

[COMMITTEE PRINT]

MARCH 20, 2003

(Showing the Text of H.R. 1261 as Reported by the Subcommittee on 21st Century Competitiveness)

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Workforce Reinvest-
3 ment and Adult Education Act of 2003”.

4 SEC. 2. TABLE OF CONTENTS.

5 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of Contents.
- Sec. 3. References.

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

- Sec. 101. Definitions.
- Sec. 102. Purpose.
- Sec. 103. State workforce investment boards.
- Sec. 104. State plan.
- Sec. 105. Local workforce investment areas.
- Sec. 106. Local workforce investment boards.
- Sec. 107. Local plan.
- Sec. 108. Establishment of one-stop delivery systems.
- Sec. 109. Eligible providers of training services.
- Sec. 110. Eligible providers of youth activities.
- Sec. 111. Youth activities.
- Sec. 112. Comprehensive program for adults.
- Sec. 113. Personal reemployment accounts.
- Sec. 114. Performance accountability system.
- Sec. 115. Authorization of appropriations.
- Sec. 116. Job Corps.
- Sec. 117. Native American programs.
- Sec. 118. Youth challenge grants.
- Sec. 119. Technical assistance.
- Sec. 120. Demonstration, pilot, multiservice, research and multistate projects.
- Sec. 121. Evaluations.
- Sec. 122. Authorization of appropriations for national activities.
- Sec. 123. Requirements and restrictions.
- Sec. 124. Nondiscrimination.
- Sec. 125. Administrative provisions.

TITLE II—ADULT EDUCATION

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

TITLE III—AMENDMENTS TO THE WAGNER-PEYSER ACT

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

TITLE IV—AMENDMENTS TO THE REHABILITATION ACT OF 1973

- Sec. 401. Chairperson.
- Sec. 402. Rehabilitation Services Administration.
- Sec. 403. Director.
- Sec. 404. State goals.
- Sec. 405. Authorizations of appropriations.

TITLE V—TRANSITION AND EFFECTIVE DATE

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

1 **SEC. 3. REFERENCES.**

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

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

11 **SEC. 101. DEFINITIONS.**

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

13 (1) in paragraph (8)(C), by striking “not less
14 than 50 percent of the cost of training” and insert-
15 ing “a significant portion of the cost of training, as
16 determined by the local board”;

1 (2) by striking paragraph (13) and redesignig-
2 nating paragraphs (1) through (12) as paragraphs
3 (2) through (13) respectively;

4 (3) by inserting the following new paragraph
5 after “In this title”:

6 “(1) ACCRUED EXPENDITURES.—The term ‘ac-
7 crued expenditures’ includes the sum of actual cash
8 disbursements for direct charges for goods and serv-
9 ices, the net increase or decrease in the amounts
10 owed by recipients, goods and other property re-
11 ceived for services performed by employees, contrac-
12 tors, subgrantees, or other payees, and other
13 amounts becoming owned for which no current serv-
14 ice or performance is required.”;

15 (4) by striking paragraph (24) and redesignig-
16 nating paragraphs (25) through (32) as paragraphs
17 (23) through (30), respectively; and

18 (5) by striking paragraph (33) and redesignig-
19 nating paragraphs (34) through (53) as paragraphs
20 (31) through (50), respectively.

21 **SEC. 102. PURPOSE.**

22 Section 106 (29 U.S.C. 2811) is amended to insert
23 the following sentence after the period: “It is also the pur-
24 pose of this subtitle to provide workforce investment ac-
25 tivities in a manner that promotes the informed choice of

1 participants and actively involves participants in decisions
2 affecting their participation in such activities.”.

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

4 (a) MEMBERSHIP.—

5 (1) IN GENERAL.—Section 111(b) (29 U.S.C.
6 2821(b)) is amended—

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

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

11 “(i)(I) the lead State agency officials
12 with responsibility for the programs and
13 activities that are described in section
14 121(b) and carried out by one-stop part-
15 ners; and

16 “(II) in any case in which no lead
17 State agency official has responsibility for
18 such a program or activity, a representa-
19 tive in the State with expertise relating to
20 such program or activity;

21 “(III) if not included under subclause
22 (I), the director of the designated State en-
23 tity responsible for carrying out title I of
24 the Rehabilitation Act (29 U.S.C. 701 et
25 seq.)

1 “(ii) “the State agency officials re-
2 sponsible for economic development;

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

5 “(I) are owners of businesses,
6 chief executive or operating officers of
7 businesses, and other business execu-
8 tives or employers with optimum pol-
9 icy making or hiring authority, includ-
10 ing members of local boards described
11 in section 117(b)(2)(A)(i) ;

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

16 “(III) are appointed from among
17 individuals nominated by State busi-
18 ness organizations and business trade
19 associations;

20 “(iv) chief elected officials (rep-
21 resenting both cities and counties, where
22 appropriate)

23 “(v) representatives of labor organiza-
24 tions, who have been nominated by State
25 labor federations; and

1 “(vi) such other representatives and
2 State agency officials as the Governor may
3 designate.”; and

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

7 (2) CONFORMING AMENDMENT.—Section
8 111(c) (29 U.S.C 2811(c)) is amended by striking
9 “section (b)(1)(C)(i)” and inserting “section
10 (b)(1)(C)(iii)”.

11 (b) FUNCTIONS.—Section 111(d) (29 U.S.C.
12 2811(d)) is amended—

13 (1) by amending paragraph (3) to read as fol-
14 lows:

15 “(3) development and review of statewide poli-
16 cies affecting the integrated provision of services
17 through the one-stop delivery system described in
18 section 121, including—

19 “(A) the development of criteria for, and
20 the issuance of, certifications of one-stop cen-
21 ters;

22 “(B) the criteria for the allocation of one-
23 stop center infrastructure funding under section
24 121(g), and oversight of the use of such funds;

1 “(C) approaches to facilitating equitable
2 and efficient cost allocation in one-stop delivery
3 systems; and

4 “(D) such other matters that may promote
5 statewide objectives for, and enhance the per-
6 formance of, one-stop delivery systems within
7 the State;”;

8 (2) in paragraph (4), by inserting “and the de-
9 velopment of State criteria relating to the appoint-
10 ment and certification of local boards under section
11 117” after “section 116”;

12 (3) in paragraph (5), by striking “sections
13 128(b)(3)(B) and 133(b)(3)(B)” and inserting “sec-
14 tions 128(b)(3) and 133(b)(3)”;

15 (5) in paragraph (9), by striking “section 503”
16 and inserting “section 136(i)”.

17 (c) **ELIMINATION OF ALTERNATIVE ENTITY AND**
18 **PROVISION OF AUTHORITY TO HIRE STAFF.**—Section
19 111(e) (29 U.S.C. 2811(e)) is amended to read as follows:

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

1 **SEC. 104. STATE PLAN.**

2 (a) PLANNING CYCLE.—Section 112(a) (29 U.S.C.
3 2822(a)) is amended by striking “5-year strategy” and in-
4 serting “2-year strategy”.

5 (b) CONTENTS.—Section 112(b)(17)(A) (29 U.S.C.
6 2822(b)(17(A)) is amended—

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

8 (2) in clause (iv)—

9 (A) by inserting “homeless individuals,”
10 after “public assistance,”; and

11 (B) by striking “and individuals with dis-
12 abilities”; and

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

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

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

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

5 (a) DESIGNATION OF AREAS.—

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

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

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

15 “(2) AUTOMATIC DESIGNATION.—

16 “(A) IN GENERAL.—Except as provided in
17 subparagraph (B) of this paragraph and sub-
18 section (b), the Governor shall approve a re-
19 quest for designation as a local area from any
20 unit of general local government with a popu-
21 lation of 500,000 or more for the 2-year period
22 covered by a State plan under section 112 if
23 such request is made not later than the date of
24 the submission of the State plan.

1 “(B) CONTINUED DESIGNATION BASED ON
2 PERFORMANCE.—The Governor may deny a re-
3 quest for designation submitted pursuant to
4 subparagraph (A) if such unit of government
5 was designated as a local area for the preceding
6 2-year period covered by a State plan and the
7 Governor determines that such local area did
8 not perform successfully during such period.”.

9 (b) REGIONAL PLANNING.—Section 116 (c)(1) (29
10 U.S.C. 2831(c)(1)) is amended by adding at the end the
11 following: “The State may require the local boards for the
12 designated region to prepare a single regional plan that
13 incorporates the elements of the local plan under section
14 118 and that is submitted and approved in lieu of separate
15 local plans under such section.”

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

17 (a) COMPOSITION.—Section 117(b)(2)(A) (29 U.S.C.
18 2832(a)) is amended—

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

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

1 “(ii) superintendents of the local sec-
2 ondary school systems and the presidents
3 of community colleges;”;

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

6 (4) by striking clause (vi).

7 (b) AUTHORITY OF BOARD MEMBERS.—Section
8 117(b)(3) (29 U.S.C. 2832(b) is amended—

9 (1) in the heading, by inserting “AND REP-
10 RESENTATION” after “MEMBERS”; and

11 (2) by adding at the end the following: “The
12 members of the board shall represent diverse geo-
13 graphic sections within the local area.”.

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

16 (1) in paragraph (2)(B), by striking “local
17 area” and all that follows and inserting “local
18 area.”;

19 (2) in paragraph (3)(B)(i)(I), by striking “sec-
20 tions 128 and 133” and inserting “sections 128,
21 133, and 135D”;

22 (3) in paragraph (4)—

23 (A) by inserting “, activities authorized
24 under section 135F” after “section 134”; and

1 (B) by inserting “and ensure the appro-
2 priate use and management of the funds pro-
3 vided under this title for such programs, activi-
4 ties, and system” after “area”.

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

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

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

22 **SEC. 107. LOCAL PLAN.**

23 (a) **PLANNING CYCLE.**—Section 118(a) (29 U.S.C.
24 2833(a)) is amended by striking “5-year” and inserting
25 “2-year”.

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

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

5 “(2) a description of the one-stop delivery sys-
6 tem to be established or designated in the local area,
7 including a description of how the local board will
8 ensure the continuous improvement of eligible pro-
9 viders of services through the system and ensure
10 that such providers meets the employment needs of
11 local employers and participants.”; and

12 (2) in paragraph (4), by striking “and dis-
13 located worker”.

14 **SEC. 108. ESTABLISHMENT OF ONE-STOP DELIVERY SYS-**
15 **TEMS.**

16 (a) ONE-STOP PARTNERS.—Section 121(b)(2)(B)
17 (29 U.S.C. 2841(b)(2)(B)) is amended—

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

19 (2) in clause (v) by striking the period and in-
20 sserting a semi-colon; and

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

23 “(vi) employment and training pro-
24 grams administered by the Social Security

1 Administration, including the Ticket to
2 Work program;

3 “(vii) programs under part D of title
4 IV of the Social Security Act (relating to
5 child support enforcement); and

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

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

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

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

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

1 (A) in paragraph (1)(A), by striking “sub-
2 section (d)(2)” and inserting “section
3 134(c)(2)”;

4 (B) in paragraph (1)(B)—

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

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

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

11 (D) in paragraph (1)(D)—

12 (i) by striking “section 121(b)” and
13 inserting “subsection (b)”; and

14 (ii) by striking “; and” at the end and
15 inserting “;”;

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

18 “(E) shall provide access to the informa-
19 tion described in section 15(e) of the Wagner-
20 Peyser Act (29 U.S.C. 49l-2(e)); and”; and

21 (F) by adding at the end the following:

22 “(F) shall provide access to personal reem-
23 ployment accounts in accordance with section
24 135E.”.

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

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

6 “(1) IN GENERAL.—The State board shall es-
7 tablish procedures and criteria for periodically certi-
8 fying one-stop center for the purpose of awarding
9 the one-stop infrastructure funding described in sub-
10 section (h).

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

16 “(3) EFFECT OF CERTIFICATION.—one-stop
17 centers certified under this subsection shall be eligi-
18 ble to receive the infrastructure grants authorized
19 under subsection (h).

20 “(h) ONE-STOP INFRASTRUCTURE FUNDING.—

21 “(1) PARTNER CONTRIBUTIONS.—

22 “(A) PROVISION OF FUNDS.—Notwith-
23 standing any other provision of law, as deter-
24 mined under subparagraph (B), a portion of the
25 Federal funds provided to the State and areas

1 within the State under the Federal laws author-
2 izing the one-stop partner programs described
3 in subsection (b) for a fiscal year shall be pro-
4 vided to the Governor by such programs to
5 carry out this subsection.

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

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

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

1 “(4) COSTS OF INFRASTRUCTURE.—For pur-
2 poses of this subsection, the term ‘costs of infra-
3 structure’ means the nonpersonnel costs that are
4 necessary for the general operation of a one-stop
5 center, including the rental costs of the facilities, the
6 costs of utilities and maintenance, equipment (in-
7 cluding adaptive technology for individuals with dis-
8 abilities), strategic planning activities for the center,
9 and common outreach activities.

10 “(i) OTHER FUNDS.—

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

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

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

24 “(C) the costs of the provision of core serv-
25 ices applicable to each program.

1 “(1) DETERMINATION AND GUIDANCE.—The
2 method for determining the appropriate portion of
3 funds to be provided by each program under para-
4 graph (1) shall be determined as part of the memo-
5 randum of understanding under subsection (c). The
6 State board shall provide guidance to facilitate the
7 determination of appropriate funding allocation in
8 local areas.”.

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

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

12 **“SEC. 122. IDENTIFICATION OF ELIGIBLE PROVIDERS OF**
13 **TRAINING SERVICES.**

14 “(a) IN GENERAL.—The Governor shall establish cri-
15 teria and procedures regarding the eligibility of providers
16 of training services described in section 134(c)(4) to re-
17 ceive funds provided under section 133(b) for the provision
18 of such training services.

19 “(b) CRITERIA.—The criteria established pursuant to
20 subsection (a) shall take into account the performance of
21 providers of training services with respect to the indicators
22 described in section 136 or other appropriate indicators
23 (taking into consideration the characteristics of the popu-
24 lation served and relevant economic conditions), and such
25 other factors as the Governor determines are appropriate

1 to ensure the quality of services, the accountability of pro-
2 viders, and the informed choice of participants under
3 chapter 5. Such criteria shall require that the provider
4 submit appropriate, accurate and timely information to
5 the State for purposes of carrying out subsection (d). The
6 criteria shall also provide for periodic review and renewal
7 of eligibility under this section for providers of training
8 services. The Governor may authorize local areas in the
9 State to establish additional criteria or to modify the cri-
10 teria established by the Governor under this section for
11 purposes of determining the eligibility of providers of
12 training services to provide such services in the local area.

13 “(c) PROCEDURES.—The procedures established
14 under subsection (a) shall identify the application process
15 for a provider of training services to become eligible to
16 receive funds under section 133(b), and identify the re-
17 spective roles of the State and local areas in receiving and
18 reviewing applications and in making determinations of
19 eligibility based on the criteria established under this sec-
20 tion. The procedures shall also establish a process for a
21 provider of training services to appeal a denial or termi-
22 nation of eligibility under this section that includes an op-
23 portunity for a hearing and prescribes appropriate time
24 limits to ensure prompt resolution of the appeal.

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

11 “(e) AGREEMENTS WITH OTHER STATES.—States
12 may enter into agreements, on a reciprocal basis, to per-
13 mit eligible providers of training services to accept indi-
14 vidual training accounts provided in another State.

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

20 “(g) OPPORTUNITY TO SUBMIT COMMENTS.—During
21 the development of the criteria, procedures, and informa-
22 tion required under this section, the Governor shall pro-
23 vide an opportunity for interested members of the public,
24 including representatives of business and labor organiza-

1 tions, to submit comments regarding such criteria, proce-
2 dures, and information.”.

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

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

6 **SEC. 111. YOUTH ACTIVITIES.**

7 (a) STATE ALLOTMENTS.—

8 (1) IN GENERAL.—Section 127(a) (29 U.S.C.
9 2852(a)) is amended to read as follows:

10 “(a) ALLOTMENT AMONG STATES.—

11 “(1) YOUTH ACTIVITIES.—

12 “(A) YOUTH CHALLENGE GRANTS.—

13 “(i) RESERVATION OF FUNDS.—Of
14 the amount appropriated under section
15 137(a) for each fiscal year, the Secretary
16 shall reserve 25 percent to provide youth
17 challenge grants under section 169.

18 “(ii) LIMITATION.—Notwithstanding
19 clause (i), if the amount appropriated
20 under section 137(a) for a fiscal year ex-
21 ceeds \$1,000,000,000, the Secretary shall
22 reserve \$250,000,000 to provide youth
23 challenge grants under section 169.

24 “(B) OUTLYING AREAS AND NATIVE AMER-
25 ICANS.—After determining the amount to be re-

1 served under subparagraph (A), of the remain-
2 der of the amount appropriated under section
3 137(a) for each fiscal year the Secretary
4 shall—

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

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

14 “(C) STATES.—

15 “(i) IN GENERAL.—After determining
16 the amounts to be reserved under subpara-
17 graphs (A) and (B), the Secretary shall
18 allot the remainder of the amount appro-
19 priated under section 137(a) for each fiscal
20 year to the States pursuant to clause (ii)
21 for youth activities and statewide work-
22 force investment activities.

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

1 “(I) 33 and $\frac{1}{3}$ percent shall be
2 allotted on the basis of the relative
3 number of high school dropouts who
4 are ages 16 through 21 in the State,
5 compared to the total number of high
6 school dropouts who are ages 16
7 through 21 in all States;

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

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

22 “(iii) MINIMUM AND MAXIMUM PER-
23 CENTAGES.—The Secretary shall ensure
24 that no State shall receive an allotment for
25 a fiscal year that is less than 90 percent

1 or greater than 130 percent of the allot-
2 ment percentage of that State for the pre-
3 ceding fiscal year.

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

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

12 “(A) ALLOTMENT PERCENTAGE.—The
13 term ‘allotment percentage’, used with respect
14 to fiscal year 2004 or a subsequent fiscal year,
15 means a percentage of the remainder described
16 in paragraph (1)(C)(i) that is received through
17 an allotment made under this subsection for the
18 fiscal year. The term, with respect to fiscal year
19 2003, means the percentage of the amounts al-
20 lotted to States under this chapter (as in effect
21 on the day before the date of enactment of the
22 Workforce Reinvestment and Adult Education
23 Act of 2003) that is received by the State in-
24 volved for fiscal year 2003.

