activity that, in the judgment of the [Commissioner] *Director*, is likely to assist in promoting the vocational rehabilitation of substantially larger numbers of individuals with disabilities or groups of individuals with disabilities, the [Commissioner] *Director* may waive compliance with the requirement that the plan be in effect in all political subdivisions of the State to the extent and for such period as may be provided in accordance with regulations prescribed by the [Commissioner] *Director*, but only if the non-Federal share of the cost of the vocational rehabilitation services involved is met from funds made available by a local agency (including funds contributed to such agency by a private agency, organization, or individual); and

(B) in a case in which earmarked funds are used toward the non-Federal share and such funds are earmarked for particular geographic areas within the State, the earmarked funds may be used in such areas if the State notifies the [Commissioner] *Director* that the State cannot provide the full non-Federal share without such funds.

* * * * *

(6) METHODS FOR ADMINISTRATION.—

(A) IN GENERAL.—The State plan shall provide for such methods of administration as are found by the [Commissioner] *Director* to be necessary for the proper and efficient administration of the plan.

* * * * *

(10) REPORTING REQUIREMENTS.—

(A) IN GENERAL.—The State plan shall include an assurance that the designated State agency will submit reports in the form and level of detail and at the time required by the **[Commissioner]** *Director* regarding applicants for, and eligible individuals receiving, services under this title.

* * * * *

(C) ADDITIONAL DATA.—In specifying the information required to be submitted in the reports, the **[Commissioner]** *Director* shall require additional data with regard to applicants and eligible individuals related to—

(i) * * *

* * * * *

(iii) of those applicants and eligible recipients who are individuals with significant disabilities—

(I) * * *

(II) the number who ended their participation in the program and who were employed 6 months and 12 months after securing or regaining employment, or, in the case of individuals whose employment outcome was to retain or advance in employment, who were employed 6 months and 12 months after achieving their employment outcome, including—

(aa) the number who earned the minimum wage rate specified in section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) or another wage level set by the **[Commissioner]** *Director*, during such employment; and

* * * * *

(iv) of those applicants and eligible recipients who are not individuals with significant disabilities—

(I) * * *

(II) the number who ended their participation in the program and who were employed 6 months and 12 months after securing or regaining employment, or, in the case of individuals whose employment outcome was to retain or advance in employment, who were employed 6 months and 12 months after achieving their employment outcome, including—

(aa) the number who earned the minimum wage rate specified in section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) or another wage level set by the **[Commissioner]** *Director*, during such employment; and

* * * * *

(D) COSTS AND RESULTS.—The **[Commissioner]** *Director* shall also require that the designated State agency include in the reports information on—

(i) * * *

* * * * *

(E) ADDITIONAL INFORMATION.—The **Commissioner** *Director* shall require that each designated State unit include in the reports additional information related to the applicants and eligible individuals, obtained either through a complete count or sampling, including—

(i) * * *

* * * * *

(11) COOPERATION, COLLABORATION, AND COORDINATION.—

(A) * * *

* * * * *

(D) COORDINATION WITH EDUCATION OFFICIALS.—The State plan shall contain plans, policies, and procedures for coordination between the designated State agency and education officials responsible for the public education of students with disabilities, that are designed to facilitate the transition of the students with disabilities from the receipt of educational services in school to the receipt of vocational rehabilitation services under this title, including information on a formal interagency agreement with the State educational agency that, at a minimum, provides for—

(i) consultation and technical assistance to assist educational agencies in planning for the transition of students with disabilities from school to post-school activities, including vocational rehabilitation services, *which may be provided using alternative means of meeting participation (such as video conferences and conference calls)*;

* * * * *

(G) COORDINATION WITH ASSISTIVE TECHNOLOGY PROGRAMS.—*The State plan shall include an assurance that the designated State unit and the lead agency responsible for carrying out duties under the Assistive Technology Act of 1998 (29 U.S.C. 3001), as amended, have developed working relationships and coordinate their activities.*

* * * * *

(15) ANNUAL STATE GOALS AND REPORTS OF PROGRESS.—

(A) ASSESSMENTS AND ESTIMATES.—The State plan shall—

(i) include the results of a comprehensive, statewide assessment, jointly conducted by the designated State unit and the State Rehabilitation Council (if the State has such a Council) every 3 years, describing the rehabilitation needs of individuals with disabilities residing within the State, particularly the vocational rehabilitation services needs of—

(I) * * *

(II) individuals with disabilities who are minorities and individuals with disabilities who have been unserved or underserved by the vocational

rehabilitation program carried out under this title;
[and]

(III) individuals with disabilities served through other components of the statewide workforce investment system (other than the vocational rehabilitation program), as identified by such individuals and personnel assisting such individuals through the components; and

(IV) in a transition services expansion year, students with disabilities, including their need for transition services;

(ii) include an assessment of the transition services provided under this Act, and coordinated with transition services under the Individuals with Disabilities Education Act, as to those services meeting the needs of individuals with disabilities;

[(ii)] (iii) include an assessment of the need to establish, develop, or improve community rehabilitation programs within the State; and

[(iii)] (iv) provide that the State shall submit to the [Commissioner] Director a report containing information regarding updates to the assessments, for any year in which the State updates the assessments.

(B) ANNUAL ESTIMATES.—The State plan shall include, and shall provide that the State shall annually submit a report to the [Commissioner] Director that includes, State estimates of—

(i) * * *

* * * * *

(C) GOALS AND PRIORITIES.—

(i) IN GENERAL.—The State plan shall identify the goals and priorities of the State in carrying out the program. The goals and priorities shall be jointly developed, agreed to, and reviewed annually by the designated State unit and the State Rehabilitation Council, if the State has such a Council. Any revisions to the goals and priorities shall be jointly agreed to by the designated State unit and the State Rehabilitation Council, if the State has such a Council. The State plan shall provide that the State shall submit to the [Commissioner] Director a report containing information regarding revisions in the goals and priorities, for any year in which the State revises the goals and priorities.

* * * * *

(D) STRATEGIES.—The State plan shall contain a description of the strategies the State will use to address the needs identified in the assessment conducted under subparagraph (A) and achieve the goals and priorities identified in subparagraph (C), including—

(i) * * *

* * * * *

(iii) in a transition services expansion year, the methods to be used to improve and expand vocational rehabilitation services for students with disabilities, including the coordination of services designed to facilitate the transition of such students from the receipt of educational services in school to the receipt of vocational rehabilitation services under this title or to postsecondary education or employment;

[(iii)] (iv) where necessary, the plan of the State for establishing, developing, or improving community rehabilitation programs;

[(iv)] (v) strategies to improve the performance of the State with respect to the evaluation standards and performance indicators established pursuant to section 106; and

[(v)] (vi) strategies for assisting entities carrying out other components of the statewide workforce investment system (other than the vocational rehabilitation program) in assisting individuals with disabilities.

(E) EVALUATION AND REPORTS OF PROGRESS.—The State plan shall—

(i) include the results of an evaluation of the effectiveness of the vocational rehabilitation program, and a joint report by the designated State unit and the State Rehabilitation Council, if the State has such a Council, to the [Commissioner] Director on the progress made in improving the effectiveness from the previous year, which evaluation and report shall include—

(I) * * *

* * * * *

(ii) provide that the designated State unit and the State Rehabilitation Council, if the State has such a Council, shall jointly submit to the [Commissioner] Director an annual report that contains the information described in clause (i).

* * * * *

(17) USE OF FUNDS FOR CONSTRUCTION OF FACILITIES.—The State plan shall provide that if, under special circumstances, the State plan includes provisions for the construction of facilities for community rehabilitation programs—

(A) * * *

* * * * *

(C) there shall be compliance with regulations the [Commissioner] Director shall prescribe designed to assure that no State will reduce its efforts in providing other vocational rehabilitation services (other than for the establishment of facilities for community rehabilitation programs) because the plan includes such provisions for construction.

(18) INNOVATION AND EXPANSION ACTIVITIES.—The State plan shall—

(A) * * *

* * * * *

(C) provide that the State shall submit to the **【Commissioner】** *Director* an annual report containing a description of how the reserved funds were utilized during the preceding year.

* * * * *

(23) ANNUAL UPDATES.—The plan shall include an assurance that the State will submit to the **【Commissioner】** *Director* reports containing annual updates of the information required under paragraph (7) (relating to a comprehensive system of personnel development) and any other updates of the information required under this section that are requested by the **【Commissioner】** *Director*, and annual reports as provided in paragraphs (15) (relating to assessments, estimates, goals and priorities, and reports of progress) and (18) (relating to innovation and expansion), at such time and in such manner as the Secretary may determine to be appropriate.

* * * * *

(25) *SERVICES FOR STUDENTS WITH DISABILITIES.*—*The State plan for a transition services expansion year shall provide an assurance satisfactory to the Secretary that the State—*

(A) has developed and implemented strategies to address the needs identified in the assessment described in paragraph (15), and achieve the goals and priorities identified by the State, to improve and expand vocational rehabilitation services for students with disabilities on a statewide basis in accordance with paragraph (15); and

(B) from funds reserved under section 110A, shall carry out programs or activities designed to improve and expand vocational rehabilitation services for students with disabilities that—

(i) facilitate the transition of the students with disabilities from the receipt of educational services in school, to the receipt of vocational rehabilitation services under this title, including, at a minimum, those services specified in the interagency agreement required in paragraph (11)(D);

(ii) improve the achievement of post-school goals of students with disabilities, including improving the achievement through participation (as appropriate when vocational goals are discussed) in meetings regarding individualized education programs developed under section 614 of the Individuals with Disabilities Education Act (20 U.S.C. 1414);

(iii) provide vocational guidance, career exploration services, and job search skills and strategies and technical assistance to students with disabilities;

(iv) support the provision of training and technical assistance to State and local educational agency and designated State agency personnel responsible for the planning and provision of services to students with disabilities; and

(v) support outreach activities to students with disabilities who are eligible for, and need, services under this title.

(b) APPROVAL; DISAPPROVAL OF THE STATE PLAN.—

(1) APPROVAL.—The [Commissioner] Director shall approve any plan that the [Commissioner] Director finds fulfills the conditions specified in this section, and shall disapprove any plan that does not fulfill such conditions.

(2) DISAPPROVAL.—Prior to disapproval of the State plan, the [Commissioner] Director shall notify the State of the intention to disapprove the plan and shall afford the State reasonable notice and opportunity for a hearing.

* * * * *

SEC. 102. ELIGIBILITY AND INDIVIDUALIZED PLAN FOR EMPLOYMENT.

(a) * * *

* * * * *

(c) PROCEDURES.—

(1) * * *

* * * * *

(8) INFORMATION COLLECTION AND REPORT.—

(A) IN GENERAL.—The Director of the designated State unit shall collect information described in subparagraph (B) and prepare and submit to the [Commissioner] Director a report containing such information. The [Commissioner] Director shall prepare a summary of the information furnished under this paragraph and include the summary in the annual report submitted under section 13. The [Commissioner] Director shall also collect copies of the final decisions of impartial hearing officers conducting hearings under this subsection and State officials conducting reviews under this subsection.

* * * * *

(C) CONFIDENTIALITY.—The confidentiality of records of applicants and eligible individuals maintained by the designated State unit shall not preclude the access of the [Commissioner] Director to those records for the purposes described in subparagraph (A).

* * * * *

SEC. 103. VOCATIONAL REHABILITATION SERVICES.

(a) VOCATIONAL REHABILITATION SERVICES FOR INDIVIDUALS.—Vocational rehabilitation services provided under this title are any services described in an individualized plan for employment necessary to assist an individual with a disability in preparing for, securing, retaining, or regaining an employment outcome that is consistent with the strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individual, including—

(1) * * *

* * * * *

[(15) transition services for students with disabilities, that facilitate the achievement of the employment outcome identified in the individualized plan for employment;]

(15) transition services for students with disabilities, that facilitate the achievement of the employment outcome identified in

the individualized plan for employment, including, in a transition services expansion year, services described in clauses (i) through (iii) of section 101(a)(25)(B);

* * * * *

(b) VOCATIONAL REHABILITATION SERVICES FOR GROUPS OF INDIVIDUALS.—Vocational rehabilitation services provided for the benefit of groups of individuals with disabilities may also include the following:

(1) * * *

* * * * *

[(6) Consultative and technical assistance services to assist educational agencies in planning for the transition of students with disabilities from school to post-school activities, including employment.]

(6)(A)(i) *Consultation and technical assistance services to assist State and local educational agencies in planning for the transition of students with disabilities from school to post-school activities, including employment.*

(ii) *In a transition services expansion year, training and technical assistance described in section 101(a)(25)(B)(iv).*

(B) *In a transition services expansion year, services for groups of individuals with disabilities who meet the requirements of clauses (i) and (iii) of section 7(35)(A), including services described in clauses (i), (ii), (iii), and (v) of section 101(a)(25)(B), to assist in the transition from school to post-school activities.*

(7) *The establishment, development, or improvement of assistive technology demonstration, loan, reutilization, or financing programs in coordination with activities authorized under the Assistive Technology Act of 1998 (29. U.S.C. 3001), as amended, to promote access to assistive technology for individuals with disabilities and employers.*

* * * * *

SEC. 104. NON-FEDERAL SHARE FOR ESTABLISHMENT OF PROGRAM OR CONSTRUCTION.

