

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 27

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

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 2005

Mr. MCKEON (for himself, Mr. BOEHNER, Mr. TIBERI, Mr. PORTER, and Mr. KLINE) introduced the following bill; which was referred to the Committee on Education and the Workforce

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## A BILL

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

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

**1 SECTION 1. SHORT TITLE.**

**2** This Act may be cited as the “Job Training Improve-  
**3** ment Act of 2005”.

**4 SEC. 2. TABLE OF CONTENTS.**

- 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 programs for adults.
- Sec. 113. Performance accountability system.
- Sec. 114. Authorization of appropriations.
- Sec. 115. Job corps.
- Sec. 116. Native American programs.
- Sec. 117. Migrant and seasonal farmworker programs.
- Sec. 118. Veterans’ workforce investment programs.
- Sec. 119. Youth challenge grants.
- Sec. 120. Technical assistance.
- Sec. 121. Demonstration, pilot, multiservice, research and multi-State projects.
- Sec. 122. Community-based job training.
- Sec. 123. Personal Reemployment Accounts.
- Sec. 124. National dislocated worker grants.
- Sec. 125. Authorization of appropriations for national activities.
- Sec. 126. Requirements and restrictions.
- Sec. 127. Nondiscrimination.
- Sec. 128. Administrative provisions.
- Sec. 129. General program requirements.

TITLE II—ADULT EDUCATION

PART A—ADULT BASIC SKILLS AND FAMILY LITERACY EDUCATION

- Sec. 201. Table of contents.
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- Sec. 211. Transition.

## 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. Findings.  
 Sec. 402. Rehabilitation services administration.  
 Sec. 403. Director.  
 Sec. 404. Definitions.  
 Sec. 405. State plan.  
 Sec. 406. Scope of services.  
 Sec. 407. Standards and indicators.  
 Sec. 408. Reservation for expanded transition services.  
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 Sec. 410. Authorizations of appropriations.  
 Sec. 411. Conforming amendment.  
 Sec. 412. Helen Keller National Center Act.

## TITLE V—TRANSITION AND EFFECTIVE DATE

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

1 **SEC. 3. REFERENCES.**

2       Except as otherwise expressly provided, wherever in  
 3 this Act an amendment or repeal is expressed in terms  
 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) by striking paragraph (13) and redesignig-  
 14               nating paragraphs (1) through (12) as paragraphs  
 15               (2) through (13) respectively;

1           (2) by inserting after “In this title:” the fol-  
2           lowing new paragraph:

3           “(1) ACCRUED EXPENDITURES.—The term ‘ac-  
4           crued expenditures’ means charges incurred by re-  
5           cipients of funds under this title for a given period  
6           requiring the provision of funds for goods or other  
7           tangible property received; services performed by  
8           employees, contractors, subgrantees, and other pay-  
9           ees; and other amounts becoming owed under pro-  
10          grams assisted under this title for which no current  
11          services or performance is required, such as annu-  
12          ities, insurance claims, and other benefit pay-  
13          ments.”;

14          (3) in paragraph (5) (as so redesignated), by  
15          inserting “(or such other level as the Governor may  
16          establish)” after “8th grade level”;

17          (4) in paragraph (9) (as so redesignated)—

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

20                 (B) in subparagraph (C)—

21                         (i) by striking “not less than 50 per-  
22                         cent of the cost of the training” and in-  
23                         serting “a significant portion of the cost of  
24                         training, as determined by the local  
25                         board”; and

1 (ii) by striking the period and insert-  
2 ing “; and”; and

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

4 “(D) for customized training with an em-  
5 ployer in multiple local areas in the State, a  
6 significant portion of the cost of the training,  
7 as determined by the Governor.”;

8 (5) in paragraph 10(A)(ii)(II) (as so redesign-  
9 nated) by striking “section 134(c)” and inserting  
10 “section 121(e)”;

11 (6) in paragraph (13)(A) (as so redesignated)  
12 by striking “section 122(e)(3)” and inserting “sec-  
13 tion 122”.

14 (7) by striking paragraph (24) and redesign-  
15 ating paragraphs (25) through (32) as paragraphs  
16 (24) through (31), respectively;

17 (8) in paragraph (24) (as so redesignated)—

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

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

1           “(D) receives or is eligible to receive free  
2           or reduced price lunch under the Richard B.  
3           Russell National School Lunch Act (42 U.S.C.  
4           1751 et seq.);”;

5           (9) in paragraph (31) (as so redesignated) by  
6           striking “the Republic of the Marshall Islands, the  
7           Federated States of Micronesia,”; and  
8           (10) by striking paragraph (33) and redesignig-  
9           nating paragraphs (34) through (53) as paragraphs  
10          (32) through (51), respectively.

11 **SEC. 102. PURPOSE.**

12          Section 106 (29 U.S.C. 2811) is amended by insert-  
13          ing at the end the following: “It is also the purpose of  
14          this subtitle to provide workforce investment activities in  
15          a manner that promotes the informed choice of partici-  
16          pants and actively involves participants in decisions affect-  
17          ing their participation in such activities.”.

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

19          (a) MEMBERSHIP.—

20                  (1) IN GENERAL.—Section 111(b) (29 U.S.C.  
21          2821(b)) is amended—

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

24                                  “(C) representatives appointed by the Gov-  
25                                  ernor, who are—

1           “(i)(I) the lead State agency officials  
2 with responsibility for the programs and  
3 activities that are described in section  
4 121(b) and carried out by one-stop part-  
5 ners;

6           “(II) in any case in which no lead  
7 State agency official has responsibility for  
8 such a program or activity, a representa-  
9 tive in the State with expertise relating to  
10 such program or activity; and

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

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

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

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

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

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

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

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

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

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

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

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

10 (1) in paragraph (2), by striking “section  
11 134(c)” and inserting “section 121(e)”;

12 (2) by amending paragraph (3) to read as fol-  
13 lows:

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

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

21 “(B) the criteria for the allocation of one-  
22 stop center infrastructure funding under section  
23 121(h), 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           (3) 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          (4) 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. 2821(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) (29 U.S.C. 2822(b))  
6 is amended—

7 (1) in paragraph (12)(A), by striking “sections  
8 128(b)(3)(B) and 133(b)(3)(B)” and inserting “sec-  
9 tions 128(b)(3) and 133(b)(3)”;

10 (2) in paragraph (14), by striking “section  
11 134(c)” and inserting “section 121(e)”;

12 (3) in paragraph (17)(A)

13 (A) in clause (iii) by striking “and”;

14 (B) by amending clause (iv) to read as fol-  
15 lows:

16 “(iv) how the State will serve the em-  
17 ployment and training needs of dislocated  
18 workers (including displaced homemakers  
19 and formerly self-employed and  
20 transitioning farmers, ranchers, and fisher-  
21 man) low income individuals (including re-  
22 cipients of public assistance), homeless in-  
23 dividuals, ex-offenders, individuals training  
24 for nontraditional employment, and other  
25 individuals with multiple barriers to em-

1           employment (including older individuals);”;

2           and

3           (C) by adding the following new clause

4           after clause (iv):

5                   “(v) how the State will serve the em-

6                   ployment and training needs of individuals

7                   with disabilities, consistent with section

8                   188 and Executive Order 13217 (42

9                   U.S.C. 12131 note; relating to community-

10                  based alternatives for individuals with dis-

11                  abilities) including the provision of out-

12                  reach, intake, assessments, and service de-

13                  livery, the development of performance

14                  measures, and the training of staff;”;

15           (4) in paragraph (18)(D), by striking “youth

16           opportunity grants” and inserting “youth challenge

17           grants”; and

18           (5) by adding at the end the following new

19           paragraphs:

20                   “(19) a description of the methodology for de-

21                   termining one-stop partner program contributions

22                   for the cost of the infrastructure of one-stop centers

23                   under section 121(h)(1) and of the formula for allo-

24                   cating such infrastructure funds to local areas under

25                   section 121(h)(3); and

1           “(20) a description of any programs and strate-  
2           gies the State will utilize to meet the needs of busi-  
3           nesses in the State, including small businesses,  
4           which may include providing incentives and technical  
5           assistance to assist local areas in engaging employ-  
6           ers in local workforce development activities.”.