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

7 “(C) NUMBER OF HIGH SCHOOL DROP-
8 OUTS.—The term ‘number of high school drop-
9 outs’ means the number of high school dropouts
10 as is determined by the Secretary based on the
11 Current Population Survey.

12 “(D) NUMBER OF JOBLESS OUT-OF-
13 SCHOOL YOUTH.—The term ‘number of jobless
14 out-of-school youth’ means the number of job-
15 less out-of-school youth as is determined by the
16 Secretary based on the Current Population Sur-
17 vey.

18 “(3) SPECIAL RULE.—For purposes of the for-
19 mula specified in paragraph (1)(C), the Secretary
20 shall, as appropriate and to the extent practicable,
21 exclude college students and members of the Armed
22 Forces from the determination of the number of dis-
23 advantaged youth.”.

24 (2) REALLOTMENT.—Section 127 (29 U.S.C.
25 2552) is further amended—

1 (A) by striking subsection (b);

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

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

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

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

17 (ii) in paragraph (3)—

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

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

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

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

8 (b) WITHIN STATE ALLOCATIONS.—

9 (1) RESERVATION FOR STATEWIDE ACTIVI-
10 TIES.—Section 128(a) is amended to read as follows:

11 “(a) RESERVATION FOR STATEWIDE ACTIVITIES.—

12 “(1) IN GENERAL.—The Governor of a State
13 shall reserve not more than 10 percent of the
14 amount allotted to the State under section
15 127(a)(1)(C) for a fiscal year for statewide activi-
16 ties.

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

1 (2) WITHIN STATE ALLOCATION.—Paragraphs
2 (1), (2), and (3) of section 128(b) are amended to
3 read as follows:

4 “(1) IN GENERAL.—Of the amounts allotted to
5 the State under section 127(a)(1)(C) and not re-
6 served under subsection (a)(1)—

7 “(A) 80 percent of such amounts shall be
8 allocated by the Governor to local areas in ac-
9 cordance with paragraph (2); and

10 “(B) 20 percent of such amounts shall be
11 allocated by the Governor to local areas in ac-
12 cordance with paragraph (3).

13 “(2) ESTABLISHED FORMULA.—

14 “(A) IN GENERAL.—Of the amounts de-
15 scribed in paragraph (1)(A), the Governor shall
16 allocate—

17 “(i) 33 and $\frac{1}{3}$ percent on the basis of
18 the relative number of high school drop-
19 outs who are ages 16 through 21 in each
20 local area, compared to the total number of
21 high school dropouts who are ages 16
22 through 21 in all local areas in the State;

23 “(ii) 33 and $\frac{1}{3}$ percent on the basis
24 of the relative number of jobless out-of-
25 school youth who are ages 16 through 21

1 in each local area, compared to the total
2 number of jobless out-of-school youth who
3 are ages 16 through 21 in all local areas
4 in the State; and

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

11 “(B) MINIMUM AND MAXIMUM PERCENT-
12 AGES.—The Governor shall ensure that no local
13 area shall receive an allocation for a fiscal year
14 under this paragraph that is less than 90 per-
15 cent or greater than 130 percent of the alloca-
16 tion percentage of the local area for the pre-
17 ceding fiscal year.

18 “(C) DEFINITIONS.—

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

1 for the fiscal year. The term, with respect
2 to fiscal year 2003, means the percentage
3 of the amounts allocated to local areas
4 under this chapter (as in effect on the day
5 before the date of enactment of the Work-
6 force Investment Act Amendments of
7 2003) that is received by the local area in-
8 volved for fiscal year 2003.

9 “(ii) OTHER TERMS.—For purposes of
10 this paragraph, all other terms shall have
11 the meaning given such terms in section
12 127(a)(2).

13 “(3) YOUTH DISCRETIONARY ALLOCATION.—
14 The Governor shall allocate to local areas the
15 amounts described in paragraph (1)(B) in accord-
16 ance with such demographic and economic factors as
17 the Governor, after consultation with the State
18 board and local boards, determines are appropriate.

19 “(4) LOCAL ADMINISTRATIVE COST LIMIT.—

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

1 rying out local workforce investment activities
2 under this chapter or chapter 5.

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

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

12 (A) in paragraph (1), by striking “para-
13 graph (2)(A) of (3) of”;

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

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

1 (C) by amending paragraph (3)—

2 (i) by striking “subsection (b)(3)”
3 each place it appears and inserting “sub-
4 section (b)”;

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

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

10 (iv) by striking the last sentence; and

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

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

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

21 “(a) YOUTH PARTICIPANT ELIGIBILITY.—

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

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

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

5 “(B) one or more of the following:

6 “(i) school dropouts;

7 “(ii) recipients of a secondary school
8 diploma or its equivalent, but are basic
9 skills deficient and are not attending any
10 school;

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

13 “(iv) youth aging out of foster care;
14 or

15 “(v) in school youth who are one or
16 more of the following:

17 “(I) Deficient in literacy skills.

18 “(II) Homeless, runaway, or fos-
19 ter children.

20 “(III) Pregnant or parents.

21 “(IV) Offenders.

22 “(V) Individuals who require ad-
23 ditional assistance to complete an edu-
24 cational program, or to secure and
25 hold employment.

1 “(2) PRIORITY FOR SCHOOL DROPOUTS.—A
2 priority in the provision of services under this chap-
3 ter shall be given to individuals who are school drop-
4 outs.

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

7 “(A) PERCENTAGE OF PARTICIPANTS.—
8 For any program year, not more than 30 per-
9 cent of the individuals participating in state-
10 wide activities under section 129(b), and not
11 more than 30 percent of individuals partici-
12 pating in activities carried out by a local area
13 under section 129(c), may be in-school youth
14 meeting the requirements of paragraph
15 (1)(B)(v).

16 “(B) NON-SCHOOL SETTING REQUIRED.—
17 Activities carried out under this chapter for in-
18 school youth meeting the requirements of para-
19 graph (1)(B)(v) shall only be carried out in
20 non-school settings.”.

21 (d) STATEWIDE YOUTH ACTIVITIES.—Section 129(b)
22 (29 U.S.C. 2854(b)) is amended to read as follows:

23 “(b) STATEWIDE ACTIVITIES.—

24 “(1) IN GENERAL.—Funds reserved by a Gov-
25 ernor for a State as described in sections 128(a) and

1 133(a)(1) may be used for statewide activities
2 including—

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

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

8 “(C) conducting evaluations under section
9 136(e) of activities authorized under this chap-
10 ter and chapter 5 in coordination with evalua-
11 tions carried out by the Secretary under section
12 172, research, and demonstration projects;

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

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

1 local areas that fail to meet local performance
2 measures;

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

5 “(G) carrying out monitoring and over-
6 sight of activities under this chapter and chap-
7 ter 5.

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

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

16 (e) LOCAL ELEMENTS AND REQUIREMENTS.—

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

19 (A) in the text that precedes subparagraph
20 (A), by striking “paragraph (2)(A) or (3), as
21 appropriate, of”;

22 (B) in subparagraph (B), by inserting “are
23 directly linked to one or more of the perform-
24 ance outcomes relating to this chapter under

1 section 136, and that” after “for each partici-
2 pant that”; and

3 (C) in subparagraph (C)—

4 (i) by redesignating clauses (i)
5 through (iv) as clauses (ii) through (v), re-
6 spectively;

7 (ii) by inserting the following new
8 clause (i):

9 “(i) activities leading to the attain-
10 ment of a secondary school diploma or its
11 recognized equivalent;”;

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

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

19 (v) by amending clause (v) (as redesi-
20 gnated by this subparagraph) to read as
21 follows:

22 “(v) effective connections to employers
23 in sectors of the local labor market experi-
24 encing high growth in employment oppor-
25 tunities.”.

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

3 (A) in subparagraph (A), by striking “sec-
4 ondary school, including dropout prevention
5 strategies” and inserting “secondary school di-
6 ploma or its recognized equivalent”;

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

9 (C) in subparagraph (J), by striking the
10 period at the end and inserting “; and”; and

11 (D) by adding at the end the following:

12 “(K) on-the-job training opportunities.”.

13 (3) ADDITIONAL REQUIREMENTS.—Section
14 129(c)(3) (29 U.S.C. 2854(c)(3)) is amended by
15 striking “or applicant who meets the minimum in-
16 come criteria to be considered an eligible youth”;

17 (4) PRIORITY AND EXCEPTIONS.—Section
18 129(c) (29 U.S.C. 2854(c)) is further amended—

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

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

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

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

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

4 (a) TITLE OF CHAPTER 5.— The title of chapter 5
5 is amended to read as follows:

6 **“CHAPTER 5—COMPREHENSIVE EMPLOY-**
7 **MENT AND TRAINING ACTIVITIES FOR**
8 **ADULTS”.**

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

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

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

14 (c) STATE ALLOTMENTS.—

15 (1) IN GENERAL.—Section 132(a) (29 U.S.C.
16 2862(a)) is amended to read as follows:

17 “(a) IN GENERAL.—The Secretary shall—

18 “(1) reserve 10 percent of the amount appro-
19 priated under section 137(b) for a fiscal year, of
20 which—

21 “(A) not less than 75 percent shall be used
22 for national dislocated worker grants under sec-
23 tion 173;

1 “(B) not more than 20 percent may be
2 used for demonstration projects under section
3 171; and

4 “(C) not more than 5 percent may be used
5 to provide technical assistance under section
6 170; and

7 “(2) make allotments from 90 percent of the
8 amount appropriated under section 137(b) for a fis-
9 cal year in accordance with subsection (b).”.

10 (2) ALLOTMENT AMONG STATES.—Section
11 132(b) (29 U.S.C. 2862(b)) is amended to read as
12 follows:

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

15 “(1) RESERVATION FOR OUTLYING AREAS.—
16 From the amount made available under subsection
17 (a)(2) for a fiscal year, the Secretary shall reserve
18 not more than $\frac{1}{4}$ of 1 percent to provide assistance
19 to outlying areas to carry out employment and train-
20 ing activities for adults and statewide workforce in-
21 vestment activities.

22 “(2) STATES.—

23 “(A) IN GENERAL.—After determining the
24 amount to be reserved under paragraph (1), the
25 Secretary shall allot the remainder of the

1 amount referred to under subsection (a)(2) for
2 a fiscal year to the States pursuant to subpara-
3 graph (B) for employment and training activi-
4 ties for adults and statewide workforce invest-
5 ment activities.

6 “(B) FORMULA.—Subject to subpara-
7 graphs (C) and (D), of the remainder—

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

13 “(ii) 15 percent shall be allotted on
14 the basis of the relative excess number of
15 unemployed individuals in each State, com-
16 pared to the total excess number of unem-
17 ployed individuals in all States;

18 “(iii) 15 percent shall be allotted on
19 the basis of the relative number of individ-
20 uals in the civilian labor force in each
21 State, compared to the total number of in-
22 dividuals in the civilian labor force in all
23 States; and

24 “(iv) 10 percent shall be allotted on
25 the basis of the relative number of dis-

1 advantaged adults in each State, compared
2 to the total number of disadvantaged
3 adults in all States.

4 “(C) MINIMUM AND MAXIMUM PERCENT-
5 AGES.—The Secretary shall ensure that no
6 State shall receive an allotment for a fiscal year
7 that is less than 90 percent or greater than 130
8 percent of the allotment percentage of the State
9 for the preceding fiscal year.

10 “(D) SMALL STATE MINIMUM ALLOT-
11 MENT.—Subject to subparagraph (C), the Sec-
12 retary shall ensure that no State shall receive
13 an allotment under this paragraph that is less
14 than $\frac{3}{10}$ of 1 percent of the amount available
15 under subparagraph (A).

16 “(E) DEFINITIONS.—For the purposes of
17 this paragraph, the following definitions apply:

18 “(i) ALLOTMENT PERCENTAGE.—The
19 term ‘allotment percentage’, used with re-
20 spect to fiscal year 2004 or a subsequent
21 fiscal year, means a percentage of the re-
22 mainder described in subparagraph (A)
23 that is received through an allotment made
24 under this paragraph for the fiscal year.
25 The term, with respect to fiscal year 2003,

1 means the percentage of the amounts allot-
2 ted to States under this chapter (as in ef-
3 fect on the day before the date of enact-
4 ment of the Workforce Reinvestment and
5 Adult Education Act of 2003) and under
6 section 6 of the Wagner-Peyser Act that is
7 received by the State involved for fiscal
8 year 2003.

9 “(ii) DISADVANTAGED ADULT.—The
10 term ‘disadvantaged adult’ means an indi-
11 vidual who is age 22 through 72 who re-
12 ceived an income, or is a member of a fam-
13 ily that received a total family income,
14 that, in relation to family size, does not ex-
15 ceed the poverty line.

16 “(iii) EXCESS NUMBER.—The term
17 ‘excess number’ means, used with respect
18 to the excess number of unemployed indi-
19 viduals within a State, the number that
20 represents the number of unemployed indi-
21 viduals in excess of 4.5 percent of the civil-
22 ian labor force in the State.”.

23 (3) REALLOTMENT.—Section 132(c) (29 U.S.C.
24 2862(c)) is amended—

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

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

13 (B) in paragraph (3)—

14 (i) by striking “for the prior program
15 year” and inserting “for the program year
16 in which the determination is made”; and

17 (ii) by striking “such prior program
18 year”; and

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

21 “(4) ELIGIBILITY.—For purposes of this sub-
22 section, an eligible State means a State that does
23 not have an amount available for reallocation under
24 paragraph (2) for the program year for which the
25 determination under paragraph (2) is made.”.

1 (d) WITHIN STATE ALLOCATIONS.—

2 (1) RESERVATION FOR STATE ACTIVITIES.—

3 Section 133(a) (29 U.S.C. 2863(a)) is amended to
4 read as follows:

5 “(a) RESERVATION FOR STATEWIDE ACTIVITIES.—

6 The Governor of a State may reserve up to 50 percent
7 of the total amount allotted to the State under section 132
8 for a fiscal year to carry out the statewide activities de-
9 scribed in section 134(a).”.

10 (2) ALLOCATIONS TO LOCAL AREAS.—Section

11 133(b)(29 U.S.C. 2863(b)) is amended to read as
12 follows:

13 “(b) ALLOCATIONS TO LOCAL AREAS.—

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

17 “(A) 80 percent of such amounts shall be
18 allocated by the Governor to local areas in ac-
19 cordance with paragraph (2); and

20 “(B) 20 percent of such amounts shall be
21 allocated by the Governor to local areas in ac-
22 cordance with paragraph (3).

23 “(2) ESTABLISHED FORMULA.—

1 “(A) IN GENERAL.—Of the amounts de-
2 scribed in paragraph (1)(A), the Governor shall
3 allocate—

4 “(i) 60 percent on the basis of the rel-
5 ative number of unemployed individuals in
6 each local area, compared to the total
7 number of unemployed individuals in all
8 local areas in the State;

9 “(ii) 15 percent on the basis of the
10 relative excess number of unemployed indi-
11 viduals in each local area, compared to the
12 total excess number of unemployed individ-
13 uals in all local areas in the State;

14 “(iii) 15 percent on the basis of the
15 relative number of individuals in the civil-
16 ian labor force in each local area, com-
17 pared to the total number of individuals in
18 the civilian labor force in all local areas in
19 the State; and

20 “(iv) 10 percent shall be allotted on
21 the basis of the relative number of dis-
22 advantaged adults in each local area, com-
23 pared to the total number of disadvantaged
24 adults in all local areas in the State.

1 “(B) MINIMUM AND MAXIMUM PERCENT-
2 AGES.—The Governor shall ensure that no local
3 area shall receive an allocation for a fiscal year
4 under this paragraph that is less than 90 per-
5 cent or greater than 130 percent of the alloca-
6 tion percentage of the local area for the pre-
7 ceding fiscal year.

8 “(C) DEFINITIONS.—

9 “(i) ALLOCATION PERCENTAGE.—The
10 term ‘allocation percentage’, used with re-
11 spect to fiscal year 2004 or a subsequent
12 fiscal year, means a percentage of amount
13 described in paragraph (1)(A) that is re-
14 ceived through an allocation made under
15 this paragraph for the fiscal year. The
16 term, with respect to fiscal year 2003,
17 means the percentage of the amounts allo-
18 cated to local areas under this chapter (as
19 in effect on the day before the date of en-
20 actment of the Workforce Reinvestment
21 and Adult Education Act of 2003) that is
22 received by the local area involved for fis-
23 cal year 2003.

24 “(ii) DISADVANTAGED ADULT.—The
25 term ‘disadvantaged adult’ means an indi-

1 vidual who is age 22 through 72 who re-
2 ceived an income, or is a member of a fam-
3 ily that received a total family income,
4 that, in relation to family size, does not ex-
5 ceed the poverty line.

6 “(iii) EXCESS NUMBER.—The term
7 ‘excess number’ means, used with respect
8 to the excess number of unemployed indi-
9 viduals within a local area, the number
10 that represents the number of unemployed
11 individuals in excess of 4.5 percent of the
12 civilian labor force in the local area.

13 “(3) DISCRETIONARY ALLOCATION.—The Gov-
14 ernor shall allocate to local areas the amounts de-
15 scribed in paragraph (1)(B) based on a formula de-
16 veloped in consultation with the State board and
17 local boards. Such formula shall be objective and
18 geographically equitable and may include such demo-
19 graphic and economic factors as the Governor, after
20 consultation with the State board and local boards,
21 determines are appropriate.

22 “(4) LOCAL ADMINISTRATIVE COST LIMIT.—

23 “(A) IN GENERAL.—Of the amounts allo-
24 cated to a local area under this subsection and
25 section 128(b) for a fiscal year, not more than

1 10 percent of the amount may be used by the
2 local boards for the administrative costs of car-
3 rying out local workforce investment activities
4 under this chapter or chapter 4.

5 “(B) USE OF FUNDS.—Funds made avail-
6 able for administrative costs under subpara-
7 graph (A) may be used for the administrative
8 costs of any of the local workforce investment
9 activities described in this chapter or chapter 4,
10 regardless of whether the funds were allocated
11 under this subsection or section 128(b).”.