For the purpose of determining the amount of payments to States for carrying out part B (or to an Indian tribe under part C), the non-Federal share, subject to such limitations and conditions as may be prescribed in regulations by the [Commissioner] Director, shall include contributions of funds made by any private agency, organization, or individual to a State or local agency to assist in meeting the costs of establishment of a community rehabilitation program or construction, under special circumstances, of a facility for such a program, which would be regarded as State or local funds except for the condition, imposed by the contributor, limiting use of such funds to establishment of such a program or construction of such a facility.

* * * * *

SEC. 105. STATE REHABILITATION COUNCIL.

(a) * * *

* * * * *

(c) FUNCTIONS OF COUNCIL.—The Council shall, after consulting with the State workforce investment board—

(1) * * *

* * * * *

(2) in partnership with the designated State unit—

(A) * * *

(B) evaluate the effectiveness of the vocational rehabilitation program and submit reports of progress to the [Commissioner] *Director* in accordance with section 101(a)(15)(E);

* * * * *

(5) prepare and submit an annual report to the Governor and the [Commissioner] *Director* on the status of vocational rehabilitation programs operated within the State, and make the report available to the public;

* * * * *

SEC. 106. EVALUATION STANDARDS AND PERFORMANCE INDICATORS.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—

(A) ESTABLISHMENT OF STANDARDS AND INDICATORS.—

The [Commissioner] *Director* shall, not later than July 1, 1999, establish and publish evaluation standards and performance indicators for the vocational rehabilitation program carried out under this title.

(B) REVIEW AND REVISION.—Effective July 1, 1999, the

[Commissioner] *Director* shall review and, if necessary, revise the evaluation standards and performance indicators every 3 years. Any revisions of the standards and indicators shall be developed with input from State vocational rehabilitation agencies, related professional and consumer organizations, recipients of vocational rehabilitation services, and other interested parties. Any revisions of the standards and indicators shall be subject to the publication, review, and comment provisions of paragraph (3).

[(C) BASES.—Effective July 1, 1999, to the maximum extent practicable, the standards and indicators shall be consistent with the core indicators of performance established under section 136(b) of the Workforce Investment Act of 1998.

[(2) MEASURES.—The standards and indicators shall include outcome and related measures of program performance that facilitate the accomplishment of the purpose and policy of this title.]

(2) MEASURES.—*The standards and indicators shall include outcome and related measures of program performance that—*

(A) *facilitate the accomplishment of the purpose and policy of this title;*

(B) *to the maximum extent practicable, are consistent with the core indicators of performance, and corresponding State adjusted levels of performance, established under section 136(b) of the Workforce Investment Act of 1998 (29 U.S.C. 2871(b)); and*

(C) *include measures of the program's performance with respect to the transition to post-school vocational activities,*

and achievement of the post-school vocational goals, of students with disabilities served under the program.

(3) COMMENT.—The standards and indicators shall be developed with input from State vocational rehabilitation agencies, related professional and consumer organizations, recipients of vocational rehabilitation services, and other interested parties. The [Commissioner] Director shall publish in the Federal Register a notice of intent to regulate regarding the development of proposed standards and indicators. Proposed standards and indicators shall be published in the Federal Register for review and comment. Final standards and indicators shall be published in the Federal Register.

(b) COMPLIANCE.—

(1) STATE REPORTS.—In accordance with regulations established by the Secretary, each State shall report to the [Commissioner] Director after the end of each fiscal year the extent to which the State is in compliance with the standards and indicators.

(2) PROGRAM IMPROVEMENT.—

(A) PLAN.—If the [Commissioner] Director determines that the performance of any State is below established standards, the [Commissioner] Director shall provide technical assistance to the State, and the State and the [Commissioner] Director shall jointly develop a program improvement plan outlining the specific actions to be taken by the State to improve program performance.

(B) REVIEW.—The [Commissioner] Director shall—

(i) * * *

* * * * *

(c) WITHHOLDING.—If the [Commissioner] Director determines that a State whose performance falls below the established standards has failed to enter into a program improvement plan, or is not complying substantially with the terms and conditions of such a program improvement plan, the [Commissioner] Director shall, consistent with subsections (c) and (d) of section 107, reduce or make no further payments to the State under this program, until the State has entered into an approved program improvement plan, or satisfies the [Commissioner] Director that the State is complying substantially with the terms and conditions of such a program improvement plan, as appropriate.

(d) REPORT TO CONGRESS.—Beginning in fiscal year 1999, the [Commissioner] Director shall include in each annual report to the Congress under section 13 an analysis of program performance, including relative State performance, based on the standards and indicators.

SEC. 107. MONITORING AND REVIEW.

(a) IN GENERAL.—

(1) DUTIES.—In carrying out the duties of the [Commissioner] Director under this title, the [Commissioner] Director shall—

(A) * * *

* * * * *

(2) PROCEDURES FOR REVIEWS.—In conducting reviews under this section the [Commissioner] Director shall consider, at a minimum—

(A) * * *

* * * * *

(3) PROCEDURES FOR MONITORING.—In conducting monitoring under this section the [Commissioner] Director shall conduct—

(A) * * *

* * * * *

(4) AREAS OF INQUIRY.—In conducting the review and monitoring, the [Commissioner] Director shall examine—

(A) * * *

* * * * *

(D) such other areas of inquiry as the [Commissioner] Director may consider appropriate.

(5) REPORTS.—If the [Commissioner] Director issues a report detailing the findings of an annual review or onsite monitoring conducted under this section, the report shall be made available to the State Rehabilitation Council, if the State has such a Council, for use in the development and modification of the State plan described in section 101.

(b) TECHNICAL ASSISTANCE.—The [Commissioner] Director shall—

(1) * * *

(2) provide technical assistance and establish a corrective action plan for a program under this title if the [Commissioner] Director finds that the program fails to comply substantially with the provisions of the State plan, or with evaluation standards or performance indicators established under section 106, in order to ensure that such failure is corrected as soon as practicable.

(c) FAILURE TO COMPLY WITH PLAN.—

(1) WITHHOLDING PAYMENTS.—Whenever the [Commissioner] Director, after providing reasonable notice and an opportunity for a hearing to the State agency administering or supervising the administration of the State plan approved under section 101, finds that—

(A) * * *

* * * * *

the [Commissioner] Director shall notify such State agency that no further payments will be made to the State under this title (or, in the discretion of the [Commissioner] Director, that such further payments will be reduced, in accordance with regulations the [Commissioner] Director shall prescribe, or that further payments will not be made to the State only for the projects under the parts of the State plan affected by such failure), until the [Commissioner] Director is satisfied there is no longer any such failure.

(2) PERIOD.—Until the [Commissioner] Director is so satisfied, the [Commissioner] Director shall make no further payments to such State under this title (or shall reduce payments

or limit payments to projects under those parts of the State plan in which there is no such failure).

(3) DISBURSAL OF WITHHELD FUNDS.—The **【Commissioner】** *Director* may, in accordance with regulations the Secretary shall prescribe, disburse any funds withheld from a State under paragraph (1) to any public or nonprofit private organization or agency within such State or to any political subdivision of such State submitting a plan meeting the requirements of section 101(a). The **【Commissioner】** *Director* may not make any payment under this paragraph unless the entity to which such payment is made has provided assurances to the **【Commissioner】** *Director* that such entity will contribute, for purposes of carrying out such plan, the same amount as the State would have been obligated to contribute if the State received such payment.

(d) REVIEW.—

(1) PETITION.—Any State that is dissatisfied with a final determination of the **【Commissioner】** *Director* under section 101(b) or subsection (c) may file a petition for judicial review of such determination in the United States Court of Appeals for the circuit in which the State is located. Such a petition may be filed only within the 30-day period beginning on the date that notice of such final determination was received by the State. The clerk of the court shall transmit a copy of the petition to the **【Commissioner】** *Director* or to any officer designated by the **【Commissioner】** *Director* for that purpose. In accordance with section 2112 of title 28, United States Code, the **【Commissioner】** *Director* shall file with the court a record of the proceeding on which the **【Commissioner】** *Director* based the determination being appealed by the State. Until a record is so filed, the **【Commissioner】** *Director* may modify or set aside any determination made under such proceedings.

(2) SUBMISSIONS AND DETERMINATIONS.—If, in an action under this subsection to review a final determination of the **【Commissioner】** *Director* under section 101(b) or subsection (c), the petitioner or the **【Commissioner】** *Director* applies to the court for leave to have additional oral submissions or written presentations made respecting such determination, the court may, for good cause shown, order the **【Commissioner】** *Director* to provide within 30 days an additional opportunity to make such submissions and presentations. Within such period, the **【Commissioner】** *Director* may revise any findings of fact, modify or set aside the determination being reviewed, or make a new determination by reason of the additional submissions and presentations, and shall file such modified or new determination, and any revised findings of fact, with the return of such submissions and presentations. The court shall thereafter review such new or modified determination.

* * * * *

PART B—BASIC VOCATIONAL REHABILITATION SERVICES

STATE ALLOTMENTS

SEC. 110. (a) * * *

* * * * *

(b)(1) Not later than 45 days prior to the end of the fiscal year, the **【Commissioner】 Director** shall determine, after reasonable opportunity for the submission to the **【Commissioner】 Director** of comments by the State agency administering or supervising the program established under this title, that any payment of an allotment to a State under section 111(a) for any fiscal year will not be utilized by such State in carrying out the purposes of this title.

(2) As soon as practicable but not later than the end of the fiscal year, the **【Commissioner】 Director** shall make such amount available for carrying out the purposes of this title to one or more other States to the extent the **【Commissioner】 Director** determines such other State will be able to use such additional amount during that fiscal year or the subsequent fiscal year for carrying out such purposes. The **【Commissioner】 Director** shall make such amount available only if such other State will be able to make sufficient payments from non-Federal sources to pay for the non-Federal share of the cost of vocational rehabilitation services under the State plan for the fiscal year for which the amount was appropriated.

* * * * *

(c)(1) For fiscal year 1987 and for each subsequent fiscal year, the **【Commissioner】 Director** shall reserve from the amount appropriated under section 100(b)(1) for allotment under this section a sum, determined under paragraph (2), to carry out the purposes of part C.

【(2) The sum referred to in paragraph (1) shall be, as determined by the Secretary—

【(A) not less than three-quarters of 1 percent and not more than 1.5 percent of the amount referred to in paragraph (1), for fiscal year 1999; and

【(B) not less than 1 percent and not more than 1.5 percent of the amount referred to in paragraph (1), for each of fiscal years 2000 through 2003.】

(2) The sum referred to in paragraph (1) shall be, as determined by the Secretary, not less than 1 percent and not more than 1.5 percent of the amount referred to in paragraph (1) for each of fiscal years 2003 through 2011.

SEC. 110A. RESERVATION FOR EXPANDED TRANSITION SERVICES.

(a) RESERVATION.—From the State allotment under section 110 in a transition services expansion year, each State shall reserve an amount calculated by the Director under subsection (b) to carry out programs and activities under sections 101(a)(25)(B) and 103(b)(6).

(b) CALCULATION.—The Director shall calculate the amount to be reserved for such programs and activities for a fiscal year by each State by multiplying \$50,000,000 by the percentage determined by dividing—

(1) the amount allotted to that State under section 110 for the prior fiscal year, by

(2) the total amount allotted to all States under section 110 for that prior fiscal year.

PAYMENTS TO STATES

SEC. 111. (a)(1) Except as provided in paragraph (2), from each State's allotment under this part for any fiscal year, the [Commissioner] Director shall pay to a State an amount equal to the Federal share of the cost of vocational rehabilitation services under the plan for that State approved under section 101, including expenditures for the administration of the State plan.

(2)(A) * * *

* * * * *

(C) The [Commissioner] Director may waive or modify any requirement or limitation under subparagraph (B) or section 101(a)(17) if the [Commissioner] Director determines that a waiver or modification is an equitable response to exceptional or uncontrollable circumstances affecting the State.

(3)(A) * * *

(B) If the Federal share with respect to rehabilitation facilities in such State is determined pursuant to section 645(b)(2) of such Act (42 U.S.C. 291o(b)(2)), the percentage of the cost for purposes of this section shall be determined in accordance with regulations prescribed by the [Commissioner] Director designed to achieve as nearly as practicable results comparable to the results obtained under such section.

(b) The method of computing and paying amounts pursuant to subsection (a) shall be as follows:

(1) The [Commissioner] Director shall, prior to the beginning of each calendar quarter or other period prescribed by the [Commissioner] Director, estimate the amount to be paid to each State under the provisions of such subsection for such period, such estimate to be based on such records of the State and information furnished by it, and such other investigation as the [Commissioner] Director may find necessary.