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

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

11           (a) DESIGNATION OF AREAS.—

12                 (1) CONSIDERATIONS.—Section 116(a)(1)(B)  
13                 (29 U.S.C. 2831(a)(1)(B)) is amended by adding at  
14                 the end the following clause:

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

18                 (2) AUTOMATIC DESIGNATION.—Section  
19                 116(a)(2) (29 U.S.C. 2831(a)(2)) is amended to  
20                 read as follows:

21                         “(2) AUTOMATIC DESIGNATION.—

22                                 “(A) IN GENERAL.—Except as provided in  
23                                 subparagraph (B) of this paragraph and sub-  
24                                 section (b), the Governor shall approve a re-  
25                                 quest for designation as a local area from—

1           “(i) any unit of general local govern-  
2           ment with a population of 500,000 or  
3           more; and

4           “(ii) an area served by a rural con-  
5           centrated employment program grant re-  
6           cipient that served as a service delivery  
7           area or substate area under the Job Train-  
8           ing Partnership Act (29 U.S.C. 1501 et  
9           seq.),

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

14           “(B) CONTINUED DESIGNATION BASED ON  
15           PERFORMANCE.—The Governor may deny a re-  
16           quest for designation submitted pursuant to  
17           subparagraph (A) if such unit of government  
18           was designated as a local area for the preceding  
19           2-year period covered by a State plan and the  
20           Governor determines that such local area did  
21           not perform successfully during such period.”.

22           (b) REGIONAL PLANNING.—Section 116(c)(1) (29  
23           U.S.C. 2831(c)(1)) is amended by adding at the end the  
24           following: “The State may require the local boards for the  
25           designated region to prepare a single regional plan that

1 incorporates the elements of the local plan under section  
2 118 and that is submitted and approved in lieu of separate  
3 local plans under such section.”.

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

5 (a) COMPOSITION.—Section 117(b)(2)(A) (29 U.S.C.  
6 2832(b)(2)(A)) is amended—

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

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

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

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

21 (4) by striking clause (vi).

22 (b) AUTHORITY OF BOARD MEMBERS.—Section  
23 117(b)(3) (29 U.S.C. 2832(b)) is amended—

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

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

4           (c) FUNCTIONS.—Section 117(d) (29 U.S.C.  
5 2832(d)) is amended—

6           (1) in paragraph (2)(B), by striking “local  
7           area” and all that follows and inserting “local  
8           area.”; and

9           (2) in paragraph (4) by inserting “and ensure  
10          the appropriate use and management of the funds  
11          provided under this title for such programs, activi-  
12          ties, and system” after “area”.

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

17          “(h) ESTABLISHMENT OF COUNCILS.—The local  
18 board may establish councils to provide information and  
19 advice to assist the local board in carrying out activities  
20 under this title. Such councils may include a council com-  
21 posed of one-stop partners to advise the local board on  
22 the operation of the one-stop delivery system, a youth  
23 council composed of experts and stakeholders in youth  
24 programs to advise the local board on activities for youth,

1 and such other councils as the local board determines are  
2 appropriate.”.

3 (e) REPEAL OF ALTERNATIVE ENTITY PROVISION.—

4 Section 117 (29 U.S.C. 2832) is further amended by strik-  
5 ing subsection (i).

6 **SEC. 107. LOCAL PLAN.**

7 (a) PLANNING CYCLE.—Section 118(a) (29 U.S.C.  
8 2833(a)) is amended by striking “5-year” and inserting  
9 “2-year”.

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

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

14 “(2) a description of the one-stop delivery sys-  
15 tem to be established or designated in the local area,  
16 including a description of how the local board will  
17 ensure the continuous improvement of eligible pro-  
18 viders of services through the system and ensure  
19 that such providers meets the employment needs of  
20 local employers and participants.”;

21 (2) in paragraph (4), by striking “and dis-  
22 located worker”;

23 (3) by redesignating paragraph (10) as para-  
24 graph (11); and

1           (4) by inserting after paragraph (9) the fol-  
2           lowing:

3           “(10) a description of the strategies and serv-  
4           ices that will be initiated in the local area to engage  
5           employers, including small employers, in workforce  
6           development activities.”.

7 **SEC. 108. ESTABLISHMENT OF ONE-STOP DELIVERY SYS-**  
8           **TEMS.**

9           (a) ONE-STOP PARTNERS.—

10           (1) REQUIRED PARTNERS.—Section 121(b)(1)  
11           (29 U.S.C. 2841(b)(1)) is amended—

12           (A) in subparagraph (B)—

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

14                   (ii) by redesignating clauses (iii) and  
15                   (iv) as clauses (ii) and (iii), respectively,  
16                   and by redesignating clauses (vi) through  
17                   (xii) as clauses (iv) through (x), respec-  
18                   tively;

19                   (iii) in clause (ix) (as so redesign-  
20                   ated), by striking “and”;

21                   (iv) in clause (x) (as so redesignated),  
22                   by striking the period and inserting “;  
23                   and”; and

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

1 “(xi) programs authorized under part  
2 A of title IV of the Social Security Act (42  
3 U.S.C. 601 et. seq.), subject to subpara-  
4 graph (C).”; and

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

7 “(C) DETERMINATION BY THE GOV-  
8 ERNOR.—The program referred to in clauses  
9 (xi) of subparagraph (B) shall be included as a  
10 required partner for purposes of this title in a  
11 State unless the Governor of the State notifies  
12 the Secretary and the Secretary of Health and  
13 Human Services in writing of a determination  
14 by the Governor not to include such programs  
15 as required partners for purposes of this title in  
16 the State.”.

17 (2) ADDITIONAL PARTNERS.—Section  
18 121(b)(2)(B) (29 U.S.C. 2841(b)(2)(B)) is amend-  
19 ed—

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

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

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

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

6 “(v) employment and training pro-  
7 grams administered by the Social Security  
8 Administration, including the Ticket to  
9 Work program (established by Public Law  
10 106–170);

11 “(vi) employment and training pro-  
12 grams carried out by the Small Business  
13 Administration;

14 “(vii) programs under part D of title  
15 IV of the Social Security Act (42 U.S.C.  
16 451 et seq.) (relating to child support en-  
17 forcement); and

18 “(viii) programs carried out in the  
19 local area for individuals with disabilities,  
20 including programs carried out by State  
21 agencies relating to mental health, mental  
22 retardation, and developmental disabilities,  
23 State Medicaid agencies, State Inde-  
24 pendent Living Councils, and Independent  
25 Living Centers.”.

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

3 (1) in section 121(d)(2), by striking “section  
4 134(c)” and inserting “subsection (e)”;

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

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

11 (4) by amending subsection (e) (as moved and  
12 redesignated by paragraph (2))—

13 (A) in paragraph (1)(A), by striking “sub-  
14 section (d)(2)” and inserting “section  
15 134(c)(2)”;

16 (B) in paragraph (1)(B)—

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

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

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

23 (D) in paragraph (1)(D)—

24 (i) by striking “section 121(b)” and  
25 inserting “subsection (b)”; and

1 (ii) by striking “and” at the end; and  
2 (E) by amending paragraph (1)(E) to read  
3 as follows:

4 “(E) shall provide access to the informa-  
5 tion described in section 15(e) of the Wagner-  
6 Peyser Act (29 U.S.C. 49l-2(e)).”.

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

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

12 “(1) IN GENERAL.—The State board shall es-  
13 tablish procedures and criteria for periodically certi-  
14 fying one-stop center for the purpose of awarding  
15 the one-stop infrastructure funding described in sub-  
16 section (h).

17 “(2) CRITERIA.—The criteria for certification  
18 under this subsection shall include minimum stand-  
19 ards relating to the scope and degree of service inte-  
20 gration achieved by the centers involving the pro-  
21 grams provided by the one-stop partners, and how  
22 the centers ensure that such providers meet the em-  
23 ployment needs of local employers and participants.