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

14 (A) in paragraph (1), by striking ”para-
15 graph (2)(A) or (3) of”;

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

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

1 gram year for which the determination is made) ex-
2 ceeds 30 percent of such total amount.”;

3 (C) by amending paragraph (3)—

4 (i) by striking “subsection (b)(3)”
5 each place it appears and inserting “sub-
6 section (b)”;

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

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

12 (iv) by striking the last sentence; and

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

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

21 (e) USE OF FUNDS FOR EMPLOYMENT AND TRAIN-
22 ING ACTIVITIES.—

23 (1) STATEWIDE EMPLOYMENT AND TRAINING
24 ACTIVITIES.—

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

3 “(1) IN GENERAL.—

4 “(A) REQUIRED USE OF FUNDS.—Not less
5 than 50 percent of the funds reserved by a Gov-
6 ernor under section 133(a) shall be used to sup-
7 port the provision of core services in local areas,
8 consistent with the local plan, through one-stop
9 delivery systems by—

10 “(i) distributing funds to local areas
11 in accordance with subparagraph (B); or

12 “(ii) permitting State personnel to
13 provide such services in designated local
14 areas in agreement with local boards.

15 “(B) METHOD OF DISTRIBUTING
16 FUNDS.—The method of distributing funds
17 under this paragraph shall be developed in con-
18 sultation with the State board and local boards.
19 Such method of distribution, which may include
20 the formula established under section
21 121(h)(3), shall be objective and geographically
22 equitable, and may include factors such as the
23 number of centers in the local area that have
24 been certified, the population served by such
25 centers, and the performance of such centers.

1 “(C) OTHER USE OF FUNDS.—Funds re-
2 served by a Governor for a State—

3 “(i) under section 133(a) and not
4 used under subparagraph (A), may be used
5 for statewide activities described in para-
6 graph (2); and

7 “(ii) under section 133(a) and not
8 used under subparagraph (A), and under
9 section 128(a) may be used to carry out
10 any of the statewide employment and
11 training activities described in paragraph
12 (3).”.

13 (B) STATEWIDE RAPID RESPONSE ACTIVI-
14 TIES.—Section 134(a)(2) is amended to read as
15 follows:

16 “(2) STATEWIDE RAPID RESPONSE ACTIVI-
17 TIES.—A State shall use funds reserved as described
18 in section 133(a) to carry out statewide rapid re-
19 sponse activities, which shall include—

20 “(A) provision of rapid response activities,
21 carried out in local areas by the State or by an
22 entity designated by the State, working in con-
23 junction with the local boards and the chief
24 elected officials in the local areas; and

1 “(B) provision of additional assistance to
2 local areas that experience disasters, mass lay-
3 offs or plant closings, or other events that pre-
4 cipitate substantial increases in the number of
5 unemployed individuals, carried out in local
6 areas by the State, working in conjunction with
7 the local boards and the chief elected officials in
8 the local areas.”.

9 (C) STATEWIDE EMPLOYMENT AND TRAIN-
10 ING ACTIVITIES.—Section 134(a)(3) is amended
11 to read as follows:

12 “(3) STATEWIDE ACTIVITIES.—Funds reserved
13 by a Governor for a State as described in sections
14 133(a) and 128(a) may be used for statewide activi-
15 ties including—

16 “(A) supporting the provision of core serv-
17 ices described in section 134(c)(2) in the one-
18 stop delivery system;

19 “(B) conducting evaluations under section
20 136(e) of activities authorized under this chap-
21 ter and chapter 4 in coordination with evalua-
22 tions carried out by the Secretary under section
23 172, research, and demonstration projects;

24 “(C) providing incentive grants to local
25 areas for regional cooperation among local

1 boards (including local boards in a designated
2 region as described in section 116(c)), for local
3 coordination of activities carried out under this
4 Act, and for exemplary performance by local
5 areas on the local performance measures;

6 “(D) providing technical assistance and ca-
7 pacity building to local areas, one-stop opera-
8 tors, one-stop partners, and eligible providers,
9 including the development and training of staff,
10 the development of exemplary program activi-
11 ties, and the provision of technical assistance to
12 local areas that fail to meet local performance
13 measures;

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

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

19 “(G) implementing innovative programs,
20 such as incumbent worker training programs,
21 programs serving individuals with disabilities
22 consistent with section 188;

23 “(H) developing strategies for effectively
24 serving hard-to-serve populations and for inte-

1 grating programs and services among one-stop
2 partners.”.

3 (D) LIMITATION ON STATE ADMINISTRA-
4 TIVE EXPENDITURES.—Section 134(a) is fur-
5 ther amended by adding the following new
6 paragraph:

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

11 (2) LOCAL EMPLOYMENT AND TRAINING AC-
12 TIVITIES.— Section 134(b) is amended—

13 (A) by striking “under paragraph (2)(A)”
14 and all that follows through “section
15 133(B)(2)(B)” and inserting “under section
16 133(b)”;

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

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

22 (3) REQUIRED LOCAL EMPLOYMENT AND
23 TRAINING ACTIVITIES.—

1 (A) ALLOCATED FUNDS.—Section
2 134(c)(1) (as redesignated by paragraph (2)) is
3 amended to read as follows:

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

6 “(A) to establish a one-stop delivery sys-
7 tem as described in section 121(e);

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

11 “(C) to provide the intensive services de-
12 scribed in paragraph (3) to adults described in
13 such paragraph; and

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

17 (B) CORE SERVICES.—Section 134(c)(2)
18 (as redesignated by paragraph (2)) is
19 amended—

20 (i) by striking “who are adults or dis-
21 located workers”;

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

1 (iii) in subparagraph (D), by inserting
2 “and appropriate recruitment services for
3 employers” after “counseling”;

4 (iv) in subparagraph (I), by inserting
5 “and the administration of the work test
6 for the unemployment compensation sys-
7 tem” after “compensation”; and

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

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

15 (C) INTENSIVE SERVICES.—Section
16 134(c)(3) (as redesignated by paragraph (2) of
17 this subsection) is amended—

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

20 “(A) IN GENERAL.—

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

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

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

7 “(bb) in need of intensive
8 services in order to obtain suit-
9 able employment; or

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

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

17 (ii) in subparagraph (C)—

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

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

23 “(vii) Internships and work experi-
24 ence.

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

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

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

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

11 “(A) IN GENERAL.—

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

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

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

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

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

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

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

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

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

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

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

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

5 “(E) PRIORITY.—

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

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

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

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

3 “(iv) ENHANCED INDIVIDUAL TRAIN-
4 ING ACCOUNTS.—Each local board may,
5 through one-stop centers, assist individuals
6 receiving individual training accounts
7 through the establishment of such accounts
8 that include, in addition to the funds pro-
9 vided under this paragraph, funds from
10 other programs and sources that will assist
11 the individual in obtaining training serv-
12 ices.”; and

13 (v) in subparagraph (G)(iv), by redesi-
14 gnating subclause (IV) as subclause (V)
15 and inserting the following new subclause
16 (IV):

17 “(IV) Individuals with disabili-
18 ties.”.

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

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

23 “(1) DISCRETIONARY ONE-STOP DELIVERY AC-
24 TIVITIES.—

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

4 “(i) customized screening and referral
5 of qualified participants in training serv-
6 ices to employers;

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

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

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

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

22 “(i) IN GENERAL.— Funds allocated
23 to a local area under 133(b) may be used
24 to provide, through the one-stop delivery
25 system and in collaboration with the ap-

1 appropriate programs and resources of the
2 one-stop partners, work support activities
3 designed to assist low-wage workers in re-
4 taining and enhancing employment.

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

17 (B) by adding after paragraph (3) the fol-
18 lowing new paragraph:

19 “(4) INCUMBENT WORKER TRAINING PRO-
20 GRAMS.—

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

1 “(B) TRAINING ACTIVITIES.—The training
2 programs for incumbent workers under this
3 paragraph shall be carried out by the local area
4 in conjunction with the employers of such work-
5 ers for the purpose of assisting such workers in
6 obtaining the skills necessary to retain employ-
7 ment and avert layoffs.

8 “(C) EMPLOYER MATCH REQUIRED.—

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

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

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

23 “(III) 50 percent of the costs, for
24 employers with 100 or more employ-
25 ees.

1 “(iii) CALCULATION OF MATCH.—The
2 wages paid by an employer to a worker
3 while they are attending training may be
4 included as part of the requirement pay-
5 ment of the employer.”.

6 **SEC. 113. PERSONAL REEMPLOYMENT ACCOUNTS.**

7 Subtitle B of title I (29 U.S.C. 2811 et seq.) is
8 amended by inserting after chapter 5 the following new
9 chapter:

10 **“CHAPTER 5A—PERSONAL**
11 **REEMPLOYMENT ACCOUNTS**

12 **“SEC. 135A. PURPOSES.**

13 “The purposes of this chapter are to provide for the
14 establishment of personal reemployment accounts for cer-
15 tain individuals identified as likely to exhaust their unem-
16 ployment compensation in order to—

17 “(1) accelerate the reemployment of such indi-
18 viduals;

19 “(2) promote the retention in employment of
20 such individuals; and

21 “(3) provide such individuals with enhanced
22 flexibility, choice, and control in obtaining intensive
23 reemployment, training, and supportive services.

1 **“SEC. 135B. DEFINITION.**

2 “In this chapter, the term ‘State’ means each of the
3 several States of the United States, the District of Colum-
4 bia, the Commonwealth of Puerto Rico, and the United
5 States Virgin Islands.

6 **“SEC. 135C. GRANTS TO STATES.**

7 “(a) GRANTS.—The Secretary shall—

8 “(1) reserve $\frac{2}{10}$ of 1 percent of the amount ap-
9 propriated under section 137(d) for use under sec-
10 tion 135I; and

11 “(2) use the remainder of the amount appro-
12 priated under section 137(d) to make allotments in
13 accordance with subsection (b).

14 “(b) ALLOTMENT AMONG STATES.—

15 “(1) IN GENERAL.—From the amount made
16 available under subsection (a)(2), the Secretary shall
17 allot to each State an amount that is proportionate
18 to the relative number of unemployed individuals in
19 the State as compared to the total number of unem-
20 ployed individuals in all States in order to provide
21 assistance for eligible individuals in accordance with
22 this chapter.

23 “(2) SMALL STATE MINIMUM ALLOTMENT.—

24 The Secretary shall ensure that—

25 “(A) each State (other than the United
26 States Virgin Islands) shall receive an allotment

1 under paragraph (1) that is not less than $\frac{3}{10}$
2 of 1 percent of the amount made available
3 under subsection (a)(2) for the fiscal year; and

4 “(B) the United States Virgin Islands shall
5 receive an allotment under paragraph (1) that
6 is not less than $\frac{1}{10}$ of 1 percent of the amount
7 made available under subsection (a)(2) for the
8 fiscal year.

9 “(c) AVAILABILITY.—Notwithstanding section
10 189(g)(1), amounts made available under subsection (a)
11 to carry out this chapter shall be available for obligation
12 and expenditure beginning on the date of the enactment
13 of the Workforce Reinvestment and Adult Education Act
14 of 2003.

15 **“SEC. 135D. WITHIN STATE ALLOCATION.**

16 “(a) ALLOCATION.—Of the amount allotted to a
17 State under section 135C—

18 “(1) not more than 2 percent of the amount
19 may be reserved by the Governor of the State to en-
20 hance the system of worker profiling described in
21 section 303(j) of the Social Security Act and to es-
22 tablish and operate a data management system, as
23 necessary, and carry out other appropriate activities
24 to implement this chapter;

1 “(2) 5 percent of the amount shall be allocated
2 by the State to local areas in accordance with the
3 formula described in subsection (b) for start-up
4 costs and other operating costs related to the provi-
5 sion of assistance under this chapter; and

6 “(3) the remainder of the amount shall be pro-
7 vided to local areas consistent with the methods and
8 procedures described in section 135G(a)(4) for the
9 establishment of personal reemployment accounts
10 described in section 135E for eligible individuals in
11 such local areas.

12 “(b) FORMULA.—A State shall allocate funds to local
13 areas in the State under subsection (a)(2) in an amount
14 that is proportionate to the relative number of unemployed
15 individuals in the local area as compared to the total num-
16 ber of unemployed individuals in the State.

17 “(c) AVAILABILITY.—Notwithstanding section
18 189(g)(2), amounts allotted to a State under section
19 135C, and amounts subsequently provided to a local area
20 under this section, shall be available for obligation and ex-
21 penditure only for the 3-year period beginning on the date
22 of the enactment of the Workforce Reinvestment and
23 Adult Education Act of 2003.

24 **“SEC. 135E. PERSONAL REEMPLOYMENT ACCOUNTS.**

25 “(a) ACCOUNTS.—

1 “(1) IN GENERAL.—Funds provided to a local
2 area under section 135D shall be used to provide eli-
3 gible individuals with personal reemployment ac-
4 counts to be used in accordance with section 135F.
5 An eligible individual may receive only one personal
6 reemployment account.

7 “(2) AMOUNT.—The State shall establish the
8 amount of a personal reemployment account, which
9 shall be uniform throughout the State, and shall not
10 exceed \$3,000.

11 “(b) ELIGIBLE INDIVIDUALS.—

12 “(1) IN GENERAL.—Each State shall establish
13 eligibility criteria for individuals for personal reem-
14 ployment accounts in accordance with this sub-
15 section.

16 “(2) ELIGIBILITY CRITERIA REQUIREMENTS.—

17 “(A) IN GENERAL.—Subject to subpara-
18 graph (B), an individual shall be eligible to re-
19 ceive assistance under this chapter if, beginning
20 after the date of enactment of the Workforce
21 Reinvestment and Adult Education Act of
22 2003, the individual—

23 “(i) is identified by the State pursu-
24 ant to section 303(j)(1) of the Social Secu-
25 rity Act as likely to exhaust regular unem-

1 ployment compensation and in need of job
2 search assistance to make a successful
3 transition to new employment or an indi-
4 vidual's unemployment can be attributed in
5 substantial part to unfair competition from
6 Federal Prison Industries, Inc.;

7 “(ii) is receiving regular unemploy-
8 ment compensation under any State or
9 Federal unemployment compensation pro-
10 gram administered by the State; and

11 “(iii) is eligible for not less than 20
12 weeks of regular unemployment compensa-
13 tion described in clause (ii).

14 “(B) ADDITIONAL ELIGIBILITY AND PRI-
15 ORITY CRITERIA.—A State may establish cri-
16 teria that is in addition to the criteria described
17 in subparagraph (A) for the eligibility of indi-
18 viduals to receive assistance under this chapter.
19 A State may also establish criteria for priority
20 in the provision of assistance to such eligible in-
21 dividuals under this chapter.

22 “(3) TRANSITION RULE.—

23 “(A) PREVIOUSLY IDENTIFIED AS LIKELY
24 TO EXHAUST UNEMPLOYMENT COMPENSA-
25 TION.—

1 “(i) IN GENERAL.—At the option of
2 the State, and subject to clause (ii), an in-
3 dividual may be eligible to receive assist-
4 ance under this chapter if the individual—

5 “(I) during the 13-week period
6 ending the week prior to the date of
7 the enactment of the Workforce Rein-
8 vestment and Adult Education Act of
9 2003, was identified by the State pur-
10 suant to section 303(j)(1) of the So-
11 cial Security Act as likely to exhaust
12 regular unemployment compensation
13 and in need of job search assistance
14 to make a successful transition to new
15 employment; and

16 “(II) otherwise meets the re-
17 quirements of clauses (ii) and (iii) of
18 paragraph (2)(A).

19 “(ii) ADDITIONAL ELIGIBILITY AND
20 PRIORITY CRITERIA.—A State may estab-
21 lish criteria that is in addition to the cri-
22 teria described in clause (i) for the eligi-
23 bility of individuals to receive assistance
24 under this chapter. A State may also es-
25 tablish criteria for priority in the provision

1 of assistance to such eligible individuals
2 under this chapter.

3 “(B) PREVIOUSLY EXHAUSTED UNEM-
4 PLOYMENT COMPENSATION.—At the option of
5 the State, an individual may be eligible to re-
6 ceive assistance under this chapter if the
7 individual—

8 “(i) during the 26-week period ending
9 the week prior to the date of the enact-
10 ment of the Back to Work Incentive Act of
11 2003, exhausted all rights to any unem-
12 ployment compensation; and

13 “(ii)(I) is enrolled in training and
14 needs additional support to complete such
15 training, with a priority of service to be
16 provided to such individuals who are train-
17 ing for shortage occupations or high-
18 growth industries; or

19 “(II) is separated from employment in
20 an industry or occupation that has experi-
21 enced declining employment, or no longer
22 provides any employment, in the local labor
23 market during the two-year period ending
24 on the date of the determination of eligi-

1 bility of the individual under this subpara-
2 graph.

3 “(4) NO INDIVIDUAL ENTITLEMENT.—Nothing
4 in this chapter shall be construed to entitle any indi-
5 vidual to receive a personal reemployment account.

6 “(c) LOCAL ADMINISTRATION.—

7 “(1) INFORMATION AND ATTESTATION.—Prior
8 to the establishment of a personal reemployment ac-
9 count for an eligible individual under this chapter,
10 the local board, through the one-stop delivery sys-
11 tem, shall ensure that the individual—

12 “(A) is informed of the requirements appli-
13 cable to the personal reemployment account, in-
14 cluding the allowable uses of funds from the ac-
15 count, the limitations on access to services de-
16 scribed under section 135F(a)(3)(C) and a de-
17 scription of such services, and the conditions for
18 receiving a reemployment bonus;

19 “(B) has the option to develop a personal
20 reemployment plan which will identify the em-
21 ployment goals and appropriate combination of
22 services selected by the individual to achieve the
23 employment goals; and

24 “(C) signs an attestation that the indi-
25 vidual has been given the option to develop a

1 personal reemployment plan in accordance with
2 subparagraph (B), will comply with the require-
3 ments relating to the personal reemployment
4 accounts under this chapter, and will reimburse
5 the account or, if the account has been termi-
6 nated, the program under this chapter, for any
7 amounts expended from the account that are
8 not allowable.

9 “(2) PERIODIC INTERVIEWS.—If a recipient ex-
10 hausts his or her rights to any unemployment com-
11 pensation, and the recipient has a remaining balance
12 in his or her personal reemployment account, the
13 one-stop delivery system shall conduct periodic inter-
14 views with the recipient to assist the recipient in
15 meeting his or her individual employment goals.