(2) The [Commissioner] Director shall pay, from the allotment available therefor, the amount so estimated by the [Commissioner] Director for such period, reduced or increased, as the case may be, by any sum (not previously adjusted under this paragraph) by which the [Commissioner] Director finds that the estimate of the amount to be paid the State for any prior period under such subsection was greater or less than the amount which should have been paid to the State for such prior period under such subsection. Such payment shall be made prior to audit or settlement by the General Accounting Office, shall be made through the disbursing facilities of the Treasury Department, and shall be made in such installments as the [Commissioner] Director may determine.

CLIENT ASSISTANCE PROGRAM

SEC. 112. (a) * * *

* * * * *

(c)(1)(A) * * *

(B)(i) The Governor may not redesignate the agency designated under subparagraph (A) without good cause and unless—

(I) * * *

* * * * *

(III) the agency has the opportunity to appeal to the [Commissioner] Director on the basis that the redesignation was not for good cause.

* * * * *

(e)(1)(A) * * *

* * * * *

(D) The Secretary shall make grants to the protection and advocacy system serving the American Indian Consortium to provide services in accordance with this section. The amount of such grants shall be the same as provided to territories under this subsection.

[(D)] (E)(i) In any fiscal year that the funds appropriated for such fiscal year exceed \$7,500,000, the minimum allotment shall be \$100,000 for States and \$45,000 for territories.

* * * * *

(h) There are authorized to be appropriated such sums as may be necessary for [fiscal years 1999 through 2003] fiscal years 2006 through 2011 to carry out the provisions of this section.

* * * * *

PART C—AMERICAN INDIAN VOCATIONAL REHABILITATION SERVICES

VOCATIONAL REHABILITATION SERVICES GRANTS

SEC. 121. (a) The [Commissioner] Director, in accordance with the provisions of this part, may make grants to the governing bodies of Indian tribes located on Federal and State reservations (and consortia of such governing bodies) to pay 90 percent of the costs of vocational rehabilitation services for American Indians who are individuals with disabilities residing on or near such reservations. The non-Federal share of such costs may be in cash or in kind, fairly valued, and the [Commissioner] Director may waive such non-Federal share requirement in order to carry out the purposes of this Act.

(b)(1) No grant may be made under this part for any fiscal year unless an application therefor has been submitted to and approved by the [Commissioner] Director. The [Commissioner] Director may not approve an application unless the application—

(A) is made at such time, in such manner, and contains such information as the [Commissioner] Director may require;

* * * * *

(2) The provisions of sections 5, 6, 7, and 102(a) of the Indian Self-Determination and Education Assistance Act shall be applicable to any application submitted under this part. For purposes of this paragraph, any reference in any such provision to the Secretary of Education or to the Secretary of the Interior shall be considered to be a reference to the [Commissioner] Director.

(3) Any application approved under this part shall be effective for not more than 60 months, except as determined otherwise by the [Commissioner] Director pursuant to prescribed regulations. The State shall continue to provide vocational rehabilitation services under its State plan to American Indians residing on or near a res-

ervation whenever such State includes any such American Indians in its State population under section 110(a)(1).

* * * * *

PART D—VOCATIONAL REHABILITATION SERVICES CLIENT INFORMATION

SEC. 131. DATA SHARING.

(a) IN GENERAL.—

(1) * * *

* * * * *

(2) EMPLOYMENT STATISTICS.—The Secretary of Labor shall provide the Commissioner with employment statistics specified in section 15 of the Wagner-Peyser Act, that facilitate evaluation by the [Commissioner] Director of the program carried out under part B, and allow the [Commissioner] Director to compare the progress of individuals with disabilities who are assisted under the program in securing, retaining, regaining, and advancing in employment with the progress made by individuals who are assisted under title I of the Workforce Investment Act of 1998.

* * * * *

TITLE II—RESEARCH AND TRAINING

* * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 201. (a) There are authorized to be appropriated—

(1) for the purpose of providing for the expenses of the National Institute on Disability and Rehabilitation Research under section 202, which shall include the expenses of the Rehabilitation Research Advisory Council under section 205, and shall not include the expenses of such Institute to carry out section 204, such sums as may be necessary for each of [fiscal years 1999 through 2003] *fiscal years 2006 through 2011*; and

(2) to carry out section 204, such sums as may be necessary for each of [fiscal years 1999 through 2003] *fiscal years 2006 through 2011*.

* * * * *

NATIONAL INSTITUTE ON DISABILITY AND REHABILITATION RESEARCH

SEC. 202. (a)(1) * * *

* * * * *

(2) In the performance of the functions of the office, the Director shall be directly responsible to the Secretary or to the same Under Secretary or Assistant Secretary of the Department of Education to whom the [Commissioner] Director is responsible under section 3(a).

* * * * *

(h)(1) * * *

* * * * *

(2) Such plan shall—

(A) * * *

* * * * *

(D) be developed by the Director—

(i) * * *

(ii) in coordination with the **【Commissioner】** *Director*;

* * * * *

INTERAGENCY COMMITTEE

SEC. 203. (a)(1) In order to promote coordination and cooperation among Federal departments and agencies conducting rehabilitation research programs, including programs relating to assistive technology research and research that incorporates the principles of universal design, there is established within the Federal Government an Interagency Committee on Disability Research (hereinafter in this section referred to as the “Committee”), chaired by the Director and comprised of such members as the President may designate, including the following (or their designees): the Director, the **【Commissioner】** *Director* of the Rehabilitation Services Administration, the Assistant Secretary for Special Education and Rehabilitative Services, the Secretary of Education, the Secretary of Veterans Affairs, the Director of the National Institutes of Health, the Director of the National Institute of Mental Health, the Administrator of the National Aeronautics and Space Administration, the Secretary of Transportation, the Assistant Secretary of the Interior for Indian Affairs, the Director of the Indian Health Service, and the Director of the National Science Foundation.

* * * * *

TITLE III—PROFESSIONAL DEVELOPMENT AND SPECIAL PROJECTS AND DEMONSTRATIONS

* * * * *

SEC. 302. TRAINING.

(a) GRANTS AND CONTRACTS FOR PERSONNEL TRAINING.—

(1) AUTHORITY.—The **【Commissioner】** *Director* shall make grants to, and enter into contracts with, States and public or nonprofit agencies and organizations (including institutions of higher education) to pay part of the cost of projects to provide training, traineeships, and related activities, including the provision of technical assistance, that are designed to assist in increasing the numbers of, and upgrading the skills of, qualified personnel (especially rehabilitation counselors) who are trained in providing vocational, medical, social, and psychological rehabilitation services, who are trained to assist individuals with communication and related disorders, who are trained to provide other services provided under this Act, to individuals with disabilities, and who may include—

* * * * *

(3) RELATED FEDERAL STATUTES.—In carrying out this subsection, the [Commissioner] *Director* may make grants to and enter into contracts with States and public or nonprofit agencies and organizations, including institutions of higher education, to furnish training regarding provisions of Federal statutes, including section 504, title I of the Americans with Disabilities Act of 1990 (42 U.S.C. 12111 et seq.), and the provisions of titles II and XVI of the Social Security Act (42 U.S.C. 401 et seq. and 1381 et seq.), that are related to work incentives for individuals with disabilities.

(4) TRAINING FOR STATEWIDE WORKFORCE SYSTEMS PERSONNEL.—The [Commissioner] *Director* may make grants to and enter into contracts under this subsection with States and public or nonprofit agencies and organizations, including institutions of higher education, to furnish training to personnel providing services to individuals with disabilities under title I of the Workforce Investment Act of 1998. Under this paragraph, personnel may be trained—

(A) * * *

* * * * *

(b) GRANTS AND CONTRACTS FOR ACADEMIC DEGREES AND ACADEMIC CERTIFICATE GRANTING TRAINING PROJECTS.—

(1) AUTHORITY.—

(A) IN GENERAL.—The [Commissioner] *Director* may make grants to, and enter into contracts with, States and public or nonprofit agencies and organizations (including institutions of higher education) to pay part of the costs of academic training projects to provide training that leads to an academic degree or academic certificate. In making such grants or entering into such contracts, the [Commissioner] *Director* shall target funds to areas determined under subsection (e) to have shortages of qualified personnel.

* * * * *

(2) APPLICATION.—No grant shall be awarded or contract entered into under this subsection unless the applicant has submitted to the [Commissioner] *Director* an application at such time, in such form, in accordance with such procedures, and including such information as the Secretary may require, including—

(A) * * *

* * * * *

(5) AGREEMENTS.—

(A) CONTENTS.—A recipient of a grant or contract under this subsection shall provide assurances to the [Commissioner] *Director* that each individual who receives a scholarship, for any academic year beginning after June 1, 1992, utilizing funds provided under such grant or contract shall enter into an agreement with the recipient under which the individual shall—

(i) * * *

* * * * *

except as the **【Commissioner】 Director** by regulation may provide for repayment exceptions and deferrals.

(B) ENFORCEMENT.—The **【Commissioner】 Director** shall be responsible for the enforcement of each agreement entered into under subparagraph (A) upon completion of the training involved under such subparagraph.

(c) GRANTS TO HISTORICALLY BLACK COLLEGES AND UNIVERSITIES.—The **【Commissioner】 Director**, in carrying out this section, shall make grants to historically Black colleges and universities and other institutions of higher education whose minority student enrollment is at least 50 percent of the total enrollment of the institution.

(d) APPLICATION.—A grant may not be awarded to a State or other organization under this section unless the State or organization has submitted an application to the **【Commissioner】 Director** at such time, in such form, in accordance with such procedures, and containing such information as the **【Commissioner】 Director** may require. Any such application shall include a detailed description of strategies that will be utilized to recruit and train individuals so as to reflect the diverse populations of the United States as part of the effort to increase the number of individuals with disabilities, and individuals who are from linguistically and culturally diverse backgrounds, who are available to provide rehabilitation services.

(e) EVALUATION AND COLLECTION OF DATA.—The **【Commissioner】 Director** shall evaluate the impact of the training programs conducted under this section, and collect information on the training needs of, and data on shortages of qualified personnel necessary to provide services to individuals with disabilities. The **【Commissioner】 Director** shall prepare and submit to Congress, by September 30 of each fiscal year, a report setting forth and justifying in detail how the funds made available for training under this section for the fiscal year prior to such submission are allocated by professional discipline and other program areas. The report shall also contain findings on such personnel shortages, how funds proposed for the succeeding fiscal year will be allocated under the President's budget proposal, and how the findings on personnel shortages justify the allocations.

(f) GRANTS FOR THE TRAINING OF INTERPRETERS.—

(1) AUTHORITY.—

(A) IN GENERAL.—For the purpose of training a sufficient number of qualified interpreters to meet the communications needs of individuals who are deaf or hard of hearing, and individuals who are deaf-blind, the **【Commissioner】 Director**, acting through a Federal office responsible for deafness and communicative disorders, may award grants to public or private nonprofit agencies or organizations to pay part of the costs—

(i) * * *

* * * * *

(B) GEOGRAPHIC AREAS.—The **【Commissioner】 Director** shall award grants under this subsection for programs in geographic areas throughout the United States that the **【Commissioner】 Director** considers appropriate to best carry out the objectives of this section.

(C) PRIORITY.—In awarding grants under this subsection, the **Commissioner** *Director* shall give priority to public or private nonprofit agencies or organizations with existing programs that have a demonstrated capacity for providing interpreter training services.

(D) FUNDING.—The **Commissioner** *Director* may award grants under this subsection through the use of—

(i) * * *

* * * * *

(2) APPLICATION.—A grant may not be awarded to an agency or organization under paragraph (1) unless the agency or organization has submitted an application to the **Commissioner** *Director* at such time, in such form, in accordance with such procedures, and containing such information as the **Commissioner** *Director* may require, including—

(A) * * *

* * * * *

(C) assurances that any interpreter trained or retrained under a program funded under the grant will meet such minimum standards of competency as the **Commissioner** *Director* may establish for purposes of this subsection; and

(D) such other information as the **Commissioner** *Director* may require.

(g) TECHNICAL ASSISTANCE AND IN-SERVICE TRAINING.—

(1) TECHNICAL ASSISTANCE.—The **Commissioner** *Director* is authorized to provide technical assistance to State designated agencies and community rehabilitation programs, directly or through contracts with State designated agencies or nonprofit organizations.

(2) COMPENSATION.—An expert or consultant appointed or serving under contract pursuant to this section shall be compensated at a rate, subject to approval of the **Commissioner** *Director*, that shall not exceed the daily equivalent of the rate of pay for level 4 of the Senior Executive Service Schedule under section 5382 of title 5, United States Code. Such an expert or consultant may be allowed travel and transportation expenses in accordance with section 5703 of title 5, United States Code.