24 “(3) EFFECT OF CERTIFICATION.—One-stop  
25 centers certified under this subsection shall be eligi-

1 ble to receive the infrastructure grants authorized  
2 under subsection (h).

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

4 “(1) PARTNER CONTRIBUTIONS.—

5 “(A) PROVISION OF FUNDS.—Notwith-  
6 standing any other provision of law, as deter-  
7 mined under subparagraph (B), a portion of the  
8 Federal funds provided to the State and areas  
9 within the State under the Federal laws author-  
10 izing the one-stop partner programs described  
11 in subsection (b)(1)(B) and participating addi-  
12 tional partner programs described in (b)(2)(B)  
13 for a fiscal year shall be provided to the Gov-  
14 ernor by such programs to carry out this sub-  
15 section.

16 “(B) DETERMINATION OF GOVERNOR.—

17 Subject to subparagraph (C), the Governor, in  
18 consultation with the State board, shall deter-  
19 mine the portion of funds to be provided under  
20 subparagraph (A) by each one-stop partner and  
21 in making such determination shall consider the  
22 proportionate use of the one-stop centers by  
23 each partner, the costs of administration for  
24 purposes not related to one-stop centers for

1 each partner, and other relevant factors de-  
2 scribed in paragraph (3).

3 “(C) LIMITATIONS.—

4 “(i) PROVISION FROM ADMINISTRA-  
5 TIVE FUNDS.—The funds provided under  
6 this paragraph by each one-stop partner  
7 shall be provided only from funds available  
8 for the costs of administration under the  
9 program administered by such partner,  
10 and shall be subject to the limitations with  
11 respect to the portion of funds under such  
12 programs that may be used for administra-  
13 tion.

14 “(ii) FEDERAL DIRECT SPENDING  
15 PROGRAMS.—Programs that are Federal  
16 direct spending under section 250(c)(8) of  
17 the Balanced Budget and Emergency Def-  
18 icit Control Act of 1985 (2 U.S.C.  
19 900(c)(8)) shall not, for purposes of this  
20 paragraph, be required to provide an  
21 amount in excess of the amount deter-  
22 mined to be equivalent to the proportionate  
23 use of the one-stop centers by such pro-  
24 grams in the State.

1                   “(iii) NATIVE AMERICAN PRO-  
2                   GRAMS.—Native American programs estab-  
3                   lished under section 166 shall not be sub-  
4                   ject to the provisions of this subsection.  
5                   The method for determining the appro-  
6                   priate portion of funds to be provided by  
7                   such Native American programs to pay for  
8                   the costs of infrastructure of a one-stop  
9                   center certified under subsection (g) shall  
10                  be determined as part of the development  
11                  of the memorandum of understanding  
12                  under subsection (c) for the one-stop cen-  
13                  ter and shall be stated in the memo-  
14                  randum.

15                  “(2) ALLOCATION BY GOVERNOR.—From the  
16                  funds provided under paragraph (1), the Governor  
17                  shall allocate funds to local areas in accordance with  
18                  the formula established under paragraph (3) for the  
19                  purposes of assisting in paying the costs of the in-  
20                  frastructure of One-Stop centers certified under sub-  
21                  section (g).

22                  “(3) ALLOCATION FORMULA.—The State board  
23                  shall develop a formula to be used by the Governor  
24                  to allocate the funds described in paragraph (1).  
25                  The formula shall include such factors as the State

1 board determines are appropriate, which may in-  
2 clude factors such as the number of centers in the  
3 local area that have been certified, the population  
4 served by such centers, and the performance of such  
5 centers.

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

15 “(i) OTHER FUNDS.—

16 “(1) IN GENERAL.—In addition to the funds  
17 provided to carry out subsection (h), a portion of  
18 funds made available under Federal law authorizing  
19 the one-stop partner programs described in sub-  
20 section (b)(1)(B) and participating partner pro-  
21 grams described in subsection (b)(2)(B), or the  
22 noncash resources available under such programs  
23 shall be used to pay the costs relating to the oper-  
24 ation of the one-stop delivery system that are not  
25 paid for from the funds provided under subsection

1 (h), to the extent not inconsistent with the Federal  
2 law involved including—

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

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

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

9 “(2) DETERMINATION AND GUIDANCE.—The  
10 method for determining the appropriate portion of  
11 funds and noncash resources to be provided by each  
12 program under paragraph (1) shall be determined as  
13 part of the memorandum of understanding under  
14 subsection (c). The State board shall provide guid-  
15 ance to facilitate the determination of appropriate  
16 allocation of the funds and noncash resources in  
17 local areas.”.

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

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

21 **“SEC. 122. IDENTIFICATION OF ELIGIBLE PROVIDERS OF**  
22 **TRAINING SERVICES.**

23 “(a) IN GENERAL.—The Governor shall establish cri-  
24 teria and procedures regarding the eligibility of providers  
25 of training services described in section 134(c)(4) to re-

1 ceive funds provided under section 133(b) for the provision  
2 of such training services.

3 “(b) CRITERIA.—

4 “(1) IN GENERAL.—The criteria established  
5 pursuant to subsection (a) shall take into account  
6 the performance of providers of training services  
7 with respect to the indicators described in section  
8 136 or other appropriate indicators (taking into con-  
9 sideration the characteristics of the population  
10 served and relevant economic conditions), and such  
11 other factors as the Governor determines are appro-  
12 priate to ensure the quality of services, the account-  
13 ability of providers, how the centers ensure that  
14 such providers meet the needs of local employers and  
15 participants, and the informed choice of participants  
16 under chapter 5. Such criteria shall require that the  
17 provider submit appropriate, accurate and timely in-  
18 formation to the State for purposes of carrying out  
19 subsection (d). The criteria shall also provide for  
20 periodic review and renewal of eligibility under this  
21 section for providers of training services. The Gov-  
22 ernor may authorize local areas in the State to es-  
23 tablish additional criteria or to modify the criteria  
24 established by the Governor under this section for  
25 purposes of determining the eligibility of providers of

1 training services to provide such services in the local  
2 area.

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

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

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

1           “(1) IN GENERAL.—In order to facilitate and  
2           assist participants under chapter 5 in choosing pro-  
3           viders of training services, the Governor shall ensure  
4           that an appropriate list or lists of providers deter-  
5           mined eligible under this section in the State, ac-  
6           companied by such information as the Governor de-  
7           termines is appropriate, is provided to the local  
8           boards in the State to be made available to such  
9           participants and to members of the public through  
10          the one-stop delivery system in the State.

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

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

22          “(f) RECOMMENDATIONS.—In developing the criteria,  
23          procedures, and information required under this section,  
24          the Governor shall solicit and take into consideration the

1 recommendations of local boards and providers of training  
2 services within the State.

3 “(g) OPPORTUNITY TO SUBMIT COMMENTS.—During  
4 the development of the criteria, procedures, and informa-  
5 tion required under this section, the Governor shall pro-  
6 vide an opportunity for interested members of the public,  
7 including representatives of business and labor organiza-  
8 tions, to submit comments regarding such criteria, proce-  
9 dures, and information.

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

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

15 “(2) COLLECTION AND DISSEMINATION OF IN-  
16 FORMATION.—A one-stop operator in a local area  
17 shall collect such performance information from on-  
18 the-job training and customized training providers  
19 as the Governor may require, determine whether the  
20 providers meet such performance criteria as the Gov-  
21 ernor may require, and disseminate information  
22 identifying providers that meet the criteria as eligi-  
23 ble providers, and the performance information,  
24 through the one-stop delivery system. Providers de-  
25 termined to meet the criteria shall be considered to

1 be identified as eligible providers of training serv-  
2 ices.”.

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

4 (a) ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.—  
5 Section 123 (29 U.S.C. 2843) is amended to read as fol-  
6 lows:

7 **“SEC. 123. ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.**

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

14 “(b) EXCEPTIONS.—A local board may award grants  
15 or contracts on a sole-source basis if such board deter-  
16 mines there are an insufficient number of eligible pro-  
17 viders of training services in the local area involved (such  
18 as rural areas) for grants to be awarded on a competitive  
19 basis under subsection (a).”.