16 **“SEC. 135F. USE OF FUNDS.**

17 “(a) ALLOWABLE ACTIVITIES.—

18 “(1) IN GENERAL.—Subject to the require-
19 ments contained in paragraphs (2) and (3), a recipi-
20 ent may use amounts in a personal reemployment
21 account to purchase one or more of the following:

22 “(A) Intensive services, including those
23 types of services specified in section
24 134(d)(3)(C).

1 “(B) Training services, including those
2 types of services specified in section
3 134(d)(4)(D).

4 “(C) Supportive services, except for needs-
5 related payments.

6 “(D) Assistance to purchase or lease an
7 automobile, if such assistance is necessary to
8 allow the recipient to accept a bona fide offer
9 of employment for which there is a reasonable
10 expectation of long-term duration.

11 “(2) DELIVERY OF SERVICES.—The following
12 requirements relating to delivery of services shall
13 apply to the program under this chapter:

14 “(A) Recipients may use funds from the
15 personal reemployment account to purchase the
16 services described in paragraph (1) through the
17 one-stop delivery system on a fee-for-service
18 basis, or through other providers, consistent
19 with safeguards described in the State and local
20 plans under section 135G.

21 “(B) The local board, through the one-stop
22 delivery system, may pay costs for such services
23 directly on behalf of the recipient, through a
24 voucher system, or by reimbursement to the re-
25 cipient upon receipt of appropriate cost docu-

1 mentation, consistent with safeguards described
2 in the State plan under section 135G.

3 “(C) Each local board, through the one-
4 stop delivery system, shall make available to re-
5 cipients information on training providers speci-
6 fied in section 134(d)(4)(F)(ii), information
7 available to the one-stop delivery system on pro-
8 viders of the intensive and supportive services
9 described in paragraph (1), and information re-
10 lating to occupations in demand in the local
11 area.

12 “(3) LIMITATIONS.—The following limitations
13 shall apply with respect to personal reemployment
14 accounts under this chapter:

15 “(A)(i) Amounts in a personal reemploy-
16 ment account may be used for up to one year
17 from the date of the establishment of the ac-
18 count.

19 “(ii) No personal reemployment account
20 may be established beginning 2 years after the
21 date of the enactment of the Workforce Rein-
22 vestment and Adult Education Act of 2003.

23 “(B) Each recipient shall submit cost doc-
24 umentation as required by the one-stop delivery
25 system.

1 “(C) For the 1-year period following the
2 establishment of the account, recipients may
3 not receive intensive, supportive, or training
4 services funded under this title except on a fee-
5 for-services basis as specified in paragraph
6 (2)(A).

7 “(D) Amounts in a personal reemployment
8 account shall be nontransferable.

9 “(b) INCOME SUPPORT.—A State may authorize re-
10 cipients determined eligible under section 135E(b)(3)(B)
11 to withdraw amounts from the personal reemployment ac-
12 count on a weekly basis for purposes of income support
13 in amounts up to the average weekly amount of unemploy-
14 ment compensation that the individual received prior to
15 his or her exhaustion of rights to unemployment com-
16 pensation if the individual is engaged in job search, inten-
17 sive services, or training that is expected to lead to em-
18 ployment.

19 “(c) REEMPLOYMENT BONUS.—

20 “(1) IN GENERAL.—Subject to paragraph (2)—

21 “(A) if a recipient determined eligible
22 under section 135E(b)(2) obtains full-time em-
23 ployment before the end of the 13th week of
24 unemployment for which unemployment com-
25 pensation is paid, the balance of his or her per-

1 sonal reemployment account shall be provided
2 directly to the recipient in cash; and

3 “(B) if a recipient determined eligible
4 under section 135E(b)(3) obtains full-time em-
5 ployment before the end of the 13th week after
6 the date on which the account is established,
7 the balance of his or her personal reemployment
8 account shall be provided directly to the recipi-
9 ent in cash.

10 “(2) LIMITATIONS.—The following limitations
11 shall apply with respect to a recipient described in
12 paragraph (1):

13 “(A) 60 percent of the remaining personal
14 reemployment account balance shall be paid to
15 the recipient at the time of reemployment.

16 “(B) 40 percent of the remaining personal
17 reemployment account balance shall be paid to
18 the recipient after 26 weeks of employment re-
19 tention.

20 “(3) EXCEPTION REGARDING SUBSEQUENT UN-
21 EMPLOYMENT.—If a recipient described in para-
22 graph (1) subsequently becomes unemployed due to
23 a lack of work after receiving the portion of the re-
24 employment bonus specified under paragraph (2)(A),
25 the individual may use the amount remaining in the

1 personal reemployment account for the purposes de-
2 scribed in subsection (a) but may not be eligible for
3 additional cash payments under this subsection.

4 **“SEC. 135G. STATE AND LOCAL PLANS.**

5 “(a) STATE PLAN.—In order for a State to receive
6 an allotment under section 135C, the Governor of the
7 State shall submit to the Secretary a plan for approval
8 that includes a description of how the State intends to
9 carry out the personal reemployment accounts authorized
10 under this chapter, including—

11 “(1) the criteria and methods to be used for de-
12 termining eligibility for the personal reemployment
13 accounts, including whether the State intends to in-
14 clude the optional categories described in section
15 135E(b)(3), and the additional criteria and priority
16 for service that the State intends to apply, if any,
17 pursuant to section 135E(b)(2)(B);

18 “(2) the methods or procedures, developed in
19 consultation with local boards and chief elected offi-
20 cials, to be used to provide eligible individuals infor-
21 mation relating to services and providers, and safe-
22 guards, developed in consultation with such boards
23 and officials, to ensure that funds from the personal
24 reemployment accounts are used for purposes au-
25 thorized under this chapter and to ensure the quality

1 and integrity of services and providers, consistent
2 with the purpose of providing such individuals with
3 enhanced flexibility, choice, and control in obtaining
4 intensive reemployment, training, and supportive
5 services.

6 “(3) how the State will coordinate the activities
7 carried out under this chapter with the employment
8 and training activities carried out under section 134
9 and other activities carried out by each local board
10 through the one-stop delivery system in the State;
11 and

12 “(4) the methods and procedures for providing
13 funds to local areas under section 135D(a)(3).

14 “(b) LOCAL PLAN.—In order for a local area to re-
15 ceive an allocation under section 135D, the local board,
16 in partnership with the chief elected official for the local
17 area involved, shall submit to the Governor a plan for ap-
18 proval that includes a description of how the local board
19 intends to carry out the personal reemployment accounts,
20 consistent with the requirements of this chapter and with
21 the State plan established under subsection (a),
22 including—

23 “(1) a description of how the local board will
24 coordinate the activities carried out under this chap-

1 ter with the employment and training activities car-
2 ried out in the local area under section 134; and

3 “(2) a description of the methods or procedures
4 to be used to provide eligible individuals information
5 relating to the jobs that are available in the local
6 area in high demand occupations and information on
7 services and providers, and the safeguards the local
8 area will initiate to ensure that funds from the per-
9 sonal reemployment accounts are used for purposes
10 authorized under this chapter and to ensure the
11 quality and integrity of services and providers, con-
12 sistent with the purpose of providing such individ-
13 uals with enhanced flexibility, choice, and control in
14 obtaining intensive reemployment, training, and sup-
15 portive services, and consistent with the State plan.

16 “(c) STATE PLAN SUBMISSION AND APPROVAL.—A
17 State plan submitted to the Secretary under subsection
18 (a) by a Governor shall be considered to be approved by
19 the Secretary at the end of the 30-day period beginning
20 on the date the Secretary receives the plan, unless the Sec-
21 retary makes a written determination during such period
22 that the plan is incomplete or otherwise inconsistent with
23 the provisions of this chapter.

1 **“SEC. 135H. PROGRAM INFORMATION.**

2 “The Secretary may require from States the collec-
3 tion and reporting on such financial, performance, and
4 other program-related information as the Secretary deter-
5 mines is appropriate to carry out this chapter, including
6 the evaluation described in section 135I.

7 **“SEC. 135I. EVALUATION.**

8 “(a) **EVALUATION.**—From the amount made avail-
9 able under section 135C(a)(1), the Secretary, pursuant to
10 the authority provided under section 172, shall, directly
11 or through grants, contracts, or cooperative agreements
12 with appropriate entities, conduct an evaluation of the ac-
13 tivities carried out under this chapter.

14 “(b) **CONDUCT OF EVALUATION.**—The evaluation
15 shall examine the effectiveness of such activities in achiev-
16 ing the purposes described in section 135A and such other
17 purposes as the Secretary determines are appropriate.

18 “(c) **REPORT.**—The report to Congress under section
19 172(e) relating to the results of the evaluations required
20 under section 172 shall include the recommendation of the
21 Secretary with respect to the use of personal reemploy-
22 ment accounts as a mechanism to assist individuals in ob-
23 taining and retaining employment.”.

24 **SEC. 114. PERFORMANCE ACCOUNTABILITY SYSTEM.**

25 (a) **STATE PERFORMANCE MEASURES.**—

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

3 (A) in subparagraph (A)(i), by striking
4 “and the customer satisfaction indicator of per-
5 formance described in paragraph (2)(B)”;

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

9 (2) INDICATORS OF PERFORMANCE.—Section
10 136(b)(2) (29 U.S.C. 2871(b)(2)) is amended—

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

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

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

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

24 “(ii) CORE INDICATORS FOR ELIGIBLE
25 YOUTH.—The core indicators of perform-

1 ance for youth activities authorized under
2 section 129 shall consist of—

3 “(I) entry into employment, edu-
4 cation or advanced training, or mili-
5 tary service;

6 “(II) attainment of secondary
7 school diplomas or their recognized
8 equivalents;

9 “(III) attainment of literacy or
10 numeracy skills; and

11 “(IV) the efficiency of the pro-
12 gram in obtaining the outcomes de-
13 scribed in subclauses (I) through
14 (III).”;

15 (D) by striking subparagraph (B); and

16 (E) by redesignating subparagraph (C) as
17 subparagraph (B).

18 (3) LEVELS OF PERFORMANCE.—Section
19 136(b)(3)(A) (29 U.S.C. 2871(b)(3)(A)) is
20 amended—

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

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

4 (C) in clause (iii)—

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

7 (ii) by striking “and the customer sat-
8 isfaction indicator of performance, for the
9 first 3” and inserting “for the 2”;

10 (D) in clause (iv)—

11 (i) by striking subclause (I);

12 (ii) by redesignating subclauses (II)
13 and (III) as subclauses (I) and (II), re-
14 spectively; and

15 (iii) in subclause (I) (as so redesi-
16 gnated)—

17 (I) by striking “taking into ac-
18 count” and inserting “which shall be
19 adjusted based on”;

20 (II) by inserting “such as unem-
21 ployment rates and job losses or gains
22 in particular industries” after “eco-
23 nomic conditions”; and

24 (III) by inserting “such as indi-
25 cators of poor work history, lack of

1 work experience, low levels of literacy
2 or English proficiency, disability sta-
3 tus, and welfare dependency” after
4 “program”;

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

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

8 (4) ADDITIONAL INDICATORS.—Section
9 136(b)(3)(B) is amended by striking “paragraph
10 (2)(C)” and inserting “paragraph (2)(B)”.

11 (b) LOCAL PERFORMANCE MEASURES.—Section
12 136(e) (29 U.S.C 2871(c)) is amended—

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

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

19 (3) by amending paragraph (3) to read as fol-
20 lows:

21 “(3) DETERMINATIONS.—In determining such
22 local levels of performance, the local board, the chief
23 elected official, and the Governor shall ensure such
24 levels are adjusted based on the specific economic
25 characteristics (such as unemployment rates and job

1 losses or gains in particular industries), demographic
2 characteristics, or other characteristics of the popu-
3 lation to be served in the local area, such as poor
4 work history, lack of work experience, low levels of
5 literacy or English proficiency, disability status, and
6 welfare dependency.”.

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

9 (1) in paragraph (1), by striking “and the cus-
10 tomer satisfaction indicator” in both places that it
11 appears;

12 (2) in paragraph (1)(E), by striking “(excluding
13 participants who received only self-service and infor-
14 mational activities)”;

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

16 “(4) DATA VALIDATION.—In preparing the re-
17 ports described in this subsection, the States shall
18 establish procedures, consistent with guidelines
19 issued by the secretary, to ensure the information
20 contained in the report is valid and reliable.”.

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

23 (1) in paragraph (1)(A), by striking “or (B)”;
24 and

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

3 (e) SANCTIONS FOR LOCAL AREAS.—Section 136(h)
4 (29 U.S.C. 2871(h) is amended—

5 (1) in paragraph (1), by striking “or (B)”; and
6 (2) by amending paragraph 2(B) to read as fol-
7 lows:

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

16 (f) INCENTIVE GRANTS.—Section 136(i) (29 U.S.C.
17 2871(I)) is amended to read as follows:

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

20 “(1) INCENTIVE GRANTS FOR STATES.—

21 “(A) IN GENERAL.—From funds appro-
22 priated under section 174, the Secretary may
23 award grants to States for exemplary perform-
24 ance in carrying programs under this chapters
25 4 and 5 of this title. Such awards may be based

1 on States meeting or exceeding the performance
2 measures established under this section, on the
3 performance of the State in serving special pop-
4 ulations, including the levels of service provided
5 and the performance outcomes, and such other
6 factors relating to the performance of the State
7 under this title as the Secretary determines is
8 appropriate.

9 “(B) USE OF FUNDS.—The funds awarded
10 to a State under this paragraph may be used to
11 carry out any activities authorized under chap-
12 ters 4 and 5 of this title, including demonstra-
13 tions and innovative programs for special popu-
14 lations.

15 “(2) INCENTIVE GRANTS FOR LOCAL AREAS.—

16 “(A) IN GENERAL.—From funds reserved
17 under sections 128(a) and 133(a), the Governor
18 may award incentive grants to local areas for
19 exemplary performance with respect to the
20 measures established under this section and
21 with the performance of the local area in serv-
22 ing special populations, including the levels of
23 service and the performance outcomes.

24 “(B) USE OF FUNDS.—The funds awarded
25 to a local area may be used to carry out activi-

1 ties authorized for local areas under chapters 4
2 and 5 of this title, and such demonstration or
3 other innovative programs to serve special pop-
4 ulations as may be approved by the Governor.”.

5 (g) REPEAL OF DEFINITIONS.—Sections 502 and
6 503 are repealed.

7 **SEC. 115. AUTHORIZATION OF APPROPRIATIONS.**

8 (a) YOUTH ACTIVITIES.— Section 137(a) is amended
9 by striking “such sums as may be necessary for each of
10 fiscal years 1999 through 2003” and inserting
11 “\$1,001,000,000 for fiscal year 2004 and such sums as
12 may be necessary for each of fiscal years 2005 through
13 2009”.

14 (b) ADULT EMPLOYMENT AND TRAINING ACTIVI-
15 TIES.—Section 137(b) is amended by striking “section
16 132(a)(1), such sums as may be necessary for each of fis-
17 cal years 1999 through 2003” and inserting “132(a),
18 \$3,079,800,000 for fiscal year 2004 and such sums as
19 may be necessary for each of fiscal years 2005 through
20 2009”.

21 (c) DISLOCATED WORKER EMPLOYMENT AND
22 TRAINING ACTIVITIES.—Section 137 is further amended
23 by striking subsection (c), and adding the following new
24 subsection:

1 “(c) PERSONAL REEMPLOYMENT ACCOUNTS.—Out
2 of any money in the Treasury of the United States not
3 otherwise appropriated, there are appropriated
4 \$3,600,000,000 for fiscal year 2003 to carry out chapter
5 5A.”.

6 **SEC. 116. JOB CORPS.**

7 (a) COMMUNITY PARTICIPATION.— Section 153 (29
8 U.S.C. 2983) is amended—

9 (1) by amending subsection (a) to read as fol-
10 lows:

11 “(a) BUSINESS AND COMMUNITY PARTICIPATION.—
12 The director of each Job Corps center shall ensure the
13 establishment and development of the business and com-
14 munity relationships and networks described in subsection
15 (b) in order to enhance the effectiveness of such center.”;

16 (2) in subsection (b)—

17 (A) in the heading, by striking “RESPON-
18 SIBILITIES” and inserting “NETWORKS”; and

19 (B) by striking “The responsibilities of the
20 Liaison” and inserting “The activities carried
21 out by each Job Corps center under this sec-
22 tion”; and

23 (3) in subsection (c), by striking “The Liaison
24 for” and inserting “The director of”.

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

3 (1) in paragraph (1)(A), by striking “local and
4 distant”; and

5 (2) by adding the following new paragraph (3):

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

11 (c) INDICATORS OF PERFORMANCE AND ADDITIONAL
12 INFORMATION.—Section 159(c) (29 U.S.C. 2983(c)) is
13 amended—

14 (1) by amending paragraph (1) to read as fol-
15 lows:

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

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

23 **SEC. 117. NATIVE AMERICAN PROGRAMS.**

24 (a) AUTHORIZED ACTIVITIES.—Section 166(d)(2)
25 (29 U.S.C. 2911(d)(2)) is amended to read as follows:

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

4 “(A) comprehensive workforce investment
5 activities for Indians or Native Hawaiians; or

6 “(B) supplemental services for Indian or
7 Native Hawaiian youth on or near Indian res-
8 ervations and in Oklahoma, Alaska, or Ha-
9 waii.”.

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

12 “(c) DUTIES.—The Council shall advise
13 the Secretary on the operation and administra-
14 tion of the programs assisted under this sec-
15 tion.”.

16 (c) ASSISTANCE TO AMERICAN SAMOANS IN HA-
17 WAI.—Section 166(j) (29 U.S.C. 2911(j)) is repealed.

18 **SEC. 118. YOUTH CHALLENGE GRANTS.**

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

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

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

1 “(1) the Secretary shall use not less than 80
2 percent to award competitive grants under sub-
3 section (b); and

4 “(2) the Secretary may use not more than 20
5 percent to award discretionary grants under sub-
6 section (c).

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

9 “(1) ESTABLISHMENT.—From the funds de-
10 scribed in subsection (a)(1), the Secretary shall
11 award competitive grants to eligible entities to carry
12 out activities authorized under this section to assist
13 eligible youth in acquiring the skills, credentials and
14 employment experience necessary to succeed in the
15 labor market.