(3) IN-SERVICE TRAINING OF REHABILITATION PERSONNEL.—

(A) * * *

* * * * *

(B) LIMITATION.—If the allocation to designated State agencies required by subparagraph (A) would result in a lower level of funding for projects being carried out on the date of enactment of the Rehabilitation Act Amendments of 1998 by other recipients of funds under this section, the **Commissioner** *Director* may allocate less than 15 percent of the sums described in subparagraph (A) to designated State agencies for such in-service training.

(h) PROVISION OF INFORMATION.—The **Commissioner** *Director*, subject to the provisions of section 306, may require that recipients of grants or contracts under this section provide information, in-

cluding data, with regard to the impact of activities funded under this section.

(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the [fiscal years 1999 through 2003] *fiscal years 2006 through 2011*.

SEC. 303. DEMONSTRATION AND TRAINING PROGRAMS.

(a) DEMONSTRATION PROJECTS TO INCREASE CLIENT CHOICE.—

(1) GRANTS.—The [Commissioner] *Director* may make grants to States and public or nonprofit agencies and organizations to pay all or part of the costs of projects to demonstrate ways to increase client choice in the rehabilitation process, including the selection of providers of vocational rehabilitation services.

* * * * *

(3) APPLICATION.—Any eligible entity that desires to receive a grant under this subsection shall submit an application at such time, in such manner, and containing such information and assurances as the [Commissioner] *Director* may require, including—

(A) * * *

* * * * *

(4) AWARD OF GRANTS.—In selecting entities to receive grants under paragraph (1), the [Commissioner] *Director* shall take into consideration—

(A) * * *

* * * * *

(5) RECORDS.—Entities that receive grants under paragraph (1) shall maintain such records as the [Commissioner] *Director* may require and comply with any request from the [Commissioner] *Director* for such records.

* * * * *

(7) EVALUATION.—The [Commissioner] *Director* may conduct an evaluation of the demonstration projects with respect to the services provided, clients served, client outcomes obtained, implementation issues addressed, the cost-effectiveness of the project, and the effects of increased choice on clients and service providers. The [Commissioner] *Director* may reserve funds for the evaluation for a fiscal year from the amounts appropriated to carry out projects under this section for the fiscal year.

* * * * *

(b) SPECIAL DEMONSTRATION PROGRAMS.—

(1) GRANTS; CONTRACTS.—The [Commissioner] *Director*, subject to the provisions of section 306, may provide grants to, or enter into contracts with, eligible entities to pay all or part of the cost of programs that expand and improve the provision of rehabilitation and other services authorized under this Act or that further the purposes of the Act, including related research and evaluation activities.

(2) ELIGIBLE ENTITIES; TERMS AND CONDITIONS.—

(A) ELIGIBLE ENTITIES.—To be eligible to receive a grant, or enter into a contract, under paragraph (1), an entity shall be a State vocational rehabilitation agency, community rehabilitation program, Indian tribe or tribal organization, or other public or nonprofit agency or organization, or as the [Commissioner] Director determines appropriate, a for-profit organization. The [Commissioner] Director may limit competitions to one or more types of organizations described in this subparagraph.

(B) TERMS AND CONDITIONS.—A grant or contract under paragraph (1) shall contain such terms and conditions as the [Commissioner] Director may require.

(3) APPLICATION.—An eligible entity that desires to receive a grant, or enter into a contract, under paragraph (1) shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the [Commissioner] Director may require, including, if the [Commissioner] Director determines appropriate, a description of how the proposed project or demonstration program—

(A) * * *

* * * * *

(5) PRIORITY FOR COMPETITIONS.—

(A) IN GENERAL.—In announcing competitions for grants and contracts under this subsection, the [Commissioner] Director shall give priority consideration to—

(i) * * *

* * * * *

(B) ADDITIONAL COMPETITIONS.—In announcing competitions for grants and contracts under this subsection, the [Commissioner] Director may require that applicants address one or more of the following:

(i) * * *

* * * * *

(6) USE OF FUNDS FOR CONTINUATION AWARDS.—The [Commissioner] Director may use funds made available to carry out this section for continuation awards for projects that were funded under sections 12 and 311 (as such sections were in effect on the day before the date of the enactment of the Rehabilitation Act Amendments of 1998).

(c) PARENT INFORMATION AND TRAINING PROGRAM.—

(1) GRANTS.—The [Commissioner] Director is authorized to make grants to private nonprofit organizations for the purpose of establishing programs to provide training and information to enable individuals with disabilities, and the parents, family members, guardians, advocates, or other authorized representatives of the individuals to participate more effectively with professionals in meeting the vocational, independent living, and rehabilitation needs of individuals with disabilities. Such grants shall be designed to meet the unique training and information needs of the individuals described in the preceding sentence, who live in the area to be served, particularly those who

are members of populations that have been unserved or underserved by programs under this Act.

* * * * *

(3) AWARD OF GRANTS.—The **【Commissioner】** *Director* shall ensure that grants under this subsection—

(A) * * *

* * * * *

(4) ELIGIBLE ORGANIZATIONS.—In order to receive a grant under this subsection, an organization—

(A) shall submit an application to the **【Commissioner】** *Director* at such time, in such manner, and containing such information as the **【Commissioner】** *Director* may require, including information demonstrating the capacity and expertise of the organization—

(i) * * *

* * * * *

(6) COORDINATION.—The **【Commissioner】** *Director* shall provide coordination and technical assistance by grant or cooperative agreement for establishing, developing, and coordinating the training and information programs. To the extent practicable, such assistance shall be provided by the parent training and information centers established pursuant to section 671 of the Individuals with Disabilities Education Act.

(7) REVIEW.—

(A) * * *

(B) REVIEW FOR GRANT RENEWAL.—If a nonprofit private organization requests the renewal of a grant under this subsection, the board of directors or the special governing committee shall prepare and submit to the **【Commissioner】** *Director* a written review of the training and information program conducted by the organization during the preceding fiscal year.

(d) BRAILLE TRAINING PROGRAMS.—

(1) ESTABLISHMENT.—The **【Commissioner】** *Director* shall make grants to, and enter into contracts with, States and public or nonprofit agencies and organizations, including institutions of higher education, to pay all or part of the cost of training in the use of braille for personnel providing vocational rehabilitation services or educational services to youth and adults who are blind.

* * * * *

(3) APPLICATION.—To be eligible to receive a grant, or enter into a contract, under paragraph (1), an agency or organization shall submit an application to the Commissioner at such time, in such manner, and containing such information as the **【Commissioner】** *Director* may require.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the **【fiscal years 1999 through 2003】** *fiscal years 2006 through 2011*.

SEC. 304. MIGRANT AND SEASONAL FARMWORKERS.

(a) GRANTS.—

(1) **AUTHORITY.**—The **【Commissioner】 Director**, subject to the provisions of section 306, may make grants to eligible entities to pay up to 90 percent of the cost of projects or demonstration programs for the provision of vocational rehabilitation services to individuals with disabilities who are migrant or seasonal farmworkers, as determined in accordance with rules prescribed by the Secretary of Labor, and to the family members who are residing with such individuals (whether or not such family members are individuals with disabilities).

* * * * *

(4) **ASSURANCE OF COOPERATION.**—To be eligible to receive a grant under this section an entity shall provide assurances (satisfactory to the **【Commissioner】 Director**) that in the provision of services under the grant there will be appropriate cooperation between the grantee and other public or nonprofit agencies and organizations having special skills and experience in the provision of services to migrant or seasonal farmworkers or their families.

(5) **COORDINATION WITH OTHER PROGRAMS.**—The **【Commissioner】 Director** shall administer this section in coordination with other programs serving migrant and seasonal farmworkers, including programs under title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.), section 330 of the Public Health Service Act (42 U.S.C. 254b), the Migrant and Seasonal Agricultural Worker Protection Act (29 U.S.C. 1801 et seq.), and the Workforce Investment Act of 1998.

(b) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated such sums as may be necessary to carry out this section, for each of the **【fiscal years 1999 through 2003】 fiscal years 2006 through 2011**.

SEC. 305. RECREATIONAL PROGRAMS.

(a) **GRANTS.**—

(1) **AUTHORITY.**—

(A) **IN GENERAL.**—The **【Commissioner】 Director**, subject to the provisions of section 306, shall make grants to States, public agencies, and nonprofit private organizations to pay the Federal share of the cost of the establishment and operation of recreation programs to provide individuals with disabilities with recreational activities and related experiences to aid in the employment, mobility, socialization, independence, and community integration of such individuals.

* * * * *

(4) **APPLICATION.**—To be eligible to receive a grant under this section, a State, agency, or organization shall submit an application to the **【Commissioner】 Director** at such time, in such manner, and containing such information as the Commissioner may require, including a description of—

(A) * * *

* * * * *

(6) **REPORTS BY GRANTEES.**—

(A) REQUIREMENT.—The [Commissioner] *Director* shall require that each recipient of a grant under this section annually prepare and submit to the [Commissioner] *Director* a report concerning the results of the activities funded under the grant.

(B) LIMITATION.—The [Commissioner] *Director* may not make financial assistance available to a grant recipient for a subsequent year until the [Commissioner] *Director* has received and evaluated the annual report of the recipient under subparagraph (A) for the current year.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, such sums as may be necessary for each of the [fiscal years 1999 through 2003] *fiscal years 2006 through 2011*.

SEC. 306. MEASURING OF PROJECT OUTCOMES AND PERFORMANCE.

The [Commissioner] *Director* may require that recipients of grants under this title submit information, including data, as determined by the [Commissioner] *Director* to be necessary to measure project outcomes and performance, including any data needed to comply with the Government Performance and Results Act.

TITLE IV—NATIONAL COUNCIL ON DISABILITY

* * * * *

DUTIES OF NATIONAL COUNCIL

SEC. 401. (a) The National Council shall—

(1) * * *

* * * * *

(2) provide advice to the [Commissioner] *Director* with respect to the policies of and conduct of the Rehabilitation Services Administration;

(3) advise the President, the Congress, the [Commissioner] *Director*, the appropriate Assistant Secretary of the Department of Education, and the Director of the National Institute on Disability and Rehabilitation Research on the development of the programs to be carried out under this Act;

* * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 405. There are authorized to be appropriated to carry out this title such sums as may be necessary for each of the [fiscal years 1999 through 2003] *fiscal years 2006 through 2011*.

TITLE V—RIGHTS AND ADVOCACY

* * * * *

ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD

SEC. 502. (a) * * *

* * * * *

(j) There are authorized to be appropriated for the purpose of carrying out the duties and functions of the Access Board under this

section such sums as may be necessary for each of the [fiscal years 1999 through 2003] *fiscal years 2006 through 2011*.

* * * * *

SEC. 509. PROTECTION AND ADVOCACY OF INDIVIDUAL RIGHTS.

(a) * * *

* * * * *

(b) **APPROPRIATIONS LESS THAN \$5,500,000.**—For any fiscal year in which the amount appropriated to carry out this section is less than \$5,500,000, the [Commissioner] *Director* may make grants from such amount to eligible systems within States to plan for, develop outreach strategies for, and carry out protection and advocacy programs authorized under this section for individuals with disabilities who meet the requirements of subparagraphs (A) and (B) of subsection (a)(1).

(c) **APPROPRIATIONS OF \$5,500,000 OR MORE.**—

(1) **RESERVATIONS.**—

(A) **TECHNICAL ASSISTANCE.**—For any fiscal year in which the amount appropriated to carry out this section equals or exceeds \$5,500,000, the [Commissioner] *Director* shall set aside not less than 1.8 percent and not more than 2.2 percent of the amount to provide training and technical assistance to the systems established under this section.

(B) **GRANT FOR THE ELIGIBLE SYSTEM SERVING THE AMERICAN INDIAN CONSORTIUM.**—For any fiscal year in which the amount appropriated to carry out this section equals or exceeds \$10,500,000, the [Commissioner] *Director* shall reserve a portion, and use the portion to make a grant for the eligible system serving the American Indian consortium. The Commission shall make the grant in an amount of not less than \$50,000 for the fiscal year.

(2) **ALLOTMENTS.**—For any such fiscal year, after the reservations required by paragraph (1) have been made, the [Commissioner] *Director* shall make allotments from the remainder of such amount in accordance with paragraph (3) to eligible systems within States to enable such systems to carry out protection and advocacy programs authorized under this section for individuals referred to in subsection (b).

(3) **SYSTEMS WITHIN STATES.**—

(A) **POPULATION BASIS.**—Except as provided in subparagraph (B), from such remainder for each such fiscal year, the [Commissioner] *Director* shall make an allotment to the eligible system within a State of an amount bearing the same ratio to such remainder as the population of the State bears to the population of all States.

* * * * *

(5) **ADJUSTMENT FOR INFLATION.**—For any fiscal year, beginning in fiscal year 1999, in which the total amount appropriated to carry out this section exceeds the total amount appropriated to carry out this section for the preceding fiscal year, the [Commissioner] *Director* shall increase each of the minimum grants or allotments under paragraphs (1)(B), (3)(B), and (4)(B) by a percentage that shall not exceed the percentage increase in the total amount appropriated to carry out this sec-

tion between the preceding fiscal year and the fiscal year involved.