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

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

23 **SEC. 111. YOUTH ACTIVITIES.**

24 (a) STATE ALLOTMENTS.—

1           (1) IN GENERAL.—Section 127(a) (29 U.S.C.  
2 2852(a)) is amended to read as follows:

3           “(a) ALLOTMENT AMONG STATES.—

4               “(1) YOUTH ACTIVITIES.—

5                   “(A) YOUTH CHALLENGE GRANTS.—

6                       “(i) RESERVATION OF FUNDS.—Of  
7 the amount appropriated under section  
8 137(a) for each fiscal year, the Secretary  
9 shall reserve 25 percent to provide youth  
10 challenge grants under section 169.

11                       “(ii) LIMITATION.—Notwithstanding  
12 clause (i), if the amount appropriated  
13 under section 137(a) for a fiscal year ex-  
14 ceeds \$1,000,000,000, the Secretary shall  
15 reserve \$250,000,000 to provide youth  
16 challenge grants under section 169.

17                   “(B) OUTLYING AREAS AND NATIVE AMER-  
18 ICANS.—

19                       “(i) IN GENERAL.—After determining  
20 the amount to be reserved under subpara-  
21 graph (A), of the remainder of the amount  
22 appropriated under section 137(a) for each  
23 fiscal year the Secretary shall—

24                           “(I) reserve not more than  $\frac{1}{4}$  of  
25 one percent of such amount to provide

1 assistance to the outlying areas to  
2 carry out youth activities and state-  
3 wide workforce investment activities;  
4 and

5 “(II) reserve not more than 1  
6 and ½ percent of such amount to  
7 provide youth activities under section  
8 166 (relating to Native Americans).

9 “(ii) RESTRICTION.—The Republic of  
10 Palau shall cease to be eligible to receive  
11 funding under this subparagraph upon en-  
12 tering into an agreement for extension of  
13 United States educational assistance under  
14 the Compact of Free Association (approved  
15 by the Compact of Free Association  
16 Amendments Act of 2003 (Public Law  
17 108–188)) after the date of enactment of  
18 the Job Training Improvement Act of  
19 2005.

20 “(C) STATES.—

21 “(i) IN GENERAL.—Of the remainder  
22 of the amount appropriated under section  
23 137(a) for a fiscal year that is available  
24 after determining the amounts to be re-

1 served under subparagraphs (A) and (B),  
2 the Secretary shall allot—

3 “(I) the amount of the remainder  
4 that is less than or equal to the total  
5 amount that was allotted to States for  
6 fiscal year 2003 under section  
7 127(b)(1)(C) of this Act (as in effect  
8 on the day before the date of enact-  
9 ment of the Job Training Improve-  
10 ment Act of 2005) in accordance with  
11 the requirements of such section  
12 127(b)(1)(C); and

13 “(II) the amount of the remain-  
14 der, if any, in excess of the amount  
15 referred to in subclause (I) in accord-  
16 ance with clause (ii).

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

21 “(I)  $33\frac{1}{3}$  percent shall be allot-  
22 ted on the basis of the relative num-  
23 ber of individuals in the civilian labor  
24 force who are ages 16–19 in each  
25 State, compared to the total number

1 of individuals in the civilian labor  
2 force who are ages 16–19 in all  
3 States;

4 “(II)  $33\frac{1}{3}$  percent shall be allot-  
5 ted on the basis of the relative num-  
6 ber of unemployed individuals in each  
7 State, compared to the total number  
8 of unemployed individuals in all  
9 States; and

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

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

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

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

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

7           “(A) ALLOTMENT PERCENTAGE.—The  
8           term ‘allotment percentage’, used with respect  
9           to fiscal year 2006 or a subsequent fiscal year,  
10          means a percentage of the remainder described  
11          in paragraph (1)(C)(i) that is received through  
12          an allotment made under this subsection for the  
13          fiscal year. The term, with respect to fiscal year  
14          2005, means the percentage of the amounts al-  
15          lotted to States under this chapter (as in effect  
16          on the day before the date of enactment of the  
17          Job Training Improvement Act of 2005) that is  
18          received by the State involved for fiscal year  
19          2005.

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

1           “(3) SPECIAL RULE.—For purposes of the for-  
2           mulas specified in paragraph (1)(C), the Secretary  
3           shall, as appropriate and to the extent practicable,  
4           exclude college students and members of the Armed  
5           Forces from the determination of the number of dis-  
6           advantaged youth.”.

7           (2) REALLOTMENT.—Section 127 (29 U.S.C.  
8           2552) is further amended—

9                     (A) by striking subsection (b);

10                    (B) by redesignating subsection (c) as sub-  
11                    section (b);

12                    (C) in subsection (b) (as so redesign-  
13                    ated)—

14                             (i) by amending paragraph (2) to read  
15                             as 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 at the end of the  
19           program year prior to the program year for which  
20           the determination is made exceeds 30 percent of the  
21           total amount of funds available to the State under  
22           this section during such prior program year (includ-  
23           ing amounts allotted to the State in all prior pro-  
24           gram years that remained available). For purposes

1 of this paragraph, the expended balance is the  
2 amount that is the difference between—

3 “(A) the total amount of funds available to  
4 the State under this section during the program  
5 year prior to the program year for which the  
6 determination is made (including amounts allot-  
7 ted to the State in all prior program years that  
8 remained available); and

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

11 (ii) in paragraph (3)—

12 (I) by striking “for the prior pro-  
13 gram year” and inserting “for the  
14 program year in which the determina-  
15 tion is made”; and

16 (II) by striking “such prior pro-  
17 gram year” and inserting “such pro-  
18 gram year”;

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

21 “(4) ELIGIBILITY.—For purposes of this sub-  
22 section, an eligible State means a State which 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.”; and

1 (iv) in paragraph (5), by striking “ob-  
2 ligation” and inserting “accrued expendi-  
3 ture”.

4 (b) WITHIN STATE ALLOCATIONS.—

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

7 “(a) RESERVATION FOR STATEWIDE ACTIVITIES.—

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

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

21 (2) WITHIN STATE ALLOCATIONS.—Section  
22 128(b) is amended to read as follows:

23 “(b) WITHIN STATE ALLOCATION.—

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

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

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

10          “(2) ESTABLISHED FORMULA.—

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

14           “(i)  $33\frac{1}{3}$  percent shall be allotted on  
15 the basis of the relative number of individ-  
16 uals in the civilian labor force who are ages  
17 16–19 in each local area, compared to the  
18 total number of individuals in the civilian  
19 labor force who are ages 16–19 in all local  
20 areas in the State;

21           “(ii)  $33\frac{1}{3}$  percent shall be allotted on  
22 the basis of the relative number of unem-  
23 ployed individuals in each local area, com-  
24 pared to the total number of unemployed

1 individuals in all local areas in the State;  
2 and

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

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

16 “(C) DEFINITIONS.—

17 “(i) ALLOCATION PERCENTAGE.—For  
18 purposes of this paragraph, the term ‘allo-  
19 cation percentage’, used with respect to fis-  
20 cal year 2006 or a subsequent fiscal year,  
21 means a percentage of amount described in  
22 paragraph(1)(A) that is received through  
23 an allocation made under this paragraph  
24 for the fiscal year. The term, with respect  
25 to fiscal year 2005, means the percentage

1 of the amounts allocated to local areas  
2 under this chapter (as in effect on the day  
3 before the date of enactment of the Job  
4 Training Improvement Act of 2005) that is  
5 received by the local area involved for fis-  
6 cal year 2005.

7 “(ii) DISADVANTAGED YOUTH.—The  
8 term ‘disadvantaged youth’ means an indi-  
9 vidual who is age 16 through 21 who re-  
10 ceived an income, or is a member of a fam-  
11 ily that received a total family income,  
12 that, in relation to family size, does not ex-  
13 ceed the poverty line.