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

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

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

6 “(5) PARTICIPANT ELIGIBILITY.—Youth ages
7 14 through 19 as of the time the eligibility deter-
8 mination is made may be eligible to participate in
9 activities provided under this subsection.

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

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

20 “(B) after-school dropout prevention activi-
21 ties for in-school youth;

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

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

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

11 “(A) a description of the activities the eli-
12 gible entity will provide to eligible youth under
13 this subsection;

14 “(B) a description of the programs of dem-
15 onstrated effectiveness on which the provision
16 of the activities under subparagraph (A) are
17 based, and a description of how such activities
18 will expand the base of knowledge relating to
19 the provision of activities for youth;

20 “(C) a description of the private and pub-
21 lic, and local and State resources that will be le-
22 veraged to provide the activities described under
23 subparagraph (A) in addition the funds pro-
24 vided under this subsection; and

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

5 “(8) FACTORS FOR AWARD.—In awarding
6 grants under this subsection the Secretary may con-
7 sider the quality of the proposed project, the goals
8 to be achieved, the likelihood of successful implemen-
9 tation, the extent to which the project is based on
10 proven strategies or the extent to which the project
11 will expand the knowledge base on activities for
12 youth, and the additional State, local or private re-
13 sources that will be provided.

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

20 “(c) DISCRETIONARY GRANTS FOR YOUTH ACTIVI-
21 TIES.—

22 “(1) IN GENERAL.—From the funds described
23 in subsection(a)(2), the Secretary may award grants
24 to eligible entities to provide activities that will as-

1 sist youth in preparing for, and entering and retain-
2 ing, employment.

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

8 “(3) PARTICIPANT ELIGIBILITY.—Youth ages
9 14 through 19 at the time the eligibility determina-
10 tion is made may be eligible to participate in activi-
11 ties under this subsection.

12 “(4) USE OF FUNDS.—Funds provided under
13 this subsection may be used for activities that will
14 assist youth in preparing for, and entering and re-
15 taining, employment, including the activities de-
16 scribed in section 129 for out-of-school youth, activi-
17 ties designed to assist in-school youth to stay in
18 school and gain work experience, and such other ac-
19 tivities that the Secretary determines are appro-
20 priate.

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

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

7 **SEC. 119. TECHNICAL ASSISTANCE.**

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

9 (1) by striking subsection (b);

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

12 (3) by redesignating paragraphs (1), (2), and
13 (3) as subsections (a), (b), and (c) respectively; and

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

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

21 (B) by striking “from carrying out activi-
22 ties” and all that follows up to the period and
23 inserting “to implement the amendments made
24 by the Workforce Reinvestment and Adult Edu-
25 cation of 2003”.

1 **SEC. 120. DEMONSTRATION, PILOT, MULTISERVICE, RE-**
2 **SEARCH AND MULTISTATE PROJECTS.**

3 (a) DEMONSTRATION AND PILOT PROJECTS.—Sec-
4 tion 171(b) (29 U.S.C. 2916(b)(1)) is amended—

5 (1) in paragraph (1)—

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

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

10 “(A) projects that assist national employ-
11 ers in connecting with the workforce investment
12 system established under this title in order to
13 facilitate the recruitment and employment of
14 needed workers and to provide information to
15 such system on skills and occupations in de-
16 mand;

17 “(B) projects that promote the develop-
18 ment of systems that will improve the effective-
19 ness and efficiency of programs carried out
20 under this title;

21 “(C) projects that focus on opportunities
22 for employment in industries and sectors of in-
23 dustries that are experiencing or are likely to
24 experience high rates of growth;

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

4 (C) by striking subparagraph (E);

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

8 (E) by striking subparagraph (H); and

9 (2) in paragraph (2)—

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

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

13 (b) MULTISERVICE PROJECTS.—Section
14 171(c)(2))(B) is amended to read as follows:

15 “(b) NET IMPACT STUDIES AND RE-
16 PORTS.—The Secretary shall conduct studies to
17 determine the net impacts of programs, serv-
18 ices, and activities carried out under this title.
19 The Secretary shall prepare and disseminate to
20 the public reports containing the results of such
21 studies.”.

22 (c) WAIVER AUTHORITY TO CARRY OUT DEM-
23 ONSTRATIONS AND EVALUATIONS.— Section 171 (29
24 U.S.C. 2916(d)) is further amended by striking subsection
25 (d).

1 **SEC. 121. EVALUATIONS.**

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

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

5 “NATIONAL DISLOCATED WORKER
6 GRANTS”; and

7 (2) in subsection (a)—

8 (A) by striking “national emergency
9 grants” and inserting “national dislocated
10 worker grants”;

11 (B) in paragraph (1), by striking “sub-
12 section (c)” and inserting “subsection (b)”; and

13 (C) in paragraph (4), by striking the mat-
14 ter that precedes subparagraph (A).

15 (b) ADMINISTRATION.—Section 173 (29 U.S.C.
16 2916) is further amended—

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

20 (2) by striking subsection (e) and redesignating
21 subsections (f) and (g) as subsection (d) and (e), re-
22 spectively.

23 (c) ELIGIBLE ENTITIES.—Section 173(b)(1)(B) (as
24 redesignated by subsection (b) of this section) is amended
25 by striking “, and other entities” and all that follows up
26 to the period.

1 **SEC. 122. AUTHORIZATION OF APPROPRIATIONS FOR NA-**
2 **TIONAL ACTIVITIES.**

3 (a) IN GENERAL.—Section 174(a)(1) is amended by
4 striking “1999 through 2003” and inserting “2004
5 through 2009”.

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

8 “(b) TECHNICAL ASSISTANCE; DEMONSTRATION AND
9 PILOT PROJECTS; EVALUATIONS; INCENTIVE GRANTS.—
10 There are authorized to be appropriated to carry out sec-
11 tions 170 through 172 and section 136 such sums as may
12 be necessary for each of fiscal years 2004 through 2009.”.

13 **SEC. 123. REQUIREMENTS AND RESTRICTIONS.**

14 (a) IN GENERAL.—Section 181(c)(2)(A) is amended
15 by striking “shall” and inserting “may”.

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

18 **SEC. 124. NONDISCRIMINATION.**

19 Section 188(a)(2) is amended—

20 (1) by striking “No” and inserting “(A) IN
21 GENERAL.—Except as provided in subparagraph
22 (B), no”; and

23 (2) by adding the following subparagraph:

24 “(B) EXEMPTION FOR RELIGIOUS ORGANIZA-
25 TIONS.—Subparagraph (A) shall not apply to recipi-
26 ents of financial assistance under this title that is a

1 religious corporation, association, educational insti-
2 tution, or society, with respect to the employment of
3 individuals of a particular religion to perform work
4 connected with the carrying on by such corporation,
5 association, educational institution, or society of its
6 activities Such recipients shall comply with the other
7 requirements contained in subparagraph (A).”.

8 **SEC. 125. ADMINISTRATIVE PROVISIONS.**

9 (a) PROGRAM YEAR.—Section 189(g)(1) (29 U.S.C.
10 2939(g)(1)) is amended—

11 (1) by striking “(A) PROGRAM YEAR.—Except”
12 and inserting “Except”; and

13 (2) by striking subparagraph (B)

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

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

19 (1) in subparagraph (A), by inserting “,or in
20 accordance with subparagraph (D),” after “subpara-
21 graph (B)”; and

22 (2) by adding the following subparagraph:

23 “(D) EXPEDITED PROCESS FOR EXTEND-
24 ING APPROVED WAIVERS TO ADDITIONAL
25 STATES.—In lieu of the requirements of sub-

1 paragraphs (B) and (C), the Secretary may es-
2 tablish an expedited procedure for the purpose
3 of extending to additional States the waiver of
4 statutory or regulatory requirements that have
5 been approved for a State pursuant to a request
6 under subparagraph (B). Such procedure shall
7 ensure that the extension of such waivers to ad-
8 ditional States are accompanied by appropriate
9 conditions relating the implementation of such
10 waivers.”.

11 **TITLE II—ADULT EDUCATION**

12 **PART A—ADULT BASIC SKILLS EDUCATION**

13 **SEC. 201. TABLE OF CONTENTS.**

14 The table of contents at section 1 is amended by
15 amending the items relating to title II to read as follows:

“TITLE II—ADULT BASIC SKILLS EDUCATION

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

“CHAPTER 1—FEDERAL PROVISIONS

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

“CHAPTER 2—STATE PROVISIONS

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

“CHAPTER 3—LOCAL PROVISIONS

“Sec. 231. Grants and contracts for eligible providers.

“Sec. 232. Local application.

“Sec. 233. Local administrative cost limits.

“CHAPTER 4—GENERAL PROVISIONS

“Sec. 241. Administrative provisions.

“Sec. 242. National leadership activities.”.

1 **SEC. 202. AMENDMENT.**

2 Title II is amended to read as follows:

3 **“TITLE II—ADULT BASIC SKILLS**
4 **EDUCATION**

5 **“SEC. 201. SHORT TITLE.**

6 “This title may be cited as the ‘Adult Basic Skills
7 Education Act’.

8 **“SEC. 202. PURPOSE.**

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

15 “(1) increase the basic reading, writing, speak-
16 ing, and math skills necessary for adults to obtain
17 employment and self-sufficiency and to successfully
18 advance in the workforce;

1 “(2) assist adults in the completion of a sec-
2 ondary school education (or its equivalent) and the
3 transition to postsecondary education;

4 “(3) increase the basic reading, writing, speak-
5 ing, and math skills of parents to enable them to
6 support the educational development of their chil-
7 dren and make informed choices regarding their
8 children’s education; and

9 “(4) assist immigrants who are not proficient in
10 English in improving their reading, writing, speak-
11 ing, and math skills and acquiring an understanding
12 of the American free enterprise system, individual
13 freedom, and the responsibilities of citizenship.

14 **“SEC. 203. DEFINITIONS.**

15 “In this title:

16 “(1) ADULT EDUCATION AND BASIC SKILLS.—
17 The term ‘adult education and basic skills’ means a
18 sequence of academic instruction and educational
19 services below the postsecondary level that increase
20 an individual’s ability to read, write, and speak in
21 English and perform mathematical computations
22 leading to a level of proficiency equivalent to sec-
23 ondary school completion that is provided for
24 individuals—

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

1 “(B) who are not enrolled or required to be
2 enrolled in secondary school under State law;
3 and

4 “(C) who—

5 “(i) lack sufficient mastery of basic
6 reading, writing, speaking, and math skills
7 to enable the individuals to function effec-
8 tively in society;

9 “(ii) do not have a secondary school
10 diploma or its recognized equivalent, and
11 have not achieved an equivalent level of
12 education; or

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

15 “(2) ELIGIBLE AGENCY.—The term ‘eligible
16 agency’—

17 “(A) means the sole entity or agency in a
18 State or an outlying area responsible for admin-
19 istering or supervising policy for adult edu-
20 cation and basic skills activities in the State or
21 outlying area, respectively, consistent with the
22 law of the State or outlying area, respectively;
23 and

24 “(B) may be the State educational agency,
25 the State agency responsible for administering

1 workforce investment activities, or the State
2 agency responsible for administering community
3 or technical colleges.

4 “(3) ELIGIBLE PROVIDER.—The term ‘eligible
5 provider’ means—

6 “(A) a local educational agency;

7 “(B) a community-based or faith-based or-
8 ganization of demonstrated effectiveness;

9 “(C) a volunteer literacy organization of
10 demonstrated effectiveness;

11 “(D) an institution of higher education;

12 “(E) a public or private educational agen-
13 cy;

14 “(F) a library;

15 “(G) a public housing authority;

16 “(H) an institution that is not described in
17 any of subparagraphs (A) through (G) and has
18 the ability to provide adult basic education and
19 basic skills activities to adults and families; or

20 “(I) a consortium of the agencies, organi-
21 zations, institutions, libraries, or authorities de-
22 scribed in any of subparagraphs (A) through
23 (H).

24 “(4) ENGLISH LANGUAGE ACQUISITION PRO-
25 GRAM.—The term ‘English language acquisition pro-

1 gram’ means a program of instruction designed to
2 help individuals with limited English proficiency
3 achieve competence in reading, writing, and speaking
4 the English language.

5 “(5) ESSENTIAL COMPONENTS OF READING IN-
6 STRUCTION.—The term ‘essential components of
7 reading instruction’ has the meaning given to that
8 term in section 1208 of the Elementary and Sec-
9 ondary Education Act of 1965 (20 U.S.C. 6368).

10 “(6) FAMILY LITERACY PROGRAMS.—The term
11 ‘family literacy programs’ means educational pro-
12 grams that—

13 “(A) assist parents and students, on a vol-
14 untary basis, in achieving the purposes of this
15 title as described in section 202; and

16 “(B) are of sufficient intensity in terms of
17 hours, of sufficient duration, and based upon
18 scientific research-based principles, so as to
19 substantially increase the ability of both parents
20 and children to read, write, and speak English
21 and perform mathematical computations.

22 “(7) GOVERNOR.—The term ‘Governor’ means
23 the chief executive officer of a State or outlying
24 area.

25 “(8) INDIVIDUAL WITH A DISABILITY.—

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

6 “(B) INDIVIDUALS WITH DISABILITIES.—
7 The term ‘individuals with disabilities’ means
8 more than one individual with a disability.

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

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

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

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

24 “(11) LITERACY.—The term ‘literacy’ means
25 the ability to read, write, and speak the English lan-

1 guage with competence, knowledge, and comprehen-
2 sion.

3 “(12) LOCAL EDUCATIONAL AGENCY.—The
4 term ‘local educational agency’ has the meaning
5 given to that term in section 9101 of the Elemen-
6 tary and Secondary Education Act of 1965 (20
7 U.S.C. 7801).

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

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

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

18 “(B) a tribally controlled community col-
19 lege; or

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

23 “(15) READING.—The term ‘reading’ has the
24 meaning given to that term in section 1208 of the

1 Elementary and Secondary Education Act of 1965
2 (20 U.S.C. 6368).

3 “(16) SCIENTIFICALLY BASED READING RE-
4 SEARCH.—The term ‘scientifically based reading re-
5 search’ has the meaning given to that term in sec-
6 tion 1208 of the Elementary and Secondary Edu-
7 cation Act of 1965 (20 U.S.C. 6368).

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

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

13 “(19) STATE EDUCATIONAL AGENCY.—The
14 term ‘State educational agency’ has the meaning
15 given to that term in section 9101 of the Elemen-
16 tary and Secondary Education Act of 1965 (20
17 U.S.C. 7801).

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

1 **“SEC. 204. HOME SCHOOLS.**

2 “Nothing in this title shall be construed to affect
3 home schools, or to compel a parent engaged in home
4 schooling to participate in an English literacy program,
5 family literacy services, or adult education.

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

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

10 **“CHAPTER 1—FEDERAL PROVISIONS**

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

13 “(a) RESERVATION OF FUNDS.—From the sums ap-
14 propriated under section 205 for a fiscal year, the
15 Secretary—

16 “(1) shall reserve 1.75 percent to carry out part
17 B of this title;

18 “(2) shall reserve up to 1.72 percent for incen-
19 tive grants under section 213; and

20 “(3) shall reserve up to 1.55 percent to carry
21 out section 242.

22 “(b) GRANTS TO ELIGIBLE AGENCIES.—

23 “(1) IN GENERAL.—From the sums appro-
24 priated under section 205 and not reserved under
25 subsection (a) for a fiscal year, the Secretary shall
26 award a grant to each eligible agency having a State

1 plan approved under section 224 in an amount equal
2 to the sum of the initial allotment under subsection
3 (c)(1) and the additional allotment under subsection
4 (c)(2) for the eligible agency for the fiscal year, sub-
5 ject to subsections (f) and (g).

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

10 “(c) ALLOTMENTS.—

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

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

18 “(B) \$250,000, in the case of any other el-
19 igible agency.

20 “(2) ADDITIONAL ALLOTMENTS.—From the
21 sums appropriated under section 205, not reserved
22 under subsection (a), and not allotted under para-
23 graph (1), for a fiscal year, the Secretary shall allot
24 to each eligible agency that receives an initial allot-
25 ment under paragraph (1) an additional amount

1 that bears the same relationship to such sums as the
2 number of qualifying adults in the State or outlying
3 area served by the eligible agency bears to the num-
4 ber of such adults in all States and outlying areas.

5 “(d) QUALIFYING ADULT.—For the purpose of sub-
6 section (c)(2), the term ‘qualifying adult’ means an adult
7 who—

8 “(1) is at least 16 years of age;

9 “(2) is beyond the age of compulsory school at-
10 tendance under the law of the State or outlying
11 area;

12 “(3) does not have a secondary school diploma
13 or its recognized equivalent; and

14 “(4) is not enrolled in secondary school.

15 “(e) SPECIAL RULE.—

16 “(1) IN GENERAL.—From amounts made avail-
17 able under subsection (c) for the Republic of the
18 Marshall Islands, the Federated States of Micro-
19 nesia, and the Republic of Palau, the Secretary shall
20 award grants to Guam, American Samoa, the Com-
21 monwealth of the Northern Mariana Islands, the Re-
22 public of the Marshall Islands, the Federated States
23 of Micronesia, or the Republic of Palau to carry out
24 activities described in this title in accordance with

1 the provisions of this title as determined by the Sec-
2 retary.

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

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

18 “(f) HOLD-HARMLESS PROVISIONS.—

19 “(1) IN GENERAL.—Notwithstanding subsection
20 (c), for fiscal year 2004 and each succeeding fiscal
21 year, no eligible agency shall receive an allotment
22 under this title that is less than 90 percent of the
23 allotment the eligible agency received for the pre-
24 ceding fiscal year under this title.

1 “(2) EXCEPTION.—An eligible agency that re-
2 ceives only an initial allotment under subsection
3 211(c)(1), and no additional allotment under
4 211(c)(2) shall receive an allotment equal to 100
5 percent of the initial allotment.

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

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

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

21 “(a) PURPOSE.—The purpose of this section is to es-
22 tablish a comprehensive performance accountability sys-
23 tem, composed of the activities described in this section,
24 to assess the effectiveness of eligible agencies in achieving
25 continuous improvement of adult education and basic

1 skills activities funded under this title, in order to optimize
2 the return on investment of Federal funds in adult edu-
3 cation and basic skills activities.