(d) PROPORTIONAL REDUCTION.—To provide minimum allotments to systems within States (as increased under subsection (c)(5)) under subsection (c)(3)(B), or to provide minimum allotments to systems within States (as increased under subsection (c)(5)) under subsection (c)(4)(B), the **【Commissioner】** *Director* shall proportionately reduce the allotments of the remaining systems within States under subsection (c)(3), with such adjustments as may be necessary to prevent the allotment of any such remaining system within a State from being reduced to less than the minimum allotment for a system within a State (as increased under subsection (c)(5)) under subsection (c)(3)(B), or the minimum allotment for a State (as increased under subsection (c)(5)) under subsection (c)(4)(B), as appropriate.

(e) REALLOTMENT.—Whenever the **【Commissioner】** *Director* determines that any amount of an allotment to a system within a State for any fiscal year described in subsection (c)(1) will not be expended by such system in carrying out the provisions of this section, the **【Commissioner】** *Director* shall make such amount available for carrying out the provisions of this section to one or more of the systems that the **【Commissioner】** *Director* determines will be able to use additional amounts during such year for carrying out such provisions. Any amount made available to a system for any fiscal year pursuant to the preceding sentence shall, for the purposes of this section, be regarded as an increase in the allotment of the system (as determined under the preceding provisions of this section) for such year.

(f) APPLICATION.—In order to receive assistance under this section, an eligible system shall submit an application to the **【Commissioner】** *Director*, at such time, in such form and manner, and containing such information and assurances as the **【Commissioner】** *Director* determines necessary to meet the requirements of this section, including assurances that the eligible system will—

(1) * * *

* * * * *

(7) provide assurances to the **【Commissioner】** *Director* that funds made available under this section will be used to supplement and not supplant the non-Federal funds that would otherwise be made available for the purpose for which Federal funds are provided.

(g) CARRYOVER AND DIRECT PAYMENT.—

(1) DIRECT PAYMENT.—Notwithstanding any other provision of law, the **【Commissioner】** *Director* shall pay directly to any system that complies with the provisions of this section, the amount of the allotment of the State or the grant for the eligible system that serves the American Indian consortium involved under this section, unless the State or American Indian consortium provides otherwise.

* * * * *

(2) CARRYOVER.—Any amount paid to an eligible system that serves a State or American Indian consortium for a fiscal year that remains unobligated at the end of such year shall remain available to such system that serves the State or American In-

dian consortium for obligation during the next fiscal year for the purposes for which such amount [was paid] *was paid, except that program income generated from such amount shall remain available to such system for one additional fiscal year.*

(h) LIMITATION ON DISCLOSURE REQUIREMENTS.—For purposes of any audit, report, or evaluation of the performance of the program established under this section, the [Commissioner] *Director* shall not require such a program to disclose the identity of, or any other personally identifiable information related to, any individual requesting assistance under such program.

* * * * *

(j) DELEGATION.—The [Commissioner] *Director* may delegate the administration of this program to the [Commissioner] *Director* of the Administration on Developmental Disabilities within the Department of Health and Human Services.

(k) REPORT.—The [Commissioner] *Director* shall annually prepare and submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate a report describing the types of services and activities being undertaken by programs funded under this section, the total number of individuals served under this section, the types of disabilities represented by such individuals, and the types of issues being addressed on behalf of such individuals.

(l) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the [fiscal years 1999 through 2003] *fiscal years 2006 through 2011.*

* * * * *

TITLE VI—EMPLOYMENT OPPORTUNITIES FOR INDIVIDUALS WITH DISABILITIES

* * * * *

PART A—PROJECTS WITH INDUSTRY

PROJECTS WITH INDUSTRY

SEC. 611. (a)(1) * * *

(2) The [Commissioner] *Director*, in consultation with the Secretary of Labor and with designated State units, may award grants to individual employers, community rehabilitation program providers, labor unions, trade associations, Indian tribes, tribal organizations, designated State units, and other entities to establish jointly financed Projects With Industry to create and expand job and career opportunities for individuals with disabilities, which projects shall—

(A) * * *

* * * * *

(4) The [Commissioner] *Director* shall enter into an agreement with the grant recipient regarding the establishment of the project. Any agreement shall be jointly developed by the [Commissioner] *Director*, the grant recipient, and, to the extent practicable, the appropriate designated State unit and the individuals with disabilities (or the individuals' representatives) involved. Such agree-

ments shall specify the terms of training and employment under the project, provide for the payment by the **【Commissioner】 Director** of part of the costs of the project (in accordance with subsection (c)), and contain the items required under subsection (b) and such other provisions as the parties to the agreement consider to be appropriate.

(5) Any agreement shall include a description of a plan to annually conduct a review and evaluation of the operation of the project in accordance with standards developed by the **【Commissioner】 Director** under subsection (d), and, in conducting the review and evaluation, to collect data and information of the type described in subparagraphs (A) through (C) of section 101(a)(10), as determined to be appropriate by the **【Commissioner】 Director**.

(6) The **【Commissioner】 Director** may include, as part of agreements with grant recipients, authority for such grant recipients to provide technical assistance to—

(A) * * *

* * * * *

(b) No payment shall be made by the **【Commissioner】 Director** under any agreement with a grant recipient entered into under subsection (a) unless such agreement—

(1) * * *

* * * * *

(3) provides an assurance that an annual evaluation report containing information specified under subsection (a)(5) shall be submitted as determined to be appropriate by the **【Commissioner】 Director**.

* * * * *

(d)(1) The **【Commissioner】 Director** shall develop standards for the evaluation described in subsection (a)(5) and shall review and revise the evaluation standards as necessary, subject to paragraph (2).

(2) In revising the standards for evaluation to be used by the grant recipients, the **【Commissioner】 Director** shall obtain and consider recommendations for such standards from State vocational rehabilitation agencies, current and former grant recipients, professional organizations representing business and industry, organizations representing individuals with disabilities, individuals served by grant recipients, organizations representing community rehabilitation program providers, and labor organizations.

(e)(1)(A) * * *

(B) Grants under this section shall be awarded on a competitive basis. To be eligible to receive such a grant, a prospective grant recipient shall submit an application to the **【Commissioner】 Director** at such time, in such manner, and containing such information as the **【Commissioner】 Director** may require.

(2) The **【Commissioner】 Director** shall, to the extent practicable, ensure an equitable distribution of payments made under this section among the States. To the extent funds are available, the **【Commissioner】 Director** shall award grants under this section to new projects that will serve individuals with disabilities in States, portions of States, Indian tribes, or tribal organizations, that are currently unserved or underserved by projects.

(f)(1) The [Commissioner] *Director* shall, as necessary, develop and publish in the Federal Register, in final form, indicators of what constitutes minimum compliance consistent with the evaluation standards under subsection (d)(1).

(2) Each grant recipient shall report to the [Commissioner] *Director* at the end of each project year the extent to which the grant recipient is in compliance with the evaluation standards.

(3)(A) The [Commissioner] *Director* shall annually conduct on-site compliance reviews of at least 15 percent of grant recipients. The [Commissioner] *Director* shall select grant recipients for review on a random basis.

(B) The [Commissioner] *Director* shall use the indicators in determining compliance with the evaluation standards.

(C) The [Commissioner] *Director* shall ensure that at least one member of a team conducting such a review shall be an individual who—

(i) * * *

* * * * *

(D) The [Commissioner] *Director* shall ensure that—

(i) * * *

* * * * *

(4) In making a determination concerning any subsequent grant under this section, the [Commissioner] *Director* shall consider the past performance of the applicant, if applicable. The [Commissioner] *Director* shall use compliance indicators developed under this subsection that are consistent with program evaluation standards developed under subsection (d) to assess minimum project performance for purposes of making continuation awards in the third, fourth, and fifth years.

(5) Each fiscal year the [Commissioner] *Director* shall include in the annual report to Congress required by section 13 an analysis of the extent to which grant recipients have complied with the evaluation standards. The [Commissioner] *Director* may identify individual grant recipients in the analysis. In addition, the [Commissioner] *Director* shall report the results of onsite compliance reviews, identifying individual grant recipients.

(g) The [Commissioner] *Director* may provide, directly or by way of grant, contract, or cooperative agreement, technical assistance to—

(1) * * *

* * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 612. There are authorized to be appropriated to carry out the provisions of this part, such sums as may be necessary for each of [fiscal years 1999 through 2003] *fiscal years 2006 through 2011*.

PART B—SUPPORTED EMPLOYMENT SERVICES FOR INDIVIDUALS WITH THE MOST SIGNIFICANT DISABILITIES

* * * * *

SEC. 622. ALLOTMENTS.

(a) * * *

* * * * *

(b) REALLOTMENT.—Whenever the [Commissioner] *Director* determines that any amount of an allotment to a State for any fiscal year will not be expended by such State for carrying out the provisions of this part, the [Commissioner] *Director* shall make such amount available for carrying out the provisions of this part to one or more of the States that the [Commissioner] *Director* determines will be able to use additional amounts during such year for carrying out such provisions. Any amount made available to a State for any fiscal year pursuant to the preceding sentence shall, for the purposes of this section, be regarded as an increase in the allotment of the State (as determined under the preceding provisions of this section) for such year.

* * * * *

SEC. 625. STATE PLAN.

(a) STATE PLAN SUPPLEMENTS.—To be eligible for an allotment under this part, a State shall submit to the [Commissioner] *Director*, as part of the State plan under section 101, a State plan supplement for providing supported employment services authorized under this Act to individuals who are eligible under this Act to receive the services. Each State shall make such annual revisions in the plan supplement as may be necessary.

(b) CONTENTS.—Each such plan supplement shall—

(1) * * *

* * * * *

(8) contain such other information and be submitted in such manner as the [Commissioner] *Director* may require.

* * * * *

SEC. 628. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part such sums as may be necessary for each of [fiscal years 1999 through 2003] *fiscal years 2006 through 2011*.

TITLE VII—INDEPENDENT LIVING SERVICES AND CENTERS FOR INDEPENDENT LIVING

CHAPTER 1—INDIVIDUALS WITH SIGNIFICANT DISABILITIES

PART A—GENERAL PROVISIONS

* * * * *

SEC. 704. STATE PLAN.

(a) IN GENERAL.—

(1) REQUIREMENT.—To be eligible to receive financial assistance under this chapter, a State shall submit to the [Commissioner] *Director*, and obtain approval of, a State plan con-

taining such provisions as the **[Commissioner]** *Director* may require, including, at a minimum, the provisions required in this section.

* * * * *

(4) **DATE OF SUBMISSION.**—The State shall submit the plan to the **[Commissioner]** *Director* 90 days before the completion date of the preceding plan. If a State fails to submit such a plan that complies with the requirements of this section, the **[Commissioner]** *Director* may withhold financial assistance under this chapter until such time as the State submits such a plan.

* * * * *

(c) **DESIGNATION OF STATE UNIT.**—The plan shall designate the designated State unit of such State as the agency that, on behalf of the State, shall—

(1) * * *

(3) keep such records and afford such access to such records as the **[Commissioner]** *Director* finds to be necessary with respect to the programs; and

(4) submit such additional information or provide such assurances as the **[Commissioner]** *Director* may require with respect to the programs.

* * * * *

(m) **REQUIREMENTS.**—The plan shall provide satisfactory assurances that all recipients of financial assistance under this chapter will—

(1) * * *

* * * * *

(4)(A) * * *

(i) * * *

* * * * *

(B) maintain such other records as the **[Commissioner]** *Director* determines to be appropriate to facilitate an effective audit;

(C) afford such access to records maintained under subparagraphs (A) and (B) as the **[Commissioner]** *Director* determines to be appropriate; and

(D) submit such reports with respect to such records as the **[Commissioner]** *Director* determines to be appropriate;

(5) provide access to the **[Commissioner]** *Director* and the Comptroller General or any of their duly authorized representatives, for the purpose of conducting audits and examinations, of any books, documents, papers, and records of the recipients that are pertinent to the financial assistance received under this chapter; and

* * * * *

SEC. 705. STATEWIDE INDEPENDENT LIVING COUNCIL.

(a) * * *

(b) **COMPOSITION AND APPOINTMENT.**—

(1) * * *

* * * * *

[(5) CHAIRPERSON.—

[(A) IN GENERAL.—Except as provided in subparagraph (B), the Council shall select a chairperson from among the voting membership of the Council.

[(B) DESIGNATION BY CHIEF EXECUTIVE OFFICER.—In States in which the Governor does not have veto power pursuant to State law, the appointing authority described in paragraph (3) shall designate a voting member of the Council to serve as the chairperson of the Council or shall require the Council to so designate such a voting member.]

(5) CHAIRPERSON.—*The Council shall select a chairperson from among the voting membership of the Council.*

* * * * *

(c) DUTIES.—The Council shall—

(1) * * *

* * * * *

(5) submit to the [Commissioner] *Director* such periodic reports as the [Commissioner] *Director* may reasonably request, and keep such records, and afford such access to such records, as the [Commissioner] *Director* finds necessary to verify such reports.