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

20 “(4) LOCAL ADMINISTRATIVE COST LIMIT.—

21 “(A) IN GENERAL.—Of the amounts allo-  
22 cated to a local area under this subsection and  
23 section 133(b) for a fiscal year, not more than  
24 10 percent of the amount may be used by the  
25 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) or (3) of”;

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

16                “(2) AMOUNT.—The amount available for re-  
17                allocation for a program year is equal to the amount  
18                by which the unexpended balance at the end of the  
19                program year prior to the program year for which  
20                the determination is made exceeds 30 percent of the  
21                total amount of funds available to the local area  
22                under this section during such prior program year,  
23                (including amounts allotted to the local area in prior  
24                program years that remain available). For purposes

1 of this paragraph, the unexpended balance is the  
2 amount that is the difference between—

3 “(A) the total amount of funds available to  
4 the local area under this section during the pro-  
5 gram year prior to the program year for which  
6 the determination is made (including amounts  
7 allocated to the local area in all prior program  
8 years that remained available); and

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

11 (C) by amending paragraph (3)—

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

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

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

21 (iv) by striking the last sentence; and

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

24 “(4) ELIGIBILITY.—For purposes of this sub-  
25 section, an eligible local area means a local area

1       which does not have an amount available for re-  
2       allocation under paragraph (2) for the program year  
3       for which the determination under paragraph (2) is  
4       made.”.

5       (c) YOUTH PARTICIPANT ELIGIBILITY.—Section  
6 129(a) (29 U.S.C. 2854(a)) is amended to read as follows:

7       “(a) YOUTH PARTICIPANT ELIGIBILITY.—

8               “(1) IN GENERAL.—The individuals partici-  
9       pating in activities carried out under this chapter by  
10       a local area during any program year shall be indi-  
11       viduals who, at the time the eligibility determination  
12       is made, are—

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

15               “(B) one or more of the following:

16                       “(i) school dropouts;

17                       “(ii) recipients of a secondary school  
18       diploma or General Educational Develop-  
19       ment credential (GED) (including recog-  
20       nized alternative standards for individuals  
21       with disabilities) who are deficient in basic  
22       skills;

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

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

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

6                                 “(I) Deficient in literacy skills.

7                                 “(II) Homeless, runaway, or fos-  
8                   ter children.

9                                 “(III) Pregnant or parents.

10                                “(IV) Offenders.

11                               “(V) Individuals who require ad-  
12                   ditional assistance to complete an edu-  
13                   cational program, or to secure and  
14                   hold employment.

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

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

21                               “(A) PERCENTAGE OF FUNDS.—For any  
22                   program year, not more than 30 percent of the  
23                   funds available for statewide activities under  
24                   subsection (b), and not more than 30 percent of  
25                   funds available to local areas under subsection

1 (c), may be used to provide activities for in-  
2 school youth meeting the requirements of para-  
3 graph (1)(B)(v).

4 “(B) NON-SCHOOL HOURS REQUIRED.—  
5 Activities carried out under this chapter for in-  
6 school youth meeting the requirements of para-  
7 graph (1)(B)(v) shall only be carried out in  
8 non-school hours or periods when school is not  
9 in session (such as before and after school or  
10 during summer recess).”.

11 (d) STATEWIDE YOUTH ACTIVITIES.—Section 129(b)  
12 (29 U.S.C. 2854(b)) is amended to read as follows:

13 “(b) STATEWIDE ACTIVITIES.—

14 “(1) IN GENERAL.—Funds reserved by a Gov-  
15 ernor for a State as described in sections 128(a) and  
16 133(a)(1) may be used for statewide activities in-  
17 cluding—

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

20 “(B) supporting the provision of core serv-  
21 ices described in section 134(c)(2) in the one-  
22 stop delivery system;

23 “(C) conducting evaluations under section  
24 136(e) of activities authorized under this chap-  
25 ter and chapter 5 in coordination with evalua-

1 tions carried out by the Secretary under section  
2 172, research, and demonstration projects;

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

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

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

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

23 “(2) LIMITATION.—Not more than 5 percent of  
24 the funds allotted under section 127(b) shall be used

1 by the State for administrative activities carried out  
2 under this subsection and section 133(a).

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

7 (e) LOCAL ELEMENTS AND REQUIREMENTS.—

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

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

13 (B) in subparagraph (B), by inserting “are  
14 directly linked to one or more of the perform-  
15 ance outcomes relating to this chapter under  
16 section 136, and that” after “for each partici-  
17 pant that”; and

18 (C) in subparagraph (C)—

19 (i) by redesignating clauses (i)  
20 through (iv) as clauses (ii) through (v), re-  
21 spectively;

22 (ii) by inserting before clause (ii) (as  
23 so redesignated) the following:

24 “(i) activities leading to the attainment of a sec-  
25 ondary school diploma or the General Educational Devel-

1 opment credential (GED) (including recognized alter-  
2 native standards for individuals with disabilities);”;

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

6 (iv) in clause (iii) (as so redesign-  
7 ated), by inserting “that lead to the at-  
8 tainment of recognized credentials” after  
9 “learning”; and

10 (v) by amending clause (v) (as redesi-  
11 gnated by this subparagraph) to read as  
12 follows:

13 “(v) effective connections to employers in sectors of  
14 the local labor market experiencing high growth in employ-  
15 ment opportunities.”.

16 (2) PROGRAM ELEMENTS.—Section 129(c)(2)  
17 (29 U.S.C. 2854(c)(2)) is amended—

18 (A) in subparagraph (A), by striking “sec-  
19 ondary school, including dropout prevention  
20 strategies” and inserting “secondary school di-  
21 ploma or the General Educational Development  
22 credential (GED) (including recognized alter-  
23 native standards for individuals with disabil-  
24 ities), including dropout prevention strategies”;

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

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

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

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

8 “(L) financial literacy skills.”.

9 (3) ADDITIONAL REQUIREMENTS.—Section  
10 129(c)(3)(A) (29 U.S.C. 2854(c)(3)(A)) is amended  
11 in the matter preceding clause (i) by striking “or ap-  
12 plicant who meets the minimum income criteria to  
13 be considered an eligible youth”.

14 (4) PRIORITY AND EXCEPTIONS.—Section  
15 129(c) (29 U.S.C. 2854(c)) is further amended—

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

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

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

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

1 **SEC. 112. COMPREHENSIVE PROGRAMS FOR ADULTS.**

2 (a) TITLE AMENDMENT.—

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

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

8 (2) CLERICAL AMENDMENT.—The table of con-  
9 tents in section 1(b) is amended by amending the  
10 item related to the heading for chapter 5 to read as  
11 follows:

“Chapter 5—Comprehensive Employment and Training Activities for Adults.”.

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

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

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

17 (c) STATE ALLOTMENTS.—

18 (1) IN GENERAL.—Section 132(a) (29 U.S.C.  
19 2862(a)) is amended to read as follows:

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

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

1           “(A) not less than 75 percent shall be used  
2           for national dislocated worker grants under sec-  
3           tion 173;

4           “(B) not more than 20 percent may be  
5           used for demonstration projects under section  
6           171; and

7           “(C) not more than 5 percent may be used  
8           to provide technical assistance under section  
9           170; and

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

13          (2) ALLOTMENT AMONG STATES.—Section  
14          132(b) (29 U.S.C. 2862(b)) is amended to read as  
15          follows:

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

18                 “(1) RESERVATION FOR OUTLYING AREAS.—

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

1           “(B) RESTRICTION.—The Republic of  
2 Palau shall cease to be eligible to receive fund-  
3 ing under this paragraph upon entering into an  
4 agreement for extension of United States edu-  
5 cational assistance under the Compact of Free  
6 Association (approved by the Compact of Free  
7 Association Amendments Act of 2003 (Public  
8 Law 108–188)) after the date of enactment of  
9 the Job Training Improvement Act of 2005.

10           “(2) STATES.—Subject to paragraph (5), of the  
11 remainder of the amount referred to under sub-  
12 section (a)(2) for a fiscal year that is available after  
13 determining the amount to be reserved under para-  
14 graph (1), the Secretary shall allot to the States for  
15 employment and training activities for adults and for  
16 statewide workforce investment activities—

17           “(A) 26 percent in accordance with para-  
18 graph (3); and

19           “(B) 74 percent in accordance with para-  
20 graph (4).