4 “(b) ELIGIBLE AGENCY PERFORMANCE MEAS-
5 URES.—

6 “(1) IN GENERAL.—For each eligible agency,
7 the eligible agency performance measures shall con-
8 sist of—

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

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

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

17 “(2) INDICATORS OF PERFORMANCE.—

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

21 “(i) Measurable improvements in
22 basic skill levels in reading, writing, and
23 speaking the English language and math,
24 and English language acquisition leading
25 to proficiency in each skill.

1 “(ii) Receipt of a secondary school di-
2 ploma or its recognized equivalent.

3 “(iii) Placement in postsecondary edu-
4 cation or other training programs.

5 “(B) EMPLOYMENT PERFORMANCE INDI-
6 CATORS.—Consistent with applicable Federal
7 and State privacy laws, an eligible agency shall
8 identify in the State plan the following indi-
9 vidual participant employment performance
10 indicators—

11 “(i) entry into employment;

12 “(ii) retention in employment; and

13 “(iii) increase in earnings.

14 “(3) LEVELS OF PERFORMANCE.—

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

17 “(i) IN GENERAL.—For each eligible
18 agency submitting a State plan, there shall
19 be established, in accordance with this sub-
20 paragraph, levels of performance for each
21 of the core indicators of performance de-
22 scribed in paragraph (2)(A) for adult edu-
23 cation and basic skills activities authorized
24 under this title. The levels of performance

1 established under this subparagraph shall,
2 at a minimum—

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

6 “(II) show the progress of the el-
7 igible agency toward continuously and
8 significantly improving its perform-
9 ance outcomes in an objective, quan-
10 tifiable, and measurable form.

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

18 “(iii) AGREEMENT ON ELIGIBLE
19 AGENCY ADJUSTED LEVELS OF PERFORM-
20 ANCE FOR FIRST 3 YEARS.—In order to en-
21 sure an optimal return on the investment
22 of Federal funds in adult education and
23 basic skills activities authorized under this
24 title, the Secretary and each eligible agen-
25 cy shall reach agreement on levels of stu-

1 dent proficiency for each of the core indi-
2 cators of performance, for the first 3 pro-
3 gram years covered by the State plan, tak-
4 ing into account the levels identified in the
5 State plan under clause (ii) and the factors
6 described in clause (iv). The levels agreed
7 to under this clause shall be considered to
8 be the eligible agency adjusted levels of
9 performance for the eligible agency for
10 such years and shall be incorporated into
11 the State plan prior to the approval of
12 such plan.

13 “(iv) FACTORS.—The agreement de-
14 scribed in clause (iii) or (v) shall take into
15 account—

16 “(I) how the levels involved com-
17 pare with the eligible agency’s ad-
18 justed levels of performance, taking
19 into account factors including the
20 characteristics of participants when
21 the participants entered the program;
22 and

23 “(II) the extent to which such
24 levels promote continuous and signifi-
25 cant improvement in performance on

1 the student proficiency measures used
2 by such eligible agency and ensure op-
3 timal return on the investment of
4 Federal funds.

5 “(v) AGREEMENT ON ELIGIBLE AGEN-
6 CY ADJUSTED LEVELS OF PERFORMANCE
7 FOR SECOND 3 YEARS.—Prior to the fourth
8 program year covered by the State plan,
9 the Secretary and each eligible agency
10 shall reach agreement on levels of perform-
11 ance for each of the core indicators of stu-
12 dent proficiency for the fourth, fifth, and
13 sixth program years covered by the State
14 plan, taking into account the factors de-
15 scribed in clause (iv). The levels agreed to
16 under this clause shall be considered to be
17 the eligible agency adjusted levels of per-
18 formance for the eligible agency for such
19 years and shall be incorporated into the
20 State plan.

21 “(vi) REVISIONS.—If unanticipated
22 circumstances arise in a State resulting in
23 a significant change in the factors de-
24 scribed in clause (iv)(I), the eligible agency
25 may request that the eligible agency ad-

1 justed levels of performance agreed to
2 under clause (iii) or (v) be revised.

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

11 “(c) REPORT.—

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

19 “(A) Information on the levels of perform-
20 ance achieved by the eligible agency with re-
21 spect to the core indicators of performance and
22 employment performance indicators.

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

1 “(2) INFORMATION DISSEMINATION.—The
2 Secretary—

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

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

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

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

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

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

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

3 **“CHAPTER 2—STATE PROVISIONS**

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

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

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

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

13 “(3) Coordination and avoidance of duplication
14 with other Federal and State education, training,
15 corrections, public housing, and social service pro-
16 grams.

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

19 “(a) STATE DISTRIBUTION OF FUNDS.—Each eligi-
20 ble agency receiving a grant under this title for a fiscal
21 year—

22 “(1) shall use an amount not less than 82.5
23 percent of the grant funds to award grants and con-
24 tracts under section 231 and to carry out section

1 225, of which not more than 10 percent of such
2 amount shall be available to carry out section 225;

3 “(2) shall use not more than 12.5 percent of
4 the grant funds to carry out State leadership activi-
5 ties under section 223; and

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

9 “(b) MATCHING REQUIREMENT.—

10 “(1) IN GENERAL.—In order to receive a grant
11 from the Secretary under section 211(b), each eligi-
12 ble agency shall provide, for the costs to be incurred
13 by the eligible agency in carrying out the adult edu-
14 cation and basic skills activities for which the grant
15 is awarded, a non-Federal contribution in an amount
16 at least equal to—

17 “(A) in the case of an eligible agency serv-
18 ing an outlying area, 12 percent of the total
19 amount of funds expended for adult education
20 and basic skills activities in the outlying area,
21 except that the Secretary may decrease the
22 amount of funds required under this subpara-
23 graph for an eligible agency; and

24 “(B) in the case of an eligible agency serv-
25 ing a State, 25 percent of the total amount of

1 funds expended for adult education and basic
2 skills activities in the State.

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

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

11 “(a) IN GENERAL.—Each eligible agency may use
12 funds made available under section 222(a)(2) for any of
13 the following adult education and basic skills activities:

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

21 “(2) The provision of technical assistance to eli-
22 gible providers of adult education and basic skills ac-
23 tivities for development and dissemination of sci-
24 entific research-based instructional practices in read-

1 ing, writing, speaking, math, and English language
2 acquisition programs.

3 “(3) The provision of assistance to eligible pro-
4 viders in developing, implementing, and reporting
5 measurable progress in achieving the objectives of
6 this title.

7 “(4) The provision of technology assistance, in-
8 cluding staff training, to eligible providers of adult
9 education and basic skills activities, including dis-
10 tance learning activities, to enable the eligible pro-
11 viders to improve the quality of such activities.

12 “(5) The development and implementation of
13 technology applications or distance learning, includ-
14 ing professional development to support the use of
15 instructional technology.

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

19 “(7) Coordination with existing support serv-
20 ices, such as transportation, child care, and other
21 assistance designed to increase rates of enrollment
22 in, and successful completion of, adult education and
23 basic skills activities, for adults enrolled in such ac-
24 tivities.

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

4 “(9) Activities to promote workplace literacy
5 programs.

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

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

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

16 “(c) STATE-IMPOSED REQUIREMENTS.—Whenever a
17 State or outlying area implements any rule or policy relat-
18 ing to the administration or operation of a program au-
19 thorized under this title that has the effect of imposing
20 a requirement that is not imposed under Federal law (in-
21 cluding any rule or policy based on a State or outlying
22 area interpretation of a Federal statute, regulation, or
23 guideline), the State or outlying area shall identify, to eli-
24 gible providers, the rule or policy as being imposed by the
25 State or outlying area.

1 **“SEC. 224. STATE PLAN.**

2 “(a) 6-YEAR PLANS.—

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

7 “(2) COMPREHENSIVE PLAN OR APPLICA-
8 TION.—The eligible agency may submit the State
9 plan as part of a comprehensive plan or application
10 for Federal education assistance.

11 “(b) PLAN CONTENTS.—The eligible agency shall in-
12 clude in the State plan or any revisions to the State plan—

13 “(1) an objective assessment of the needs of in-
14 dividuals in the State or outlying area for adult edu-
15 cation and basic skills activities, including individ-
16 uals most in need or hardest to serve;

17 “(2) a description of the adult education and
18 basic skills activities that will be carried out with
19 funds received under this title;

20 “(3) a description of how the eligible agency
21 will evaluate and measure annually the effectiveness
22 and improvement of the adult education and basic
23 skills activities based on the performance measures
24 described in section 212 including—

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

4 “(B) how the eligible agency—

5 “(i) will hold eligible providers ac-
6 countable regarding the progress of such
7 providers in improving the academic
8 achievement of participants in adult edu-
9 cation programs under this title and re-
10 garding the core indicators of performance
11 described in section 212(b)(2)(A); and

12 “(ii) will use technical assistance,
13 sanctions, and rewards (including alloca-
14 tion of grant funds based on performance
15 and termination of grant funds based on
16 nonperformance);

17 “(4) a description of the performance measures
18 described in section 212 and how such performance
19 measures have significantly improved adult edu-
20 cation and basic skills activities in the State or out-
21 lying area;

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

1 “(A) offers flexible schedules and necessary
2 support services (such as child care and trans-
3 portation) to enable individuals, including indi-
4 viduals with disabilities, or individuals with
5 other special needs, to participate in adult edu-
6 cation and basic skills activities; and

7 “(B) attempts to coordinate with support
8 services that are not provided under this title
9 prior to using funds for adult education and
10 basic skills activities provided under this title
11 for support services;

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

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

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

21 “(9) a description of the process that will be
22 used for public participation and comment with re-
23 spect to the State plan, which process—

24 “(A) shall include consultation with the
25 State workforce investment board, the State

1 board responsible for administering community
2 or technical colleges, the Governor, the State
3 educational agency, the State board or agency
4 responsible for administering block grants for
5 temporary assistance to needy families under
6 title IV of the Social Security Act, the State
7 council on disabilities, the State vocational re-
8 habilitation agency, other State agencies that
9 promote the improvement of adult basic edu-
10 cation and literacy levels, and direct providers
11 of adult basic skills education programs; and

12 “(B) may include consultation with the
13 State agency on higher education, institutions
14 responsible for professional development of
15 adult basic education and reading instructors,
16 representatives of business and industry, ref-
17 ugee assistance programs, and faith-based orga-
18 nizations;

19 “(10) a description of the eligible agency’s
20 strategies for serving populations that include, at a
21 minimum—

22 “(A) low-income individuals;

23 “(B) individuals with disabilities;

24 “(C) the unemployed;

25 “(D) the underemployed; and

1 “(E) individuals with multiple barriers to
2 educational enhancement, including individuals
3 with limited English proficiency;

4 “(11) a description of how the adult education
5 and basic skills activities that will be carried out
6 with any funds received under this title will be inte-
7 grated with other adult education, career develop-
8 ment, and employment and training activities in the
9 State or outlying area served by the eligible agency;

10 “(12) a description of the steps the eligible
11 agency will take to ensure direct and equitable ac-
12 cess, as required in section 231(c)(1), including—

13 “(A) how the State will build the capacity
14 of community-based and faith-based organiza-
15 tions to provide adult basic and literacy edu-
16 cation; and

17 “(B) how the State will increase the par-
18 ticipation of business and industry in adult
19 basic and literacy education; and

20 “(13) a description of how the eligible agency
21 will consult with any State agency responsible for
22 postsecondary education to develop adult education
23 that prepares students to enter postsecondary edu-
24 cation without the need for remediation upon com-
25 pletion of secondary school equivalency programs.

1 “(c) PLAN REVISIONS.—When changes in conditions
2 or other factors require substantial revisions to an ap-
3 proved State plan, the eligible agency shall submit the re-
4 visions to the State plan to the Secretary.

5 “(d) CONSULTATION.—The eligible agency shall—

6 “(1) submit the State plan, and any revisions to
7 the State plan, to the Governor, the chief State
8 school officer, or the State officer responsible for ad-
9 ministering community or technical colleges, or out-
10 lying area for review and comment; and

11 “(2) ensure that any comments regarding the
12 State plan by the Governor, the chief State school
13 officer, or the State officer responsible for admin-
14 istering community or technical colleges, and any re-
15 vision to the State plan, are submitted to the Sec-
16 retary.

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

21 **“SEC. 225. PROGRAMS FOR CORRECTIONS EDUCATION AND**
22 **OTHER INSTITUTIONALIZED INDIVIDUALS.**

23 “(a) PROGRAM AUTHORIZED.—From funds made
24 available under section 222(a)(1) for a fiscal year, each

1 eligible agency shall carry out corrections education and
2 education for other institutionalized individuals.

3 “(b) USES OF FUNDS.—The funds described in sub-
4 section (a) shall be used for the cost of educational pro-
5 grams for criminal offenders in correctional institutions
6 and for other institutionalized individuals, including aca-
7 demic programs for—

8 “(1) basic skills education;

9 “(2) special education programs as determined
10 by the eligible agency;

11 “(3) reading, writing, speaking, and math pro-
12 grams; and

13 “(4) secondary school credit or diploma pro-
14 grams or their recognized equivalent.

15 “(c) PRIORITY.—Each eligible agency that is using
16 assistance provided under this section to carry out a pro-
17 gram for criminal offenders within a correctional institu-
18 tion shall give priority to serving individuals who are likely
19 to leave the correctional institution within 5 years of par-
20 ticipation in the program.

21 “(d) DEFINITION OF CRIMINAL OFFENDER.—

22 “(1) CRIMINAL OFFENDER.—The term ‘crimi-
23 nal offender’ means any individual who is charged
24 with, or convicted of, any criminal offense.

1 “(2) CORRECTIONAL INSTITUTION.—The term
2 ‘correctional institution’ means any—
3 “(A) prison;
4 “(B) jail;
5 “(C) reformatory;
6 “(D) work farm;
7 “(E) detention center; or
8 “(F) halfway house, community-based re-
9 habilitation center, or any other similar institu-
10 tion designed for the confinement or rehabilita-
11 tion of criminal offenders.

12 **“CHAPTER 3—LOCAL PROVISIONS**

13 **“SEC. 231. GRANTS AND CONTRACTS FOR ELIGIBLE PRO-**
14 **VIDERS.**

15 “(a) GRANTS AND CONTRACTS.—From grant funds
16 made available under section 211(b), each eligible agency
17 shall award multiyear grants or contracts, on a competi-
18 tive basis, to eligible providers within the State or outlying
19 area that meet the conditions and requirements of this
20 title to enable the eligible providers to develop, implement,
21 and improve adult education and basic skills activities
22 within the State.

23 “(b) LOCAL ACTIVITIES.—The eligible agency shall
24 require eligible providers receiving a grant or contract
25 under subsection (a) to establish or operate one or more

1 programs of instruction that provide services or instruc-
2 tion in one or more of the following categories:

3 “(1) Adult basic skills education and literacy
4 programs, including essential workplace skills (in-
5 cluding proficiency in reading, writing, speaking,
6 and math).

7 “(2) Workplace literacy programs.

8 “(3) English language acquisition programs.

9 “(4) Family literacy programs.

10 “(c) DIRECT AND EQUITABLE ACCESS; SAME PROC-
11 ESS.—Each eligible agency receiving funds under this title
12 shall ensure that—

13 “(1) all eligible providers have direct and equi-
14 table access to apply for grants or contracts under
15 this section; and

16 “(2) the same grant or contract announcement
17 process and application process is used for all eligi-
18 ble providers in the State or outlying area.

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

22 “(1) the eligible provider’s measurable goals for
23 participant outcomes to be achieved annually on the
24 core indicators of performance and employment per-
25 formance indicators described in section 212(b)(2);

1 “(2) the past effectiveness of the eligible pro-
2 vider in improving the basic academic skills of adults
3 and, for eligible providers receiving grants in the
4 prior year, the success of the eligible provider receiv-
5 ing funding under this title in meeting or exceeding
6 its performance goals in the prior year;

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

13 “(4) whether or not the program—

14 “(A) is of sufficient intensity and duration
15 for participants to achieve substantial learning
16 gains; and

17 “(B) uses instructional practices that in-
18 clude the essential components of reading in-
19 struction;

20 “(5) whether educational practices are based on
21 scientifically based research;

22 “(6) whether the activities of the eligible pro-
23 vider effectively employ advances in technology, as
24 appropriate, including the use of computers;

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

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

7 “(9) whether the activities are coordinated with
8 other available resources in the community, such as
9 through strong links with elementary schools and
10 secondary schools, postsecondary educational institu-
11 tions, one-stop centers, job training programs, com-
12 munity-based and faith-based organizations, and so-
13 cial service agencies;

14 “(10) whether the activities offer flexible sched-
15 ules and support services (such as child care and
16 transportation) that are necessary to enable individ-
17 uals, including individuals with disabilities or other
18 special needs, to attend and complete programs;

19 “(11) whether the activities include a high-qual-
20 ity information management system that has the ca-
21 pacity to report measurable participant outcomes
22 and to monitor program performance against the
23 performance measures established by the eligible
24 agency;

1 “(12) whether the local communities have a
2 demonstrated need for additional English language
3 acquisition programs;

4 “(13) the capacity of the eligible provider to
5 produce valid information on performance results,
6 including enrollments and measurable participant
7 outcomes;

8 “(14) whether adult basic education programs
9 and courses offer rigorous reading, writing, speak-
10 ing, and math content that are based on scientific
11 research; and

12 “(15) whether applications of technology, and
13 services to be provided by the eligible providers, is
14 of sufficient intensity and duration to increase the
15 amount and quality of learning and lead to measur-
16 able learning gains within specified time periods.

17 **“SEC. 232. LOCAL APPLICATION.**

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

22 “(1) a description of how funds awarded under
23 this title will be spent consistent with the require-
24 ments of this title;

1 “(2) a description of any cooperative arrange-
2 ments the eligible provider has with other agencies,
3 institutions, or organizations for the delivery of
4 adult education and basic skills activities; and

5 “(3) each of the demonstrations required by
6 section 231(d).

7 **“SEC. 233. LOCAL ADMINISTRATIVE COST LIMITS.**

8 “(a) IN GENERAL.—Subject to subsection (b), of the
9 amount that is made available under this title to an eligi-
10 ble provider—

11 “(1) at least 95 percent shall be expended for
12 carrying out adult education and basic skills activi-
13 ties; and

14 “(2) the remaining amount shall be used for
15 planning, administration, personnel and professional
16 development, development of measurable goals in
17 reading, writing, speaking, and math, and inter-
18 agency coordination.