* * * * *

SEC. 706. RESPONSIBILITIES OF THE [COMMISSIONER] DIRECTOR.

(a) APPROVAL OF STATE PLANS.—

(1) IN GENERAL.—The [Commissioner] *Director* shall approve any State plan submitted under section 704 that the [Commissioner] *Director* determines meets the requirements of section 704, and shall disapprove any such plan that does not meet such requirements, as soon as practicable after receiving the plan. Prior to such disapproval, the [Commissioner] *Director* shall notify the State of the intention to disapprove the plan, and shall afford such State reasonable notice and opportunity for a hearing.

(2) PROCEDURES.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the provisions of subsections (c) and (d) of section 107 shall apply to any State plan submitted to the [Commissioner] *Director* under section 704.

(B) APPLICATION.—For purposes of the application described in subparagraph (A), all references in such provisions—

(i) to the Secretary shall be deemed to be references to the [Commissioner] *Director*; and

* * * * *

(b) INDICATORS.—Not later than October 1, 1993, the [Commissioner] *Director* shall develop and publish in the Federal Register indicators of minimum compliance consistent with the standards set forth in section 725.

(c) ONSITE COMPLIANCE REVIEWS.—

(1) REVIEWS.—The [Commissioner] *Director* shall annually conduct onsite compliance reviews of at least 15 percent of the centers for independent living that receive funds under section

722 and shall periodically conduct such a review of each such center. The **【Commissioner】 Director** shall annually conduct onsite compliance reviews of at least one-third of the designated State units that receive funding under section 723, and, to the extent necessary to determine the compliance of such a State unit with subsections (f) and (g) of section 723, centers that receive funding under section 723 in such State. The **【Commissioner】 Director** shall select the centers and State units described in this paragraph for review on a random basis.

(2) QUALIFICATIONS OF EMPLOYEES CONDUCTING REVIEWS.—
The **【Commissioner】 Director** shall—

(A) * * *

* * * * *

(d) REPORTS.—The **【Commissioner】 Director** shall include, in the annual report required under section 13, information on the extent to which centers for independent living receiving funds under part C have complied with the standards and assurances set forth in section 725. The **【Commissioner】 Director** may identify individual centers for independent living in the analysis. The **【Commissioner】 Director** shall report the results of onsite compliance reviews, identifying individual centers for independent living and other recipients of assistance under this chapter.

PART B—INDEPENDENT LIVING SERVICES

SEC. 711. ALLOTMENTS.

(a) IN GENERAL.—

(1) STATES.—

(A) POPULATION BASIS.—Except as provided in subparagraphs (B) and (C), from sums appropriated for each fiscal year to carry out this part, the **【Commissioner】 Director** shall make an allotment to each State whose State plan has been approved under section 706 of an amount bearing the same ratio to such sums as the population of the State bears to the population of all States.

* * * * *

(3) ADJUSTMENT FOR INFLATION.—For any fiscal year, beginning in fiscal year 1999, in which the total amount appropriated to carry out this part exceeds the total amount appropriated to carry out this part for the preceding fiscal year, the **【Commissioner】 Director** shall increase the minimum allotment under paragraph (1)(C) by a percentage that shall not exceed the percentage increase in the total amount appropriated to carry out this part between the preceding fiscal year and the fiscal year involved.

(b) PROPORTIONAL REDUCTION.—To provide allotments to States in accordance with subsection (a)(1)(B), to provide minimum allotments to States (as increased under subsection (a)(3)) under subsection (a)(1)(C), or to provide minimum allotments to States under subsection (a)(2)(B), the **【Commissioner】 Director** shall proportionately reduce the allotments of the remaining States under subsection (a)(1)(A), with such adjustments as may be necessary to

prevent the allotment of any such remaining State from being reduced to less than the amount required by subsection (a)(1)(B).

(c) REALLOTMENT.—Whenever the [Commissioner] *Director* determines that any amount of an allotment to a State for any fiscal year will not be expended by such State in carrying out the provisions of this part, the [Commissioner] *Director* shall make such amount available for carrying out the provisions of this part to one or more of the States that the [Commissioner] *Director* determines will be able to use additional amounts during such year for carrying out such provisions. Any amount made available to a State for any fiscal year pursuant to the preceding sentence shall, for the purposes of this section, be regarded as an increase in the allotment of the State (as determined under the preceding provisions of this section) for such year.

SEC. 712. PAYMENTS TO STATES FROM ALLOTMENTS.

(a) PAYMENTS.—From the allotment of each State for a fiscal year under section 711, the State shall be paid the Federal share of the expenditures incurred during such year under its State plan approved under section 706. Such payments may be made (after necessary adjustments on account of previously made overpayments or underpayments) in advance or by way of reimbursement, and in such installments and on such conditions as the [Commissioner] *Director* may determine.

* * * * *

SEC. 714. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part such sums as may be necessary for each of the [fiscal years 1999 through 2003] *fiscal years 2006 through 2011*.

PART C—CENTERS FOR INDEPENDENT LIVING

SEC. 721. PROGRAM AUTHORIZATION.

(a) IN GENERAL.—From the funds appropriated for fiscal year 1999 and for each subsequent fiscal year to carry out this part, the [Commissioner] *Director* shall allot such sums as may be necessary to States and other entities in accordance with subsections (b) through (d).

(b) TRAINING.—

(1) GRANTS; CONTRACTS; OTHER ARRANGEMENTS.—For any fiscal year in which the funds appropriated to carry out this part exceed the funds appropriated to carry out this part for fiscal year 1993, the [Commissioner] *Director* shall first reserve from such excess, to provide training and technical assistance to eligible agencies, centers for independent living, and State-wide Independent Living Councils for such fiscal year, not less than 1.8 percent, and not more than 2 percent, of the funds appropriated to carry out this part for the fiscal year involved.

(2) ALLOCATION.—From the funds reserved under paragraph (1), the [Commissioner] *Director* shall make grants to, and enter into contracts and other arrangements with, entities that have experience in the operation of centers for independent living to provide such training and technical assistance with re-

spect to planning, developing, conducting, administering, and evaluating centers for independent living.

(3) FUNDING PRIORITIES.—The **【Commissioner】** *Director* shall conduct a survey of Statewide Independent Living Councils and centers for independent living regarding training and technical assistance needs in order to determine funding priorities for such grants, contracts, and other arrangements.

(4) REVIEW.—To be eligible to receive a grant or enter into a contract or other arrangement under this subsection, such an entity shall submit an application to the **【Commissioner】** *Director* at such time, in such manner, and containing a proposal to provide such training and technical assistance, and containing such additional information as the **【Commissioner】** *Director* may require. The **【Commissioner】** *Director* shall provide for peer review of grant applications by panels that include persons who are not government employees and who have experience in the operation of centers for independent living.

(5) PROHIBITION ON COMBINED FUNDS.—No funds reserved by the **【Commissioner】** *Director* under this subsection may be combined with funds appropriated under any other Act or part of this Act if the purpose of combining funds is to make a single discretionary grant or a single discretionary payment, unless such funds appropriated under this chapter are separately identified in such grant or payment and are used for the purposes of this chapter.

(c) IN GENERAL.—

(1) STATES.—

(A) POPULATION BASIS.—After the reservation required by subsection (b) has been made, and except as provided in subparagraphs (B) and (C), from the remainder of the amounts appropriated for each such fiscal year to carry out this part, the **【Commissioner】** *Director* shall make an allotment to each State whose State plan has been approved under section 706 of an amount bearing the same ratio to such remainder as the population of the State bears to the population of all States.

* * * * *

(3) ADJUSTMENT FOR INFLATION.—For any fiscal year, beginning in fiscal year 1999, in which the total amount appropriated to carry out this part exceeds the total amount appropriated to carry out this part for the preceding fiscal year, the **【Commissioner】** *Director* shall increase the minimum allotment under paragraph (1)(C) by a percentage that shall not exceed the percentage increase in the total amount appropriated to carry out this part between the preceding fiscal year and the fiscal year involved.

(4) PROPORTIONAL REDUCTION.—To provide allotments to States in accordance with paragraph (1)(B), to provide minimum allotments to States (as increased under paragraph (3)) under paragraph (1)(C), or to provide minimum allotments to States under paragraph (2)(B), the **【Commissioner】** *Director* shall proportionately reduce the allotments of the remaining States under paragraph (1)(A), with such adjustments as may be necessary to prevent the allotment of any such remaining

State from being reduced to less than the amount required by paragraph (1)(B).

(d) REALLOTMENT.—Whenever the [Commissioner] *Director* determines that any amount of an allotment to a State for any fiscal year will not be expended by such State for carrying out the provisions of this part, the [Commissioner] *Director* shall make such amount available for carrying out the provisions of this part to one or more of the States that the [Commissioner] *Director* determines will be able to use additional amounts during such year for carrying out such provisions. Any amount made available to a State for any fiscal year pursuant to the preceding sentence shall, for the purposes of this section, be regarded as an increase in the allotment of the State (as determined under the preceding provisions of this section) for such year.

SEC. 722. GRANTS TO CENTERS FOR INDEPENDENT LIVING IN STATES IN WHICH FEDERAL FUNDING EXCEEDS STATE FUNDING.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—Unless the director of a designated State unit awards grants under section 723 to eligible agencies in a State for a fiscal year, the [Commissioner] *Director* shall award grants under this section to such eligible agencies for such fiscal year from the amount of funds allotted to the State under subsection (c) or (d) of section 721 for such year.

(2) GRANTS.—The [Commissioner] *Director* shall award such grants, from the amount of funds so allotted, to such eligible agencies for the planning, conduct, administration, and evaluation of centers for independent living that comply with the standards and assurances set forth in section 725.

(b) ELIGIBLE AGENCIES.—In any State in which the [Commissioner] *Director* has approved the State plan required by section 704, the [Commissioner] *Director* may make a grant under this section to any eligible agency that—

(1) * * *

(2) is determined by the [Commissioner] *Director* to be able to plan, conduct, administer, and evaluate a center for independent living consistent with the standards and assurances set forth in section 725; and

(3) submits an application to the [Commissioner] *Director* at such time, in such manner, and containing such information as the [Commissioner] *Director* may require.

(c) EXISTING ELIGIBLE AGENCIES.—In the administration of the provisions of this section, the [Commissioner] *Director* shall award grants to any eligible agency that has been awarded a grant under this part by September 30, 1997, unless the [Commissioner] *Director* makes a finding that the agency involved fails to meet program and fiscal standards and assurances set forth in section 725.

(d) NEW CENTERS FOR INDEPENDENT LIVING.—

(1) IN GENERAL.—If there is no center for independent living serving a region of the State or a region is underserved, and the increase in the allotment of the State is sufficient to support an additional center for independent living in the State, the [Commissioner] *Director* may award a grant under this section to the most qualified applicant proposing to serve such region, consistent with the provisions in the State plan setting

forth the design of the State for establishing a statewide network of centers for independent living.

(2) SELECTION.—In selecting from among applicants for a grant under this section for a new center for independent living, the **【Commissioner】 Director**—

(A) * * *

* * * * *

(e) ORDER OF PRIORITIES.—The **【Commissioner】 Director** shall be guided by the following order of priorities in allocating funds among centers for independent living within a State, to the extent funds are available:

(1) The **【Commissioner】 Director** shall support existing centers for independent living, as described in subsection (c), that comply with the standards and assurances set forth in section 725, at the level of funding for the previous year.

(2) The **【Commissioner】 Director** shall provide for a cost-of-living increase for such existing centers for independent living.

(3) The **【Commissioner】 Director** shall fund new centers for independent living, as described in subsection (d), that comply with the standards and assurances set forth in section 725.

* * * * *

(g) REVIEW.—

(1) IN GENERAL.—The **【Commissioner】 Director** shall periodically review each center receiving funds under this section to determine whether such center is in compliance with the standards and assurances set forth in section 725. If the **【Commissioner】 Director** determines that any center receiving funds under this section is not in compliance with the standards and assurances set forth in section 725, the **【Commissioner】 Director** shall immediately notify such center that it is out of compliance.

(2) ENFORCEMENT.—The **【Commissioner】 Director** shall terminate all funds under this section to such center 90 days after the date of such notification unless the center submits a plan to achieve compliance within 90 days of such notification and such plan is approved by the **【Commissioner】 Director**.

SEC. 723. GRANTS TO CENTERS FOR INDEPENDENT LIVING IN STATES IN WHICH STATE FUNDING EQUALS OR EXCEEDS FEDERAL FUNDING.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—

(A) INITIAL YEAR.—

(i) DETERMINATION.—The director of a designated State unit, as provided in paragraph (2), or the **【Commissioner】 Director**, as provided in paragraph (3), shall award grants under this section for an initial fiscal year if the **【Commissioner】 Director** determines that the amount of State funds that were earmarked by a State for a preceding fiscal year to support the general operation of centers for independent living meeting the requirements of this part equaled or exceeded the amount of funds allotted to the State under subsection (c) or (d) of section 721 for such year.