21           “(3) BASE FORMULA.—

22           “(A) FISCAL YEAR 2006.—

23           “(i) IN GENERAL.—Subject to clause  
24 (ii), the amount referred to in paragraph  
25 (2)(A) shall be allotted for fiscal year 2006

1 on the basis of allotment percentage of  
2 each State under section 6 of the Wagner-  
3 Peyser Act for fiscal year 2005.

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

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

23 “(B) FISCAL YEARS 2007 AND THERE-  
24 AFTER.—

1           “(i) IN GENERAL.—Subject to clause  
2           (ii), the amount referred to in para-  
3           graph(2)(A) shall be allotted for fiscal year  
4           2007 and each fiscal year thereafter on the  
5           basis of the allotment percentage of each  
6           State under this paragraph for the pre-  
7           ceding fiscal year.

8           “(ii) EXCESS AMOUNTS.—If the  
9           amount referred to in paragraph (2)(A) for  
10          fiscal year 2007 or any fiscal year there-  
11          after exceeds the amount that was avail-  
12          able for allotment under this paragraph for  
13          the prior fiscal year, such excess amount  
14          shall be allotted on the basis of the relative  
15          number of individuals in the civilian labor  
16          force in each State, compared to the total  
17          number of individuals in the civilian labor  
18          force in all States, adjusted to ensure that  
19          no State receives less than  $\frac{3}{10}$  of one per-  
20          cent of such excess amount.

21          “(iii) DEFINITION.—For purposes of  
22          this subparagraph, the term ‘allotment  
23          percentage’ means the percentage of the  
24          amounts allotted to States under this para-

1 graph in a fiscal year that is received by  
2 the State involved for such fiscal year.

3 “(4) CONSOLIDATED FORMULA.—

4 “(A) IN GENERAL.—Subject to subpara-  
5 graphs (B) and (C), of the amount referred to  
6 in paragraph (2)(B)—

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

12 “(ii) 25 percent shall be allotted on  
13 the basis of the relative excess number of  
14 unemployed individuals in each State, com-  
15 pared to the total excess number of unem-  
16 ployed individuals in all States; and

17 “(iii) 15 percent shall be allotted on  
18 the basis of the relative number of dis-  
19 advantaged adults in each State, compared  
20 to the total number of disadvantaged  
21 adults in all States.

22 “(B) MINIMUM AND MAXIMUM PERCENT-  
23 AGES.—

24 “(i) MINIMUM PERCENTAGE.—The  
25 Secretary shall ensure that no State shall

1 receive an allotment under this paragraph  
2 for a fiscal year that is less than 90 per-  
3 cent of the allotment percentage of the  
4 State under this paragraph for the pre-  
5 ceding fiscal year.

6 “(ii) MAXIMUM PERCENTAGE.—Sub-  
7 ject to clause (i), the Secretary shall en-  
8 sure that no State shall receive an allot-  
9 ment for a fiscal year under this para-  
10 graph that is more than 130 percent of the  
11 allotment of the State under this para-  
12 graph for the preceding fiscal year.

13 “(C) SMALL STATE MINIMUM ALLOT-  
14 MENT.—Subject to subparagraph (B), the Sec-  
15 retary shall ensure that no State shall receive  
16 an allotment under this paragraph that is less  
17 than  $\frac{2}{10}$  of 1 percent of the amount available  
18 under subparagraph (A).

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

21 “(i) ALLOTMENT PERCENTAGE.—The  
22 term ‘allotment percentage’, used with re-  
23 spect to fiscal year 2006 or a subsequent  
24 fiscal year, means a percentage of the  
25 amounts described in paragraph (2)(B)

1 that is received through an allotment made  
2 under this paragraph for the fiscal year.  
3 The term, with respect to fiscal year 2005,  
4 means the percentage of the amounts allot-  
5 ted to States under this chapter (as in ef-  
6 fect on the day before the date of enact-  
7 ment of the Job Training Improvement  
8 Act of 2005) and under reemployment  
9 service grants received by the State in-  
10 volved for fiscal year 2005.

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

18 “(iii) EXCESS NUMBER.—The term  
19 ‘excess number’ means, used with respect  
20 to the excess number of unemployed indi-  
21 viduals within a State, the number that  
22 represents the number of unemployed indi-  
23 viduals in excess of 4½ percent of the ci-  
24 vilian labor force in the State.

1           “(5) ADJUSTMENTS IN ALLOTMENTS BASED ON  
2 DIFFERENCES WITH UNCONSOLIDATED FOR-  
3 MULAS.—

4           “(A) IN GENERAL.—The Secretary shall  
5 ensure that for any fiscal year no State has an  
6 allotment difference, as defined in subpara-  
7 graph (C), that is less than zero. The Secretary  
8 shall adjust the amounts allotted to the States  
9 under this subsection in accordance with sub-  
10 paragraph (B) if necessary to carry out this  
11 subparagraph..

12           “(B) ADJUSTMENTS IN ALLOTMENTS.—

13           “(i) REDISTRIBUTION OF EXCESS  
14 AMOUNTS.—

15           “(I) IN GENERAL.—If necessary  
16 to carry out subparagraph (A), the  
17 Secretary shall reduce the amounts  
18 that would be allotted under para-  
19 graphs (3) and (4) to States that have  
20 an excess allotment difference, as de-  
21 fined in subclause (II), by the amount  
22 of such excess, and use such amounts  
23 to increase the allotments to States  
24 that have an allotment difference less  
25 than zero.

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

6                               “(aa) in excess of 3 percent  
7                               of the amount described in sub-  
8                               paragraph (C)(i)(II); or

9                               “(bb) in excess of a percent-  
10                              age established by the Secretary  
11                              that is greater than 3 percent of  
12                              the amount described in subpara-  
13                              graph (C)(i)(II) if the Secretary  
14                              determines that such greater per-  
15                              centage is sufficient to carry out  
16                              subparagraph (A).

17                   “(ii) USE OF AMOUNTS AVAILABLE  
18                   UNDER NATIONAL RESERVE ACCOUNT.—If  
19                   the funds available under clause (i) are in-  
20                   sufficient to carry out subparagraph (A),  
21                   the Secretary shall use funds reserved  
22                   under section 132(a) in such amounts as  
23                   are necessary to increase the allotments to  
24                   States to meet the requirements of sub-  
25                   paragraph (A). Such funds shall be used in

1 the same manner as the States use the  
2 other funds allotted under this subsection.

3 “(C) DEFINITION OF ALLOTMENT DIF-  
4 FERENCE.—

5 “(i) IN GENERAL.—For purposes of  
6 this paragraph, the term ‘allotment dif-  
7 ference’ means the difference between—

8 “(I) the total amount a State  
9 would receive of the amounts available  
10 for allotment under subsection (b)(2)  
11 for a fiscal year pursuant to para-  
12 graphs (3) and (4); and

13 “(II) the total amount the State  
14 would receive of the amounts available  
15 for allotment under subsection (b)(2)  
16 for the fiscal year if such amounts  
17 were allotted pursuant to the uncon-  
18 solidated formulas (applied as de-  
19 scribed in clause (iii)) that were used  
20 in allotting funds for fiscal year 2005.

21 “(ii) UNCONSOLIDATED FORMULAS.—  
22 For purposes of clause (i), the unconsoli-  
23 dated formulas are:

24 “(I) The requirements for the al-  
25 lotment of funds to the States con-

1           tained in section 132(b)(1)(B) of this  
2           Act (as in effect on the day before the  
3           date of enactment of the Job Training  
4           Improvement Act of 2005) that were  
5           applicable to the allotment of funds  
6           under such section for fiscal year  
7           2005.

8           “(II) The requirements for the  
9           allotment of funds to the States con-  
10          tained in section 132(b)(2)(B) of this  
11          Act (as in effect on the day before the  
12          date of enactment of the Job Training  
13          Improvement Act of 2005) that were  
14          applicable to the allotment of funds  
15          under such section for fiscal year  
16          2005.