19 “(b) SPECIAL RULE.—In cases where the cost limits
20 described in subsection (a) are too restrictive to allow for
21 adequate planning, administration, personnel develop-
22 ment, and interagency coordination, the eligible provider
23 may negotiate with the eligible agency in order to deter-
24 mine an adequate level of funds to be used for noninstruc-
25 tional purposes.

1 **“CHAPTER 4—GENERAL PROVISIONS**

2 **“SEC. 241. ADMINISTRATIVE PROVISIONS.**

3 “(a) SUPPLEMENT NOT SUPPLANT.—Funds made
4 available for adult education and basic skills activities
5 under this title shall supplement and not supplant other
6 State or local public funds expended for adult education
7 and basic skills activities.

8 “(b) MAINTENANCE OF EFFORT.—

9 “(1) IN GENERAL.—

10 “(A) DETERMINATION.—An eligible agency
11 may receive funds under this title for any fiscal
12 year if the Secretary finds that the fiscal effort
13 per student or the aggregate expenditures of
14 such eligible agency for activities under this
15 title, in the second preceding fiscal year, were
16 not less than 90 percent of the fiscal effort per
17 student or the aggregate expenditures of such
18 eligible agency for adult education and basic
19 skills activities, in the third preceding fiscal
20 year.

21 “(B) PROPORTIONATE REDUCTION.—Sub-
22 ject to paragraphs (2), (3), and (4), for any fis-
23 cal year with respect to which the Secretary de-
24 termines under subparagraph (A) that the fiscal
25 effort or the aggregate expenditures of an eligi-

1 ble agency for the preceding program year were
2 less than such effort or expenditures for the
3 second preceding program year, the Secretary—

4 “(i) shall determine the percentage
5 decreases in such effort or in such expendi-
6 tures; and

7 “(ii) shall decrease the payment made
8 under this title for such program year to
9 the agency for adult education and basic
10 skills activities by the lesser of such per-
11 centages.

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

16 “(3) DECREASE IN FEDERAL SUPPORT.—If the
17 amount made available for adult education and basic
18 skills activities under this title for a fiscal year is
19 less than the amount made available for adult edu-
20 cation and basic skills activities under this title for
21 the preceding fiscal year, then the fiscal effort per
22 student and the aggregate expenditures of an eligible
23 agency required in order to avoid a reduction under
24 paragraph (1)(B) shall be decreased by the same

1 percentage as the percentage decrease in the amount
2 so made available.

3 “(4) WAIVER.—The Secretary may waive the
4 requirements of this subsection for not more than 1
5 fiscal year, if the Secretary determines that a waiver
6 would be equitable due to exceptional or uncontrol-
7 lable circumstances, such as a natural disaster or an
8 unforeseen and precipitous decline in the financial
9 resources of the State or outlying area of the eligible
10 agency. If the Secretary grants a waiver under the
11 preceding sentence for a fiscal year, the level of ef-
12 fort required under paragraph (1) shall not be re-
13 duced in the subsequent fiscal year because of the
14 waiver.

15 **“SEC. 242. NATIONAL LEADERSHIP ACTIVITIES.**

16 “The Secretary shall establish and carry out a pro-
17 gram of national leadership activities that may include the
18 following:

19 “(1) Technical assistance, on request, including
20 assistance—

21 “(A) on requests to volunteer community-
22 and faith-based organizations, including but not
23 limited to, improving their fiscal management,
24 research-based instruction, and reporting re-
25 quirements, and the development of measurable

1 objectives to carry out the requirements of this
2 title;

3 “(B) in developing valid, measurable, and
4 reliable performance data, and using perform-
5 ance information for the improvement of adult
6 basic and literacy education programs;

7 “(C) on adult education professional devel-
8 opment; and

9 “(D) in using distance learning and im-
10 proving the application of technology in the
11 classroom.

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

16 “(3) Improving the coordination, efficiency, and
17 effectiveness of adult education and workforce devel-
18 opment services at the national, State, and local lev-
19 els.

20 “(4) Determining how participation in adult
21 basic and literacy education programs prepares indi-
22 viduals for entry into and success in postsecondary
23 education and employment, and in the case of pris-
24 on-based services, the effect on recidivism.

1 “(5) Evaluating how different types of pro-
2 viders, including community and faith-based organi-
3 zations or private for-profit agencies measurably im-
4 prove the skills of participants in adult basic and lit-
5 eracy education programs.

6 “(6) Identifying model integrated basic and
7 workplace skills education programs, coordinated lit-
8 eracy and employment services, and effective strate-
9 gies for serving adults with disabilities.

10 “(7) Supporting the development of an entity
11 that would produce and distribute technology-based
12 programs and materials for adult education and
13 basic skills activities using an intercommunication
14 system, as that term is defined in section 397 of the
15 Communications Act of 1934 (47 U.S.C. 397), and
16 to expand the effective outreach and use of such pro-
17 grams and materials to adult education eligible pro-
18 viders.

19 “(8) Initiating other activities designed to im-
20 prove the measurable quality and effectiveness of
21 adult education and basic skills programs nation-
22 wide.”.

1 **PART B—NATIONAL INSTITUTE FOR LITERACY**

2 **SEC. 211. SHORT TITLE; PURPOSE.**

3 (a) **SHORT TITLE.**—This part may be cited as the
4 “National Institute for Literacy Establishment Act”.

5 (b) **PURPOSE.**—The purpose of this part is to estab-
6 lish a National Institute for Literacy to provide national
7 leadership in promoting reading research, reading instruc-
8 tion, and professional development in reading based on sci-
9 entifically based research by—

10 (1) disseminating widely information on sci-
11 entifically based reading research pertaining to chil-
12 dren, youth, and adults;

13 (2) identifying and disseminating information
14 about schools, local educational agencies, and State
15 educational agencies that have effectively developed
16 and implemented classroom reading programs that
17 meet the requirements of subpart 1 of part B of title
18 I of the Elementary and Secondary Education Act
19 of 1965 (20 U.S.C. 6361 et seq.), including those
20 State educational agencies, local educational agen-
21 cies, and schools that are identified as effective
22 through the External Evaluation of Reading First
23 under section 1205 of the Elementary and Sec-
24 ondary Education Act of 1965 (20 U.S.C. 6365);

25 (3) serving as a national resource for informa-
26 tion on reading instruction programs that contain

1 the essential components of reading instruction as
2 supported by scientifically based reading research,
3 and that can lead to improved reading outcomes for
4 children, youth, and adults;

5 (4) developing print and electronic materials
6 that are directed toward describing and modeling the
7 application of scientifically based reading research;

8 (5) providing national and regional reading
9 leadership for State and local personnel that builds
10 capacity for the implementation of scientifically
11 based reading research;

12 (6) coordinating efforts among Federal agencies
13 that provide reading programs and services, and re-
14 cipients of Federal financial assistance under titles
15 I and III of the Elementary and Secondary Edu-
16 cation Act of 1965, the Head Start Act, the Individ-
17 uals with Disabilities Education Act, and the Adult
18 Basic Skills Education Act, and each Bureau funded
19 school (as defined in title XI of the Education
20 Amendments of 1978 (25 U.S.C. 2001 et seq.)); and

21 (7) informing the Congress, Federal depart-
22 ments and agencies, schools of education, and the
23 public of successful local, State, and Federal pro-
24 gram activities in reading instruction that are deter-

1 mined to be effective based on the findings of sci-
2 entifically based reading research.

3 **SEC. 212. ESTABLISHMENT.**

4 (a) IN GENERAL.—There is established within the ex-
5 ecutive branch an independent establishment (as defined
6 in title 104 of title 5, United States Code) to be known
7 as the “National Institute for Literacy”. The Institute
8 shall be administered, in accordance with this part, under
9 the supervision and direction of a Director in consultation
10 with the Board, and subject to all fiscal and ethical re-
11 quirements of an executive branch agency.

12 (b) DIRECTOR.—

13 (1) APPOINTMENT.—The Secretary of Edu-
14 cation, in consultation with the Board (established
15 under section 217 of this part) shall appoint a Di-
16 rector of the Institute, who has an understanding of,
17 supports, and is familiar with scientifically based
18 reading research, instruction, and professional devel-
19 opment applicable to children, youth, and adults.

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

22 **SEC. 213. ADMINISTRATION.**

23 (a) IN GENERAL.—The Institute shall be adminis-
24 tered by the Director of the Institute in consultation with
25 the Board.

1 (b) AUTHORITY.—Subject to the general policies, de-
2 cisions, findings, and determinations of the Board, the Di-
3 rector shall be responsible for administering the Institute.
4 The Director may delegate the powers granted under this
5 paragraph to an officer, employee, or office of the Insti-
6 tute. The Director shall—

7 (1) provide leadership for the Institute, con-
8 sistent with the purposes defined in section 211;

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

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

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

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

22 (6) oversee the expenditure of all funds allo-
23 cated for the Institute to carry out the purposes
24 under section 211; and

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

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

7 (d) BUDGET REQUESTS.—In each annual request for
8 appropriations by the President, the Director, in consulta-
9 tion with the Board, shall submit a budget to carry out
10 the mission as the Institute including—

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

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

16 (e) BUDGET TRANSMITTAL TO CONGRESS.—The In-
17 stitute shall transmit to Congress copies of budget esti-
18 mates, requests, and information (including personnel
19 needs), legislative recommendations, prepared testimony
20 for congressional hearings, and comments on legislation.

21 (f) OFFICES AND ADMINISTRATIVE SUPPORT.—

22 (1) The Institute shall have offices separate
23 from the offices of the Department of Education.

24 (2) The Secretary of Education shall provide
25 administrative support for the Institute, including

1 the administration of grants, contracts and coopera-
2 tive agreements, personnel, legal counsel, and payroll
3 after the Office of Management and Budget has ap-
4 proved the Institute's budget.

5 (g) SPECIAL RULE.—The Institute shall have the au-
6 thority to obtain services specified in section 213(g) from
7 other sources within the executive branch if the Director,
8 in consultation with the Board, determines that to be in
9 the best interest of the Institute.

10 **SEC. 214. DUTIES.**

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

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

21 (2) develop print and electronic materials for
22 professional development that can provide informa-
23 tion, model exemplary applications of scientifically
24 based reading research, or otherwise support and re-
25 inforce the adoption and maintenance of the use of

1 scientifically based reading research programs and
2 practices at every level of kindergarten through high
3 school and adult education;

4 (3) provide national and regional reading lead-
5 ership skills development training for State and local
6 personnel involved in professional development and
7 capacity building of classroom teachers, which train-
8 ing may include—

9 (A) demonstrations of applications of sci-
10 entifically based reading research in elementary,
11 secondary, and adult education programs;

12 (B) program models and interventions
13 needed to assure high levels of the teaching and
14 learning of reading; and

15 (C) instruction on evaluating instructional
16 materials and reading assessments;

17 (4) provide policy and technical assistance to
18 Federal agencies, State departments of education,
19 adult education programs, local school districts, local
20 public and private schools, the media, and schools of
21 education, on scientifically based reading instruc-
22 tional practices;

23 (5) collaborate and support Federal research
24 programs in reading instruction, including, where
25 appropriate, those areas of study addressed by the

1 National Institute of Child Health and Human De-
2 velopment, the Institute for Education Sciences, the
3 National Science Foundation, and the National Re-
4 search Council;

5 (6) advise Congress, State legislatures, State
6 boards of education, and local school boards on pol-
7 icy and legislation that address improvement of
8 reading skills for children, youth, and adults; and

9 (7) coordinate with the Department of Edu-
10 cation, the Department of Labor, the Department of
11 Health and Human Services, and the National Insti-
12 tute of Child Health and Human Development on all
13 programs that include improving reading instruc-
14 tional practices for children, youth, and adults, and
15 teacher training in reading instructional practices;

16 (8) coordinate and share information with na-
17 tional media, national organizations, and associa-
18 tions that are interested in improving reading in-
19 struction for children, youth, and adults;

20 (9) use and support the collection of the best
21 possible information in carrying out this section, in-
22 cluding reviews of research on instruction using the
23 criteria for quality identified by the Institute for
24 Education Sciences; and

1 outstanding individuals who are pursuing careers in sci-
2 entifically based research in reading instruction or pre-
3 service or in-service training in reading instruction, includ-
4 ing teaching children and adults to read.

5 (b) FELLOWSHIPS.—Fellowships awarded under this
6 subsection shall be used, under the auspices of the Insti-
7 tute, to engage in research, education training, technical
8 assistance, or other activities to advance the field of sci-
9 entifically based reading instruction for children, youth,
10 and adults, including the training of volunteers in such
11 reading skills instruction.

12 (c) INTERNS AND VOLUNTEERS.—The Institute, in
13 consultation with the Board, may award paid and unpaid
14 internships to individuals seeking to assist the Institute
15 in carrying out its mission. Notwithstanding section 1342
16 of title 31, United States Code, the Institute may accept
17 and use voluntary and uncompensated services as the In-
18 stitute deems necessary.

19 **SEC. 217. NATIONAL INSTITUTE FOR LITERACY ADVISORY**
20 **BOARD.**

21 (a) ESTABLISHMENT.—

22 (1) IN GENERAL.—There shall be a National
23 Institute for Literacy Advisory Board, which shall
24 consist of 10 individuals appointed by the President
25 with the advice and consent of the Senate.

1 (2) COMPOSITION.—The Board shall be com-
2 prised of individuals who are not otherwise officers
3 or employees of the Federal Government and who
4 are knowledgeable about scientifically based reading
5 instruction, and the findings of scientifically based
6 reading research. The members of the Board may
7 include—

8 (A) representatives from teacher training
9 institutions where scientifically based reading
10 instruction is a major component of pre-service
11 training;

12 (B) teachers who have been successful in
13 teaching children to read proficiently;

14 (C) members of the business community
15 who have developed successful employee reading
16 instruction programs;

17 (D) volunteer tutors in reading who are
18 using scientifically based reading instruction;

19 (E) reading researchers who have con-
20 ducted scientifically based research; and

21 (F) other qualified individuals knowledg-
22 eable about scientifically based reading instruc-
23 tion, including adult education.

24 (b) DUTIES.—The Board shall—

1 (1) work closely with the Director to ensure the
2 purposes of the Institute under section 211 are car-
3 ried out effectively;

4 (2) approve the annual report to Congress;

5 (3) provide advice to the Director in the admin-
6 istration of the Institute;

7 (4) recommend qualified individuals to the Sec-
8 retary for appointment as Director of the Institute.

9 (c) FEDERAL ADVISORY COMMITTEE ACT.—Except
10 as otherwise provided in this part, the Board established
11 by this section shall be subject to the provisions of the
12 Federal Advisory Committee Act (5 U.S.C. App.).

13 (d) APPOINTMENTS.—

14 (1) IN GENERAL.—Each member of the Board shall
15 be appointed for a term of 3 years, except that the initial
16 terms for members may be 1, 2, or 3 years in order to
17 establish a rotation, in which one-third of the members
18 are selected each year. Any such member may be ap-
19 pointed for not more than 2 consecutive terms.

20 (2) VACANCIES.—Any member appointed to fill a va-
21 cancy occurring before the expiration of the term for which
22 the member's predecessor was appointed shall be ap-
23 pointed only for the remainder of that term. A member
24 may serve after the expiration of that member's term until
25 a successor has taken office.

1 (e) QUORUM.—A majority of the members of the
2 Board shall constitute a quorum, but a lesser number may
3 hold hearings. Any recommendation of the Board may be
4 passed only by a majority of the Board members present.

5 (f) ELECTION OF OFFICERS.—The Chairperson and
6 Vice Chairperson of the Board shall be elected by the
7 members of the Board. The term of office of the Chair-
8 person and Vice Chairperson shall be 2 years.

9 (g) MEETINGS.—The Board shall meet at the call of
10 the Chairperson, or a majority of the members of the
11 Board, but not less than quarterly.

12 **SEC. 218. GIFTS, BEQUESTS, AND DEVICES.**

13 (a) IN GENERAL.—The Institute may accept, admin-
14 ister, and use gifts or donations of services, money, or
15 property, whether real or personal, tangible or intangible.

16 (b) RULES.—The Board, in consultation with the Di-
17 rector, shall establish written rules setting forth the cri-
18 teria to be used by the Institute in determining whether
19 the acceptance of contributions of services, money, or
20 property whether real or personal, tangible or intangible,
21 would reflect unfavorably upon the ability of the Institute
22 or any employee to carry out the responsibilities of the
23 Institute or employee, or official duties, in a fair and ob-
24 jective manner, or would compromise the integrity or the

1 appearance of the integrity of the Institute's programs or
2 any official involved in those programs.

3 **SEC. 219. MAILS.**

4 The Board and the Institute may use the United
5 States mails in the same manner and under the same con-
6 ditions as other departments and agencies of the United
7 States.

8 **SEC. 220. APPLICABILITY OF CERTAIN CIVIL SERVICE**
9 **LAWS.**

10 The Director and the staff of the Institute may be
11 appointed without regard to the provisions of title 5,
12 United States Code, governing appointments in the com-
13 petitive service, and may be paid without regard to the
14 provisions of chapter 51 and subchapter III of chapter 53
15 of that title relating to classification and General Schedule
16 pay rates, except that an individual so appointed may not
17 receive pay in excess of the annual rate of basic pay pay-
18 able for level IV of the Executive Schedule.

19 **SEC. 221. EXPERTS AND CONSULTANTS.**

20 The Institute may procure temporary and intermit-
21 tent services under section 3109(b) of title 5, United
22 States Code.

23 **SEC. 222. REPORT.**

24 (a) IN GENERAL.—The Institute shall submit a bien-
25 nial report to the Committee on Education and the Work-

1 force of the House of Representatives and the Committee
2 on Labor and Human Resources of the Senate. Each re-
3 port submitted under this section shall include—

4 (1) a comprehensive and detailed description of
5 the Institute's operations, activities, financial condi-
6 tion, and accomplishments in carrying out the pur-
7 poses of the Institute as specified in section 211, for
8 the period covered by the report; and

9 (2) a summary description of how the Institute
10 will advance the purposes of the Institute for the
11 next biennium.