(ii) GRANTS.—The director or the **【Commissioner】 Director**, as appropriate, shall award such grants, from the amount of funds so allotted for the initial fiscal year, to eligible agencies in the State for the planning, conduct, administration, and evaluation of centers for independent living that comply with the standards and assurances set forth in section 725.

(iii) REGULATION.—The **【Commissioner】 Director** shall by regulation specify the preceding fiscal year with respect to which the **【Commissioner】 Director** will make the determinations described in clause (i) and subparagraph (B), making such adjustments as may be necessary to accommodate State funding cycles such as 2-year funding cycles or State fiscal years that do not coincide with the Federal fiscal year.

(B) SUBSEQUENT YEARS.—For each year subsequent to the initial fiscal year described in subparagraph (A), the director of the designated State unit shall continue to have the authority to award such grants under this section if the **【Commissioner】 Director** determines that the State continues to earmark the amount of State funds described in subparagraph (A)(i). If the State does not continue to earmark such an amount for a fiscal year, the State shall be ineligible to make grants under this section after a final year following such fiscal year, as defined in accordance with regulations established by the **【Commissioner】 Director**, and for each subsequent fiscal year.

(2) GRANTS BY DESIGNATED STATE UNITS.—In order for the designated State unit to be eligible to award the grants described in paragraph (1) and carry out this section for a fiscal year with respect to a State, the designated State agency shall submit an application to the **【Commissioner】 Director** at such time, and in such manner as the **【Commissioner】 Director** may require, including information about the amount of State funds described in paragraph (1) for the preceding fiscal year. If the **【Commissioner】 Director** makes a determination described in subparagraph (A)(i) or (B), as appropriate, of paragraph (1), the **【Commissioner】 Director** shall approve the application and designate the director of the designated State unit to award the grant and carry out this section.

(3) GRANTS BY **【COMMISSIONER】 DIRECTOR**.—If the designated State agency of a State described in paragraph (1) does not submit and obtain approval of an application under paragraph (2), the **【Commissioner】 Director** shall award the grant described in paragraph (1) to eligible agencies in the State in accordance with section 722.

(b) ELIGIBLE AGENCIES.—In any State in which the **【Commissioner】 Director** has approved the State plan required by section 704, the director of the designated State unit may award a grant under this section to any eligible agency that—

(1) * * *

* * * * *

(i) ADVERSE ACTIONS.—If the director of the designated State unit proposes to take a significant adverse action against a center for independent living, the center may seek mediation and concilia-

tion to be provided by an individual or individuals who are free of conflicts of interest identified by the chairperson of or other individual designated by the Council. If the issue is not resolved through the mediation and conciliation, the center may appeal the proposed adverse action to the [Commissioner] *Director* for a final decision.

SEC. 724. CENTERS OPERATED BY STATE AGENCIES.

A State that receives assistance for fiscal year 1993 with respect to a center in accordance with subsection (a) of this section (as in effect on the day before the date of enactment of the Rehabilitation Act Amendments of 1998) may continue to receive assistance under this part for fiscal year 1994 or a succeeding fiscal year if, for such fiscal year—

- (1) no nonprofit private agency—
 - (A) submits an acceptable application to operate a center for independent living for the fiscal year before a date specified by the [Commissioner] *Director*; and
 - (B) obtains approval of the application under section 722 or 723; or
- (2) after funding all applications so submitted and approved, the [Commissioner] *Director* determines that funds remain available to provide such assistance.

SEC. 725. STANDARDS AND ASSURANCES FOR CENTERS FOR INDEPENDENT LIVING.

(a) * * *

* * * * *

(c) ASSURANCES.—The eligible agency shall provide at such time and in such manner as the [Commissioner] *Director* may require, such satisfactory assurances as the [Commissioner] *Director* may require, including satisfactory assurances that—

(1) * * *

* * * * *

(13) the center will prepare and submit a report to the designated State unit or the [Commissioner] *Director*, as the case may be, at the end of each fiscal year that contains the information described in paragraph (8) and information regarding the extent to which the center is in compliance with the standards set forth in subsection (b); and

* * * * *

SEC. 727. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part such sums as may be necessary for each of the [fiscal years 1999 through 2003] *fiscal years 2006 through 2011*.

CHAPTER 2—INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND

* * * * *

SEC. 752. PROGRAM OF GRANTS.

(a) IN GENERAL.—

- (1) AUTHORITY FOR GRANTS.—Subject to subsections (b) and (c), the [Commissioner] *Director* may make grants to States

for the purpose of providing the services described in subsection (d) to older individuals who are blind.

(2) DESIGNATED STATE AGENCY.—The **【Commissioner】** *Director* may not make a grant under subsection (a) unless the State involved agrees that the grant will be administered solely by the agency described in section 101(a)(2)(A)(i).

* * * * *

(c) CONTINGENT FORMULA GRANTS.—

(1) * * *

(2) ALLOTMENTS.—For grants under subsection (a) for a fiscal year described in paragraph (1), the **【Commissioner】** *Director* shall make an allotment to each State in an amount determined in accordance with subsection (j), and shall make a grant to the State of the allotment made for the State if the State submits to the **【Commissioner】** *Director* an application in accordance with subsection (i).

(d) SERVICES GENERALLY.—The **【Commissioner】** *Director* may not make a grant under subsection (a) unless the State involved agrees that the grant will be expended only for purposes of—

(1) * * *

* * * * *

(f) MATCHING FUNDS.—

(1) IN GENERAL.—The **【Commissioner】** *Director* may not make a grant under subsection (a) unless the State involved agrees, with respect to the costs of the program to be carried out by the State pursuant to such subsection, to make available (directly or through donations from public or private entities) non-Federal contributions toward such costs in an amount that is not less than \$1 for each \$9 of Federal funds provided in the grant.

* * * * *

(h) REQUIREMENT REGARDING STATE PLAN.—The **【Commissioner】** *Director* may not make a grant under subsection (a) unless the State involved agrees that, in carrying out subsection (d)(1), the State will seek to incorporate into the State plan under section 704 any new methods and approaches relating to independent living services for older individuals who are blind.

(i) APPLICATION FOR GRANT.—

(1) IN GENERAL.—The **【Commissioner】** *Director* may not make a grant under subsection (a) unless an application for the grant is submitted to the **【Commissioner】** *Director* and the application is in such form, is made in such manner, and contains such agreements, assurances, and information as the **【Commissioner】** *Director* determines to be necessary to carry out this section (including agreements, assurances, and information with respect to any grants under subsection (j)(4)).

(2) CONTENTS.—An application for a grant under this section shall contain—

(A) an assurance that the agency described in subsection (a)(2) will prepare and submit to the **【Commissioner】** *Director* a report, at the end of each fiscal year, with respect to each project or program the agency operates or administers under this section, whether directly or through a

grant or contract, which report shall contain, at a minimum, information on—

(i) * * *

* * * * *

(j) AMOUNT OF FORMULA GRANT.—

(1) * * *

* * * * *

(4) DISPOSITION OF CERTAIN AMOUNTS.—

(A) GRANTS.—From the amounts specified in subparagraph (B), the [Commissioner] *Director* may make grants to States whose population of older individuals who are blind has a substantial need for the services specified in subsection (d) relative to the populations in other States of older individuals who are blind.

(B) AMOUNTS.—The amounts referred to in subparagraph (A) are any amounts that are not paid to States under subsection (a) as a result of—

(i) * * *

* * * * *

(iii) any State informing the [Commissioner] *Director* that the State does not intend to expend the full amount of the allotment made for the State under subsection (a).

(C) CONDITIONS.—The [Commissioner] *Director* may not make a grant under subparagraph (A) unless the State involved agrees that the grant is subject to the same conditions as grants made under subsection (a).

SEC. 753. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this chapter such sums as may be necessary for each of the [fiscal years 1999 through 2003] *fiscal years 2006 through 2011*.

HELEN KELLER NATIONAL CENTER ACT

TITLE II—REAUTHORIZATION OF THE HELEN KELLER NATIONAL CENTER FOR DEAF-BLIND YOUTHS AND ADULTS

SHORT TITLE

SEC. 201. This title may be cited as the “Helen Keller National Center Act”.

* * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 205. (a) There are authorized to be appropriated to carry out the provisions of this title such sums as may be necessary for each of the fiscal years [1999 through 2003] *2006 through 2011*. Such sums shall remain available until expended.

* * * * *

SEC. 208. HELEN KELLER NATIONAL CENTER FEDERAL ENDOWMENT PROGRAM.

(a) * * *

* * * * *

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, such sums as may be necessary for each of the fiscal years **1999 through 2003** *2006 through 2011*. Such sums shall remain available until expended.

* * * * *

MINORITY VIEWS

INTRODUCTION

Millions of Americans seek the skills they need to improve their current employment situation. Millions more are also seeking training and skills to secure a job, often from an extended period of unemployment. These Americans want to better provide for themselves and their families. Rather than helping these individuals, this bill fails to fundamentally improve our job training system and represents a missed opportunity for the American workforce. Due to these shortcomings, we opposed Committee passage of this legislation.

This is the second Congress in a row that the Majority has rushed through a partisan and fundamentally flawed job training bill. Rather than address the root causes of why little actual job training services are provided under WIA, this bill gives Governors, and not consumers—the American workers—greater control over critical resources. Most alarming is the fact that the Majority believes it can simply change the bureaucratic elements of the WIA system and ensure those who need training receive it. Actual job training has fallen 50 percent under WIA (compared to JTPA) with only 200,000 adults and dislocated workers received training out of 8 million unemployed individuals. The Department of Labor estimates that less than 50 percent under WIA funds are being used for core, intensive, and training services.

Block grants destroy program's focus

While this bill misses an opportunity to improve job training, it also destroys the functioning elements of our nation's job training system. H.R. 27 would block grant adult, dislocated worker and Employment Service funding streams. Job training programs under WIA have been cut by the Republican Congress and President Bush by \$750 million since 2002. Block grant proposals such as this are shortsighted and historically have led to reduced funding for job training. Millions of Americans are in need of additional training and education to secure better jobs. This proposal would severely hamper efforts to ensure that WIA has sufficient funding and jeopardizes the quality of training provided to workers.

While the block grant scheme in this bill will lead to reduced funding, the elimination of the Employment Service will lead to higher unemployment. The Employment Service provides the link between those who are looking for work and actual jobs and served 15 million unemployed individuals in 2003. We eliminate the Employment Service and we terminate job matching services for millions of unemployed and underemployed workers.

H.R. 27 undermines program providers

Additionally, H.R. 27 would require mandatory partners to contribute a set percentage of their funds for one stop center operations while also eliminating their seat on local workforce boards. This bill allows Governors to take funding presently used to provide critical adult education, vocational rehabilitation, veterans' employment and other services and instead use it for administrative expenses and infrastructure costs. Very simply, programs that provide services must give up resources; yet have no say over how they are spent or utilized. Such an arrangement will only create strife and discord at the local level, further hampering the ability to efficiently and effectively provide services through one stop training centers.

The carving out of funding from mandatory partners is especially harmful when you consider its real world effects on those returning from combat overseas and individuals with disabilities. At a time when our men and women in the military are fighting overseas, it is unacceptable that we are attacking the programs that will help them find jobs when they return. In addition, 37 State vocational rehabilitation agencies presently do not have the resources necessary to serve all individuals with disabilities. Removing resources from this cash strapped system would only deny more services to individuals with disabilities—the very services they need to achieve employment. We should instead be seeking to provide operational funding for one stop centers through a separate line item.

H.R. 27 allows discrimination based on an employee's faith or religious views

H.R. 27, the Job Training Improvement Act, contains a provision that repeals longstanding civil rights protections for current and future employees of federal job training programs operating through faith-based organizations. Since 1982, federal job training programs authorized by the Job Training Partnership Act and its successor, the Workforce Investment Act, have been guided by a nondiscrimination provision that assured fundamental civil rights protection for employees and beneficiaries. This provision, now under attack by the Majority, allows that with regard to funding of faith-based organizations, government funds, collected from all taxpayers, should not be used to support discrimination. We stand by this provision that has received strong bipartisan support since its initial inclusion and will continue to seek its preservation.

During Full Committee deliberation of H.R. 27, Representatives Scott, Van Hollen and Woolsey, together, offered an amendment to restore the civil rights protection found in current law. This amendment was wrongly rejected.

The debate surrounding this provision has routinely centered on Majority claims that changing current law will make the Job Training Improvement Act consistent with Title VII of the Civil Rights Act of 1964. We disagree. The Civil Rights Act of 1964 clearly states that religious organizations otherwise covered by Title VII may use religion as a criterion in their hiring, firing, promotion, and other employment practices; and they may do so not only with respect to employees engaged in religious activities but also those engaged in purely secular activities. (For example, when a Catholic

church hires a priest, it can, of course, require that the job applicant be Catholic.) The exemption is a common sense provision for religious organizations within the context of positions that are paid for with private funds. We contend that this exemption is not valid when it applies to employment in social service programs that are directly funded by taxpayers such as those that would be funded by H.R. 27.