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

1           “(IV) The requirements for the  
2 allotment of funds to the States that  
3 were established by the Secretary for  
4 Reemployment Services Grants that  
5 were applicable to the allotment of  
6 funds for such grants for fiscal year  
7 2005.

8           “(iii) PROPORTIONATE APPLICATION  
9 OF UNCONSOLIDATED FORMULAS BASED  
10 ON FISCAL YEAR 2005.—In calculating the  
11 amount under clause (i)(II), each of the  
12 unconsolidated formulas identified in  
13 clause (ii) shall be applied, respectively,  
14 only to the proportionate share of the total  
15 amount of funds available for allotment  
16 under subsection (b)(2) for a fiscal year  
17 that is equal to the proportionate share to  
18 which each of the unconsolidated formulas  
19 applied with respect to the total amount of  
20 funds allotted to the States under all of  
21 the unconsolidated formulas in fiscal year  
22 2005.

23           “(iv) RULE OF CONSTRUCTION.—The  
24 amounts used to adjust the allotments to a  
25 State under subparagraph (B) for a fiscal

1           year shall not be included in the calcula-  
2           tion of the amounts under clause (i) for a  
3           subsequent fiscal year, including the cal-  
4           culation of allocation percentages for a  
5           preceding fiscal year applicable to para-  
6           graphs (3) and (4) and to the unconsoli-  
7           dated formulas described in clause (ii).”.

8           (3) REALLOTMENT.—Section 132(c) (29 U.S.C.  
9           2862(c)) is amended—

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

12           “(2) AMOUNT.—The amount available for real-  
13           lotment for a program year is equal to the amount  
14           by which the unexpended balance at the end of the  
15           program year prior to the program year for which  
16           the determination is made exceeds 30 percent of the  
17           total amount of funds available to the State under  
18           this section during such prior program year (includ-  
19           ing amounts allotted to the State in all prior pro-  
20           gram years that remained available). For purposes  
21           of this paragraph, the expended balance is the  
22           amount that is the difference between—

23           “(A) the total amount of funds available to  
24           the State under this section during the program  
25           year prior to the program year for which the

1 determination is made (including amounts allot-  
2 ted to the State in all prior program years that  
3 remained available); and

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

6 (B) in paragraph (3)—

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

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

12 and

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

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

20 (D) in paragraph (5), by striking “obliga-  
21 tion” and inserting “accrued expenditure”.

22 (d) WITHIN STATE ALLOCATIONS.—

23 (1) RESERVATION FOR STATE ACTIVITIES.—

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

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

6           (2) ALLOCATIONS TO LOCAL AREAS.—Section  
7 133(b) (29 U.S.C. 2863(b)) is amended to read as  
8 follows:

9       “(b) ALLOCATIONS TO LOCAL AREAS.—

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

13                   “(A) 85 percent of such amounts shall be  
14 allocated by the Governor to local areas in ac-  
15 cordance with paragraph (2); and

16                   “(B) 15 percent of such amounts shall be  
17 allocated by the Governor to local areas in ac-  
18 cordance with paragraph (3).

19       “(2) ESTABLISHED FORMULA.—

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

23                   “(i) 60 percent on the basis of the rel-  
24 ative number of unemployed individuals in  
25 each local area, compared to the total

1 number of unemployed individuals in all  
2 local areas in the State;

3 “(ii) 25 percent on the basis of the  
4 relative excess number of unemployed indi-  
5 viduals in each local area, compared to the  
6 total excess number of unemployed individ-  
7 uals in all local areas in the State; and

8 “(iii) 15 percent shall be allotted on  
9 the basis of the relative number of dis-  
10 advantaged adults in each local area, com-  
11 pared to the total number of disadvantaged  
12 adults in all local areas in the State.

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

20 “(C) DEFINITIONS.—

21 “(i) ALLOCATION PERCENTAGE.—The  
22 term ‘allocation percentage’, used with re-  
23 spect to fiscal year 2006 or a subsequent  
24 fiscal year, means a percentage of amount  
25 described in paragraph (1)(A) that is re-

1           ceived through an allocation made under  
2           this paragraph for the fiscal year. The  
3           term, with respect to fiscal year 2005,  
4           means the percentage of the amounts allo-  
5           cated to local areas under this chapter (as  
6           in effect on the day before the date of en-  
7           actment of the Job Training Improvement  
8           Act of 2005) that is received by the local  
9           area involved for fiscal year 2005.

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

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

24           “(3) DISCRETIONARY ALLOCATION.—The Gov-  
25           ernor shall allocate to local areas the amounts de-

1       scribed in paragraph (1)(B) based on a formula de-  
2       veloped in consultation with the State board and  
3       local boards. Such formula shall be objective and  
4       geographically equitable and may include such demo-  
5       graphic and economic factors as the Governor, after  
6       consultation with the State board and local boards,  
7       determines are appropriate.

8               “(4) LOCAL ADMINISTRATIVE COST LIMIT.—

9               “(A) IN GENERAL.—Of the amounts allo-  
10              cated to a local area under this subsection and  
11              section 128(b) for a fiscal year, not more than  
12              10 percent of the amount may be used by the  
13              local boards for the administrative costs of car-  
14              rying out local workforce investment activities  
15              under this chapter or chapter 4.

16             “(B) USE OF FUNDS.—Funds made avail-  
17             able for administrative costs under subpara-  
18             graph (A) may be used for the administrative  
19             costs of any of the local workforce investment  
20             activities described in this chapter or chapter 4,  
21             regardless of whether the funds were allocated  
22             under this subsection or section 128(b).”.

23             (3) REALLOCATION AMONG LOCAL AREAS.—

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

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

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

5 “(2) AMOUNT.—The amount available for re-  
6 allocation for a program year is equal to the amount  
7 by which the unexpended balance at the end of the  
8 program year prior to the program year for which  
9 the determination is made exceeds 30 percent of the  
10 total amount of funds available to the local area  
11 under this section during such prior program year  
12 (including amounts allotted to the local area in prior  
13 program years that remain available). For purposes  
14 of this paragraph, the unexpended balance is the  
15 amount that is the difference between—

16 “(A) the total amount of funds available to  
17 the local area under this section during the pro-  
18 gram year prior to the program year for which  
19 the determination is made (including amounts  
20 allocated to the local area in all prior program  
21 years that remained available); and

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

24 (C) by amending paragraph (3)—

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

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

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

10 (iv) by striking the last sentence; and

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

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

19 (e) USE OF FUNDS FOR EMPLOYMENT AND TRAIN-  
20 ING ACTIVITIES.—

21 (1) STATEWIDE EMPLOYMENT AND TRAINING  
22 ACTIVITIES.—

23 (A) IN GENERAL.—Section 134(a)(1) (29  
24 U.S.C. 2864(a)(1) is amended to read as fol-  
25 lows:

1 “(1) IN GENERAL.—

2 “(A) REQUIRED USE OF FUNDS.—Not less  
3 than 50 percent of the funds reserved by a Gov-  
4 ernor under section 133(a) shall be used to sup-  
5 port the provision of core services in local areas,  
6 consistent with the local plan, through one-stop  
7 delivery systems by distributing funds to local  
8 areas in accordance with subparagraph (B).  
9 Such funds may be used by States to employ  
10 State personnel to provide such services in des-  
11 ignated local areas in consultation with local  
12 boards.

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

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

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

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

11          (B) STATEWIDE RAPID RESPONSE ACTIVI-  
12          TIES.—Section 134(a)(2) (29 U.S.C.  
13          2864(a)(2)) is amended to read as follows:

14          “(2) STATEWIDE RAPID RESPONSE ACTIVI-  
15          TIES.—A State shall carry out statewide rapid re-  
16          sponse activities using funds reserved as described in  
17          section 133(a). Such activities shall include—

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

23                 “(B) provision of additional assistance to  
24                 local areas that experience disasters, mass lay-  
25                 offs or plant closings, or other events that pre-

1           cipitate substantial increases in the number of  
2           unemployed individuals, carried out in local  
3           areas by the State, working in conjunction with  
4           the local boards and the chief elected officials in  
5           the local areas.”.