12 (b) FIRST REPORT.—The Institute shall submit a re-
13 port under this section not later than 1 year after the date
14 of enactment of this part.

15 **SEC. 223. DEFINITIONS.**

16 For purposes of this part—

17 (1) the term “Board” means the National Insti-
18 tute for Literacy Advisory Board;

19 (2) the term “Institute” means the National In-
20 stitute for Literacy; and

21 (3) the terms “reading,” “scientifically based
22 reading research,” and “essential components of
23 reading instruction” have the meanings given those
24 terms in section 1208 of part B of title I of the Ele-

1 elementary and Secondary Education Act of 1965 (20
2 U.S.C. 6368).

3 **SEC. 224. AUTHORIZATION OF APPROPRIATIONS.**

4 There are authorized to be appropriated to admin-
5 ister and carry out this part \$6,700,000 for fiscal year
6 2004 and such sums as may be necessary for each of the
7 5 succeeding fiscal years.

8 **SEC. 225. RESERVATION.**

9 From amounts appropriated to the Institute, the Di-
10 rector may use not more than 5 percent of such amounts
11 for information dissemination under section 1207 of the
12 Elementary and Secondary Education Act of 1965 (20
13 U.S.C. 6367).

14 **SEC. 226. AUTHORITY TO PUBLISH.**

15 The Institute, including the Board, may prepare,
16 publish, and present (including through oral presen-
17 tations) such research-based information and research re-
18 ports as needed to carry out the purposes and mission of
19 the Institute.

20 **TITLE III—AMENDMENTS TO**
21 **THE WAGNER-PEYSER ACT**

22 **SEC. 301. AMENDMENTS TO THE WAGNER-PEYSER ACT.**

23 The Wagner-Peyser Act (29 U.S.C. 49 et. seq.) is
24 amended—

25 (1) by striking sections 1 through 13;

1 (2) in section 14 by inserting “of Labor“ after
2 “Secretary”; and

3 (3) by amending section 15 to read as follows:

4 **“SEC. 15. WORKFORCE AND LABOR MARKET INFORMATION**
5 **SYSTEM.**

6 “(a) SYSTEM CONTENT.—

7 “(1) IN GENERAL.—The Secretary of Labor, in
8 accordance with the provisions of this section, shall
9 oversee the development, maintenance, and contin-
10 uous improvement of a nationwide workforce and
11 labor market information system that includes—

12 “(A) statistical data from cooperative sta-
13 tistical survey and projection programs and
14 data from administrative reporting systems
15 that, taken together, enumerate, estimate, and
16 project employment opportunities and condi-
17 tions at national, State, and local levels in a
18 timely manner, including statistics on—

19 “(i) employment and unemployment
20 status of national, State, and local popu-
21 lations, including self-employed, part-time,
22 and seasonal workers;

23 “(ii) industrial distribution of occupa-
24 tions, as well as current and projected em-
25 ployment opportunities, wages, benefits

1 (where data is available), and skill trends
2 by occupation and industry, with particular
3 attention paid to State and local condi-
4 tions;

5 “(iii) the incidence of, industrial and
6 geographical location of, and number of
7 workers displaced by, permanent layoffs
8 and plant closings; and

9 “(iv) employment and earnings infor-
10 mation maintained in a longitudinal man-
11 ner to be used for research and program
12 evaluation;

13 “(B) information on State and local em-
14 ployment opportunities, and other appropriate
15 statistical data related to labor market dynam-
16 ics, which—

17 “(i) shall be current and comprehen-
18 sive;

19 “(ii) shall meet the needs identified
20 through the consultations described in sub-
21 paragraphs (A) and (B) of subsection
22 (e)(2); and

23 “(iii) shall meet the needs for the in-
24 formation identified in section 134(d);

1 “(C) technical standards (which the Sec-
2 retary shall publish annually) for data and in-
3 formation described in subparagraphs (A) and
4 (B) that, at a minimum, meet the criteria of
5 chapter 35 of title 44, United States Code;

6 “(D) procedures to ensure compatibility
7 and additivity of the data and information de-
8 scribed in subparagraphs (A) and (B) from na-
9 tional, State, and local levels;

10 “(E) procedures to support standardization
11 and aggregation of data from administrative re-
12 porting systems described in subparagraph (A)
13 of employment-related programs;

14 “(F) analysis of data and information de-
15 scribed in subparagraphs (A) and (B) for uses
16 such as—

17 “(i) national, State, and local policy-
18 making;

19 “(ii) implementation of Federal poli-
20 cies (including allocation formulas);

21 “(iii) program planning and evalua-
22 tion; and

23 “(iv) researching labor market dynam-
24 ics;

1 “(G) wide dissemination of such data, in-
2 formation, and analysis in a user-friendly man-
3 ner and voluntary technical standards for dis-
4 semination mechanisms; and

5 “(H) programs of—

6 “(i) training for effective data dis-
7 semination;

8 “(ii) research and demonstration; and

9 “(iii) programs and technical assist-
10 ance.

11 “(2) INFORMATION TO BE CONFIDENTIAL.—

12 “(A) IN GENERAL.—No officer or em-
13 ployee of the Federal Government or agent of
14 the Federal Government may—

15 “(i) use any submission that is fur-
16 nished for exclusively statistical purposes
17 under the provisions of this section for any
18 purpose other than the statistical purposes
19 for which the submission is furnished;

20 “(ii) make any publication or media
21 transmittal of the data contained in the
22 submission described in clause (i) that per-
23 mits information concerning individual
24 subjects to be reasonably inferred by either
25 direct or indirect means; or

1 “(iii) permit anyone other than a
2 sworn officer, employee, or agent of any
3 Federal department or agency, or a con-
4 tractor (including an employee of a con-
5 tractor) of such department or agency, to
6 examine an individual submission described
7 in clause (i);

8 without the consent of the individual, agency, or
9 other person who is the subject of the submis-
10 sion or provides that submission.

11 “(B) IMMUNITY FROM LEGAL PROCESS.—
12 Any submission (including any data derived
13 from the submission) that is collected and re-
14 tained by a Federal department or agency, or
15 an officer, employee, agent, or contractor of
16 such a department or agency, for exclusively
17 statistical purposes under this section shall be
18 immune from the legal process and shall not,
19 without the consent of the individual, agency, or
20 other person who is the subject of the submis-
21 sion or provides that submission, be admitted
22 as evidence or used for any purpose in any ac-
23 tion, suit, or other judicial or administrative
24 proceeding.

1 “(C) RULE OF CONSTRUCTION.—Nothing
2 in this section shall be construed to provide im-
3 munity from the legal process for such submis-
4 sion (including any data derived from the sub-
5 mission) if the submission is in the possession
6 of any person, agency, or entity other than the
7 Federal Government or an officer, employee,
8 agent, or contractor of the Federal Government,
9 or if the submission is independently collected,
10 retained, or produced for purposes other than
11 the purposes of this Act.

12 “(b) SYSTEM RESPONSIBILITIES.—

13 “(1) IN GENERAL.—The workforce and labor
14 market information system described in subsection
15 (a) shall be planned, administered, overseen, and
16 evaluated through a cooperative governance struc-
17 ture involving the Federal Government and States.

18 “(2) DUTIES.—The Secretary, with respect to
19 data collection, analysis, and dissemination of labor
20 employment statistics for the system, shall carry out
21 the following duties:

22 “(A) Assign responsibilities within the De-
23 partment of Labor for elements of the work-
24 force and labor market information system de-
25 scribed in subsection (a) to ensure that all sta-

1 tistical and administrative data collected is con-
2 sistent with appropriate Bureau of Labor Sta-
3 tistics standards and definitions.

4 “(B) Actively seek the cooperation of other
5 Federal agencies to establish and maintain
6 mechanisms for ensuring complementarity and
7 nonduplication in the development and oper-
8 ation of statistical and administrative data col-
9 lection activities.

10 “(C) Eliminate gaps and duplication in
11 statistical undertakings, with the systemization
12 of wage surveys as an early priority.

13 “(D) In collaboration with the Bureau of
14 Labor Statistics and States, develop and main-
15 tain the elements of the workforce and labor
16 market information system described in sub-
17 section (a), including the development of con-
18 sistent procedures and definitions for use by the
19 States in collecting the data and information
20 described in subparagraphs (A) and (B) of sub-
21 section (a)(1).

22 “(E) Establish procedures for the system
23 to ensure that—

24 “(i) such data and information are
25 timely;

1 “(ii) paperwork and reporting for the
2 system are reduced to a minimum; and

3 “(iii) States and localities are fully in-
4 volved in the development and continuous
5 improvement of the system at all levels, in-
6 cluding ensuring the provision, to such
7 States and localities, of budget information
8 necessary for carrying out their respon-
9 sibilities under subsection (e).

10 “(c) NATIONAL ELECTRONIC TOOLS TO PROVIDE
11 SERVICES.—The Secretary is authorized to assist in the
12 development of national electronic tools that may be used
13 to facilitate the delivery of core services described in sec-
14 tion 134 and to provide workforce information to individ-
15 uals through the one-stop delivery systems described in sec-
16 tion 121 and through other appropriate delivery systems.

17 “(d) COORDINATION WITH THE STATES.—

18 “(1) IN GENERAL.—The Secretary, working
19 through the Bureau of Labor Statistics and the Em-
20 ployment and Training Administration, shall regu-
21 larly consult with representatives of State agencies
22 carrying out workforce information activities regard-
23 ing strategies for improving the workforce and labor
24 market information system.

1 “(2) FORMAL CONSULTATIONS.—At least twice
2 each year, the Secretary, working through the Bu-
3 reau of Labor Statistics, shall conduct formal con-
4 sultations regarding programs carried out by the
5 Bureau of Labor Statistics with representatives of
6 each of the 6 Federal regions of the Bureau of
7 Labor Statistics, elected from the State directors af-
8 filiated with State agencies that perform the duties
9 described in subsection (e)(2).

10 “(e) STATE RESPONSIBILITIES.—

11 “(1) DESIGNATION OF STATE AGENCY.—In
12 order to receive Federal financial assistance under
13 this section, the Governor of a State shall—

14 “(A) designate a single State agency to be
15 responsible for the management of the portions
16 of the workforce and labor market information
17 system described in subsection (a) that com-
18 prise a statewide workforce and labor market
19 information system and for the State’s partici-
20 pation in the development of the annual plan;
21 and

22 “(B) establish a process for the oversight
23 of such system.

1 “(2) DUTIES.—In order to receive Federal fi-
2 nancial assistance under this section, the State agen-
3 cy shall—

4 “(A) consult with State and local employ-
5 ers, participants, and local workforce invest-
6 ment boards about the labor market relevance
7 of the data to be collected and disseminated
8 through the statewide workforce and labor mar-
9 ket information system;

10 “(B) consult with State educational agen-
11 cies and local educational agencies concerning
12 the provision of employment statistics in order
13 to meet the needs of secondary school and post-
14 secondary school students who seek such infor-
15 mation;

16 “(C) collect and disseminate for the sys-
17 tem, on behalf of the State and localities in the
18 State, the information and data described in
19 subparagraphs (A) and (B) of subsection
20 (a)(1);

21 “(D) maintain and continuously improve
22 the statewide workforce and labor market infor-
23 mation system in accordance with this section;

1 “(E) perform contract and grant respon-
2 sibilities for data collection, analysis, and dis-
3 semination for such system;

4 “(F) conduct such other data collection,
5 analysis, and dissemination activities as will en-
6 sure an effective statewide workforce and labor
7 market information system;

8 “(G) actively seek the participation of
9 other State and local agencies in data collec-
10 tion, analysis, and dissemination activities in
11 order to ensure complementarity, compatibility,
12 and usefulness of data;

13 “(H) participate in the development of the
14 annual plan described in subsection (c); and

15 “(I) utilize the quarterly records described
16 in section 136(f)(2) of the Workforce Invest-
17 ment Act of 1998 to assist the State and other
18 States in measuring State progress on State
19 performance measures.

20 “(3) RULE OF CONSTRUCTION.—Nothing in
21 this section shall be construed as limiting the ability
22 of a State agency to conduct additional data collec-
23 tion, analysis, and dissemination activities with
24 State funds or with Federal funds from sources
25 other than this section.

1 “(f) NONDUPLICATION REQUIREMENT.—None of the
2 functions and activities carried out pursuant to this sec-
3 tion shall duplicate the functions and activities carried out
4 under the Carl D. Perkins Vocational and Applied Tech-
5 nology Education Act (20 U.S.C. 2301 et seq.).

6 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
7 are authorized to be appropriated to carry out this section
8 such sums as may be necessary for each of the fiscal years
9 2004 through 2009.

10 “(h) DEFINITION.—In this section, the term ‘local
11 area’ means the smallest geographical area for which data
12 can be produced with statistical reliability.”.

13 **TITLE IV—AMENDMENTS TO THE**
14 **REHABILITATION ACT OF 1973**

15 **SEC. 401. CHAIRPERSON.**

16 Section 705(b)(5) of the Rehabilitation Act of 1973
17 (29 U.S.C. 796d(b)(5)) is amended to read as follows:

18 “(5) CHAIRPERSON.—The Council shall select a
19 chairperson from among the voting membership of
20 the Council.”.

21 **SEC. 402. REHABILITATION SERVICES ADMINISTRATION.**

22 Section 3(a) of the Rehabilitation Act of 1973 (29
23 U.S.C. 702(a)) is amended—

24 (a) by striking “Office of the Secretary” and insert-
25 ing “Department of Education”;

1 (b) by striking “President of the United States by
2 and with the advice and consent of the Senate” and insert-
3 ing “Secretary”; and

4 (c) by striking “, and the Commissioner shall be the
5 principal officer,”.

6 **SEC. 403. DIRECTOR.**

7 The Rehabilitation Act of 1973 (29 U.S.C. 701 et
8 seq.) is amended by striking “Commissioner” each place
9 it appears and inserting “Director”.

10 **SEC. 404. STATE GOALS.**

11 Section 101(a)(29 U.S.C. 721(a)) is amended—

12 (a) in paragraph (11)(D)(i) by inserting “, which may
13 be provided using alternative means of meeting participa-
14 tion (such as video conferences and conference calls),” be-
15 fore the semicolon; and

16 (b) in paragraph (15)—

17 (1) in subparagraph (A), by redesignating
18 clauses (ii) and (iii) as clauses (iii) and (iv), respec-
19 tively, and inserting the following new clause:

20 “(ii) include an assessment of the
21 transition services provided under this Act,
22 and coordinated with transition services
23 under the Individuals with Disabilities
24 Education Act, as to those services meet-

1 ing the needs of individuals with disabil-
2 ities.”; and

3 (2) by amending subparagraph (D)(i) to read
4 as follows:

5 “(i) the methods to be used to expand
6 and improve the services to individuals
7 with disabilities including—

8 “(I) how a broad range of assist-
9 ive technology services and assistive
10 technology devices will be provided to
11 such individuals at each stage of the
12 rehabilitative process and how such
13 services and devices will be provided
14 to such individuals on a statewide
15 basis; and

16 “(II) how transition services will
17 be better coordinated with those serv-
18 ices under the Individuals with Dis-
19 abilities Education Act in order to im-
20 prove transition services for individ-
21 uals with disabilities served under this
22 Act;”.

23 **SEC. 405. AUTHORIZATIONS OF APPROPRIATIONS.**

24 The Rehabilitation Act of 1973 is further amended—

1 (1) in section 100(b)(1) by striking “fiscal
2 years 1999 through 2003” and inserting “fiscal
3 years 2004 through 2009”;

4 (2) in section 100(d)(B) by striking “fiscal year
5 2003” and inserting “fiscal year 2009”;

6 (3) in section 110(c) by amending paragraph
7 (2) to read as follows:

8 “(2) The sum referred to in paragraph (1) shall
9 be, as determined by the Secretary, not less than 1
10 percent and not more than 1.5 percent of the
11 amount referred to in paragraph (1) for each of fis-
12 cal years 2003 through 2009.”;

13 (4) in section 112(h) by striking “fiscal years
14 1999 through 2003” and inserting “fiscal years
15 2004 through 2009”;

16 (5) in section 201 by striking “fiscal years
17 1999 through 2003” and inserting “fiscal years
18 2004 through 2009” each place it appears;

19 (6) in section 302(i) by striking “fiscal years
20 1999 through 2003” and inserting “fiscal years
21 2004 through 2009”;

22 (7) in section 303(e) by striking “fiscal years
23 1999 through 2003” and inserting “fiscal years
24 2004 through 2009”;

1 (8) in section 304(b) by striking “fiscal years
2 1999 through 2003” and inserting “fiscal years
3 2004 through 2009”;

4 (9) in section 305(b) by striking “fiscal years
5 1999 through 2003” and insert “fiscal years 2004
6 through 2009”;

7 (10) in section 405 by striking “fiscal years
8 1999 through 2003” and inserting “fiscal years
9 2004 through 2009”;

10 (11) in section 502(j) by striking “fiscal years
11 1999 through 2003” and inserting “fiscal years
12 2004 through 2009”;

13 (12) in section 509(l) by striking “fiscal years
14 1999 through 2003” and inserting “fiscal years
15 2004 through 2009”;

16 (13) in section 612 by striking “fiscal years
17 1999 through 2003” and inserting “fiscal years
18 2004 through 2009”;

19 (14) in section 628 by striking “fiscal years
20 1999 through 2003” and inserting “fiscal years
21 2004 through 2009”;

22 (15) in section 714 by striking “fiscal years
23 1999 through 2003” and inserting “fiscal years
24 2004 through 2009”;

1 (16) in section 727 by striking “fiscal years
2 1999 through 2003” and inserting “fiscal years
3 2004 through 2009”; and

4 (17) in section 753 by striking “fiscal years
5 1999 through 2003” and inserting “fiscal years
6 2004 through 2009”.

7 **TITLE V—TRANSITION AND**
8 **EFFECTIVE DATE**

9 **SEC. 501. TRANSITION PROVISIONS.**

10 The Secretary of Labor shall take such actions as the
11 Secretary determines to be appropriate to provide for the
12 orderly implementation of this Act.

13 **SEC. 502. EFFECTIVE DATE.**

14 Except as otherwise provided in this Act, this Act and
15 the amendments made by this Act, shall take effect on
16 the date of enactment of this Act.