By maintaining current law, the Committee would affirm a civil right standard that has coexisted with Title VII since 1982 and that has not prevented the participation of faith-based organizations in federal job training programs. In fact, the Majority has yet to produce any evidence that current law hampers the full participation of faith-based organizations to provide job training services. As the law currently stands faith-based organizations receive hundreds of millions of dollars to run job training and other federally funded programs.

We are profoundly concerned that there has been little attention paid by the Majority to the far reaching implications of overturning this important civil rights standard. By refusing to prohibit discrimination based on religion, the government cannot effectively enforce nondiscrimination provisions based on race or national origin. Many religious faiths are monolithic in membership. Their members may reflect a majority of one race or national origin. To then restrict hiring based on religion is to effectively discriminate based on race. Since 1964, the federal government has outlawed discrimination based on race in hiring. H.R. 27 would reverse this monumental civil rights standard. Similarly, many religious faiths adhere to beliefs or practices that would disqualify a member of a particular sex from a job position for acts or practices that are considered contrary to the religion's tenets.

We acknowledge that former President Clinton signed four bills into law with provisions similar to the one under discussion. Unfortunately, the Majority has chosen to disregard the legislative history of these provisions. The previous Administration questioned the legality of these provisions in technical comments and signing statements accompanying the laws in question. Specifically, President Clinton stated, upon signing the reauthorization of the Community Services Block Grant in 1998:

The Department of Justice advises, however, that the provision that allows religiously affiliated organizations to be providers under CSBG would be unconstitutional if and to the extent it were construed to permit governmental funding of "pervasively sectarian" organizations, as that term has been defined by the courts.

In other words, pervasively sectarian organizations, by definition exempted from Title VII and permitted to discriminate in hiring based on religion, were considered ineligible to participate in programs by the previous Administration. The Majority has also sought to assert that Democrats did not oppose these provisions in previous debates in Congress. It is important to note, that there was minimal congressional debate on this provision between 1996 and 2000. This Committee did not vote on this provision in 1998 when CSBG was authorized. The House did not vote separately on

this provision during its consideration of CSBG, welfare reform, the Children's Health Act or the Community Renewal Tax Relief Act. In fact, the first Congressional hearing on the issue of allowing discrimination in federally funded programs was held five years after this provision was first signed into law in the House Committee on Government Reform. Sadly, this Committee has yet to hold a hearing to discuss the far reaching ramifications of federally funded employment discrimination.

The amendments offered by our Democratic Members were supported by numerous organizations spanning a range of civil rights, religious and labor organizations. The Coalition Against Religious Discrimination, an advocacy organization comprised of these organizations noted in their February 15, 2005 letter to Members of the Committee that the underlying bill represents an "unjustified and unnecessary assault * * * on our nation's commitment to eradicating employment discrimination in government-funded jobs."

We strongly support the right of religious institutions to preserve the integrity of their own religious character when it comes to religious activities. We disagree that it is healthy for American society or in conformance with basic American principles of fairness and equal treatment under the law, for the federal government to provide funds for secular purposes to any organization, which would then use these funds in a discriminatory fashion on religious grounds.

The job training programs funded through the Workforce Investment Act and since 1982, the Job Training Partnership Act, are models for demonstrating that a prohibition on religious employment discrimination is fully compatible with federal assistance to faith-based charities. Faith-based charities have been able to advance their work in a manner consistent with longstanding civil rights standards and should be encouraged to continue to do so by this Congress.

H.R. 27's voucher scheme substantially limits training services

H.R. 27 also contains President Bush's Personal Reemployment Accounts (PRA) proposal. PRAs are a job training voucher scheme originally proposed by the Bush Administration last Congress as a replacement for extended unemployment benefits. PRAs would undermine our unemployment system and provide false hope to unemployed individuals who cannot find a job. Worse yet, PRAs would cut recipients off from other job training services just when they need the help the most.

It's clear that the demand for PRAs is far below the desire of the Bush Administration to undermine our job training and unemployment system. Last year, the Administration reprogrammed funding to allow for a PRA demonstration program in 9 States. Despite significant pressure by the Administration to participate, only 7 States signed up for the demonstration.

Since H.R. 27 is largely the same proposal backed by the Administration for the past two years, it is important to remind ourselves of President Bush's view on working Americans. Several weeks ago, President Bush spoke to individuals in Omaha, Nebraska. There he met a woman in her late fifties, who is a mother of three children. She told him that she was presently working 3 jobs to ensure that

she could provide for her family. The President's response was the following:

Uniquely American, isn't it? I mean, that is fantastic that you're doing that.

This is the attitude of this Administration when it comes to the challenges of working adults and families. We believe this quote speaks for itself.

Discussion of democratic amendments

Democratic Members offered a series of amendments to address the key deficiencies in this legislation.

Representative Andrews offered an amendment to establish industrial sector partnerships. These partnerships are designed to strengthen training for a specific industry or employment sector. This amendment was accepted on a voice vote.

Representative Andrews offered an amendment to allow one stop centers to provide information on microcredit loans. This amendment was accepted via voice vote.

Representative Kildee offered an amendment to strike PRAs. This amendment was defeated on a party line vote.

Mr. Holt offered an amendment to reverse the \$750 million in cuts to WIA programs by the Republican Congress and the Bush Administration since 2002. These cuts have been enormously harmful to establishing well-run job training and education programs for unemployed and underemployed workers. Unfortunately, this amendment was defeated on a party line vote.

Mr. Hinojosa offered and withdrew an amendment that requested national program data reported by States on participants who are age 16 through 18, disaggregated by race, ethnicity, gender, and limited English proficiency status. The Chairman agreed to work with Mr. Hinojosa and the Department of Education to ensure that information is reported to the Committee that is responsive to these concerns.

Representative McCarthy offered an amendment to require job applications for federally funded jobs to inform job applicants that they may not be hired for a job due to their religion, religious practices or their religious beliefs. This amendment was defeated on a party line vote.

Representative Owens offered an amendment that requires the Secretary to create an interstate transfer demonstration program which subsidizes the voluntary relocation of unemployed individuals residing in areas of substantial unemployment to areas with low unemployment for job training and placement. This amendment was offered in response to a suggestion by a Majority Member during subcommittee debate on the bill that individuals who can't find jobs in their local communities should move. This amendment was defeated on a party line vote.

Representative Ryan offered an amendment that requires 10 percent of the portion of WIA funding reserved for Governors to be used for job training for workers whose jobs have been outsourced or are in danger of being outsourced. This amendment would have provided critical resources to address needs of millions of individ-

uals who have lost their jobs to outsourcing. This amendment was defeated on a party line vote.

Representatives Scott and Van Hollen offered an amendment to restore civil rights protections regarding discrimination on the basis of religion. This amendment was defeated on near party line vote.

Mr. Tierney offered an amendment to correct a major deficiency in the bill. Mr. Tierney's amendment would have reversed the block granting of the adult, dislocated worker and Employment Service funding streams. Unfortunately, this amendment was defeated on a party line vote.

Representative Tierney offered an amendment to maintain current law with respect to youth programs. This amendment would have eliminated the provision in H.R. 27 that limits spending on in-school youth to 30 percent, and instead would maintain the flexibility provided by the current law. The amendment was defeated on a party line vote.

Representative Woolsey offered an amendment requiring WIA funds to be used to train displaced homemakers and single parents. This amendment was defeated on a party line vote.

Representative Woolsey offered an amendment that requires the State plan to outline strategies the State will use to ensure that the placement of girls and boys in jobs, education, or training lead to comparable pay. This amendment was defeated on a party line vote.

Representative Wu offered an amendment to eliminate the Youth Challenge Grants and maintain current law on youth funding. This amendment was defeated on a party line vote.

Representative Wu offered an amendment to lower the age at which youth can receive services back down to age 14. This amendment was defeated on a party line vote.

CONCLUSION

Our country needs better opportunities for American workers to receive training for high paying jobs. This bill fails on this account. Instead of helping American workers receive the training they need, this bill squanders the chance to improve job training. Rather than move this partisan agenda aimed at undermining our job training system, we should be focused on helping the American workforce get the training they need.

GEORGE MILLER.
 BETTY MCCOLLUM.
 TIMOTHY BISHOP.
 BOBBY SCOTT.
 ROBERT E. ANDREWS.
 DONALD M. PAYNE.
 DALE E. KILDEE.
 RAUL M. GRIJALVA.
 RON KIND.
 DANNY K. DAVIS.
 TIM RYAN.
 CAROLYN MCCARTHY.
 DAVID WU.
 RUBEN HINOJOSA.

MAJOR R. OWENS.
LYNN WOOLSEY.
DENNIS J. KUCINICH.
CHRIS VAN HOLLEN.
SUSAN A. DAVIS.
RUSH HOLT.
JOHN F. TIERNEY.

ADDITIONAL MINORITY VIEWS

While we agree with the Minority Views to H.R. 27, as authors of the Scott-Van Hollen-Woolsey Amendment offered at the Committee Mark-Up of H.R. 27, we wanted to submit a further explanation of the necessity of our amendment.

The amendment sought to strike Section 128 of the bill in order to preserve longstanding civil rights.

In 1964, the Civil Rights Act was enacted in order to end the sorry history of bigotry in this Nation. Since that time, it has been illegal to discriminate in employment against protected classes, and make job decisions based on race or religion. One exception exists for churches and religious organizations, but it is limited to the context of a religious organization using its own money. Since 1965, the federal government has prohibited religious discrimination in employment by all government contractors, at least until the so-called “faith-based initiative.”

In 1982, Congress passed the Job Training Partnership Act, the predecessor to the Workforce Investment Act which H.R. 27 proposes to amend. At that time, Congress explicitly included a non-discrimination clause without exception, a policy that would be changed without exception, a policy that would be changed without our amendment.

Religious organizations have long been in the forefront of addressing the nation’s most pressing social problems, and we support that. This is not a debate about the right of religious organizations to participate in job training programs; they already do. As the law currently stands—and our amendment would have kept that law intact—Catholic, Jewish, Lutheran, and Baptist organizations already get hundreds of millions of dollars today to run job training and other federally funded programs. Religious organizations do not need the change proposed by the Majority in Section 128 to sponsor federal job training programs; they need it in order to discriminate in hiring with federal dollars.

When the government refuses to prohibit discrimination based on religion, it cannot effectively enforce nondiscrimination provisions based on race or national origin. Many churches are all white, others all black. So once an organization is permitted to restrict hiring based on religion, it can effectively discriminate based on race. And when discrimination laws in federal contracts are not enforced within federally-funded secular programs, the government loses its moral authority to tell private employers, who may be devoutly religious, what they can do with their private money.

For 40 years, if an employer had a problem hiring the best qualified applicant because of discrimination based on race or religion, that employer had a problem, because the weight of the federal government was behind the victim of discrimination. The Majority proposes to shift the weight of the federal government from sup-

porting the victim of discrimination to supporting some so-called “right” to discriminate with federal funds. That is a profound change in civil rights protection.

The Majority’s position has been defended with some misleading, poll-tested rhetoric. For example, in a Dear Colleague recently sent out, Section 128 of the bill was described as one that would “restore hiring protections for faith-based organizations participating in federal job training programs.” But the truth is that the bill doesn’t restore anything. People have not been allowed to discriminate in federal contracts since 1965, and certainly not in job training programs since 1982. The only thing that is being restored by the Majority is the ugly practice of discrimination that existed before the 1960s.

The Dear Colleague also went on to say that Congress needs “to continue to uphold the basic civil right of America’s religious organizations to hire the staff they judge to be best qualified to carry out their programs and mission when they provide job training assistance.” The language fails to say that religious organizations can hire whoever they want to promote their religious missions with the church money, but that with federal money, they have to hire those best qualified for the federal mission the tax dollars were appropriated to promote, without discrimination.

And finally, the Dear Colleague referred to “barriers” that exist to “prevent faith-based organizations from fully participating” in government sponsored programs, but it doesn’t mention what the barriers are. The barrier is: a program may not discriminate. The fact is that any program that can get funded under the Majority bill can already be funded without it if the sponsoring organization agrees not to discriminate in employment.

Employment discrimination is ugly. You can put lipstick on a pig, but you can’t pass it off as a beauty queen. And you cannot dress up “We don’t hire Catholics, Jews, and Hindus” with poll-tested semantics and euphemisms and pass it off as anything other than ugly discrimination.

Our amendment was supported by numerous organizations spanning a range of civil rights, religious and labor organizations. They support the non-discrimination provision and the Workforce Investment Act the way it is and oppose the Majority’s proposal to change the civil rights protections currently contained in the law.

Finally, our amendment does not propose any new initiative. It simply seeks to retain current law and maintain decades of civil rights protections.

BOBBY SCOTT.
CHRIS VAN HOLLEN.
LYNN C. WOOLSEY.