6                   (C) STATEWIDE EMPLOYMENT AND TRAIN-  
7           ING ACTIVITIES.—Section 134(a)(3) (29 U.S.C.  
8           2864(a)(3)) is amended to read as follows:

9           “(3) STATEWIDE ACTIVITIES.—Funds reserved  
10          by a Governor for a State as described in sections  
11          133(a) and 128(a) may be used for statewide activi-  
12          ties including—

13                   “(A) supporting the provision of core serv-  
14           ices described in section 134(c)(2) in the one-  
15           stop delivery system;

16                   “(B) conducting evaluations under section  
17           136(e) of activities authorized under this chap-  
18           ter and chapter 4 in coordination with evalua-  
19           tions carried out by the Secretary under section  
20           172, research, and demonstration projects;

21                   “(C) providing incentive grants to local  
22           areas for regional cooperation among local  
23           boards (including local boards in a designated  
24           region as described in section 116(c)), for local  
25           coordination of activities carried out under this

1 Act, and for exemplary performance by local  
2 areas on the local performance measures;

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

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

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

16 “(G) implementing innovative programs,  
17 such as incumbent worker training programs,  
18 programs and strategies designed to meet the  
19 needs of businesses in the State, including small  
20 businesses, and engage employers in workforce  
21 activities, and programs serving individuals  
22 with disabilities 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 “(I) implementing innovative programs for  
4 displaced homemakers, which for purposes of  
5 this subparagraph may include an individual  
6 who is receiving public assistance and is within  
7 2 years of exhausting lifetime eligibility under  
8 Part A of title IV of the Social Security Act (42  
9 U.S.C. 601 et seq.);

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

13 “(K) carrying out activities to facilitate re-  
14 mote access to services provided through a one-  
15 stop delivery system, including facilitating ac-  
16 cess through the use of technology.”.

17 (D) LIMITATION ON STATE ADMINISTRA-  
18 TIVE EXPENDITURES.—Section 134(a) is fur-  
19 ther amended by adding the following new  
20 paragraph:

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

1           (2) LOCAL EMPLOYMENT AND TRAINING AC-  
2           TIVITIES.—Section 134(b) (29 U.S.C. 2864(b)) is  
3           amended—

4                   (A) by striking “under paragraph (2)(A)”  
5                   and all that follows through “section  
6                   133(b)(2)(B)” and inserting “under section  
7                   133(b)”;

8                   (B) in paragraphs (1) and (2), by striking  
9                   “or dislocated workers, respectively” both  
10                  places it appears; and

11                  (C) by redesignating subsections (d) and  
12                  (e) as subsections (c) and (d), respectively.

13           (3) REQUIRED LOCAL EMPLOYMENT AND  
14           TRAINING ACTIVITIES.—

15                   (A)        ALLOCATED        FUNDS.—Section  
16                   134(c)(1) (29 U.S.C. 2864(c)(1)) (as redesi-  
17                   gnated by paragraph (2)) is amended to read as  
18                   follows:

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

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

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

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

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

7           (B) CORE SERVICES.—Section 134(e)(2)  
8           (29 U.S.C. 2864(e)(2)) (as redesignated by  
9           paragraph (2)) is amended—

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

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

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

18           “(D) labor exchange services, including—

19           “(i) job search and placement assist-  
20           ance, and where appropriate career coun-  
21           seling;

22           “(ii) appropriate recruitment services  
23           for employers; and

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

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

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

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

12 (C) INTENSIVE SERVICES.—Section  
13 134(c)(3) (29 U.S.C. 2864(c)(3) (as redesign-  
14 dated by paragraph (2) of this subsection) is  
15 amended—

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

18 “(A) IN GENERAL.—

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

23 “(I) ARE UNEMPLOYED AND  
24 WHO HAVE BEEN DETERMINED BY  
25 THE ONE-STOP OPERATOR TO BE.—

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

4                   “(bb) in need of intensive  
5                   services in order to obtain suit-  
6                   able employment; or

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

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

14                  (ii) in subparagraph (C)—

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

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

20                                 “(vii) Internships and work experi-  
21                                 ence.

22                                 “(viii) Literacy activities relating to  
23                                 basic work readiness, and financial literacy  
24                                 activities.

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

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

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

8                   “(A) IN GENERAL.—

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

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

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

22                  “(bb) be in need of training  
23                  services to obtain or retain suit-  
24                  able employment; and

1                   “(cc) have the skills and  
2                   qualifications to successfully par-  
3                   ticipate in the selected program  
4                   of training services;

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

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

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

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

20                  (ii) in subparagraph (B)(i), by strik-  
21                  ing “Except” and inserting “Notwith-  
22                  standing section 479B of the Higher Edu-  
23                  cation Act of 1965 (20 U.S.C. 1087uu)  
24                  and except”;

1 (iii) by amending subparagraph (E) to  
2 read as follows:

3 “(E) PRIORITY.—

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

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

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

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

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

11                   (v) in subparagraph (G)(iv), by redese-  
12                  ignating subclause (IV) as subclause (V)  
13                  and inserting after subclause (III) the fol-  
14                  lowing:

15                                 “(IV) Individuals with disabil-  
16                                 ities.”.

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

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

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

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

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

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

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

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

17 “(v) activities to improve services to  
18 local employers, including small employers  
19 in the local area, and increase linkages be-  
20 tween the local workforce investment sys-  
21 tem and employers; and

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

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

3                   “(i) IN GENERAL.—Funds allocated to  
4                   a local area under 133(b) may be used to  
5                   provide, through the one-stop delivery sys-  
6                   tem and in collaboration with the appro-  
7                   priate programs and resources of the one-  
8                   stop partners, work support activities de-  
9                   signed to assist low-wage workers in re-  
10                  taining and enhancing employment.

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

23                  (B) by adding after paragraph (3) the fol-  
24                  lowing new paragraph:

1           “(4) INCUMBENT WORKER TRAINING PRO-  
2 GRAMS.—

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

8           “(B) TRAINING ACTIVITIES.—The training  
9 programs for incumbent workers under this  
10 paragraph shall be carried out by the local area  
11 in conjunction with the employers of such work-  
12 ers for the purpose of assisting such workers in  
13 obtaining the skills necessary to retain employ-  
14 ment and avert layoffs.

15           “(C) EMPLOYER MATCH REQUIRED.—

16           “(i) IN GENERAL.—Employers partici-  
17 pating in programs under this paragraph  
18 shall be required to pay a proportion of the  
19 costs of providing the training to the in-  
20 cumbent workers. The Governor shall es-  
21 tablish, or may authorize the local board to  
22 establish, the required portion of such  
23 costs, which shall not be less than—

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

1 “(II) 25 percent of the costs, for  
2 employers with more than 50 employ-  
3 ees but fewer than 100 employees;  
4 and

5 “(III) 50 percent of the costs, for  
6 employers with 100 or more employ-  
7 ees.

8 “(ii) CALCULATION OF MATCH.—The  
9 wages paid by an employer to a worker  
10 while they are attending training may be  
11 included as part of the requirement pay-  
12 ment of the employer.”.

13 **SEC. 113. PERFORMANCE ACCOUNTABILITY SYSTEM.**

14 (a) STATE PERFORMANCE MEASURES.—

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

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

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

23 (2) INDICATORS OF PERFORMANCE.—Section  
24 136(b)(2) (29 U.S.C. 2871(b)(2)) is amended—

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

6 (B) by amending subparagraph (A)(i)(IV)  
7 to read as follows:

8 “(IV) the efficiency of the pro-  
9 gram in obtaining the outcomes de-  
10 scribed in subclauses (I) through  
11 (III).”;

12 (C) by amending subparagraph (A)(ii) to  
13 read as follows:

14 “(ii) CORE INDICATORS FOR ELIGIBLE  
15 YOUTH.—The core indicators of perform-  
16 ance for youth activities authorized under  
17 section 129 shall consist of—

18 “(I) entry into employment, edu-  
19 cation or advanced training, or mili-  
20 tary service;

21 “(II) attainment of secondary  
22 school diplomas or the General Edu-  
23 cational Development credential  
24 (GED) (including recognized alter-

1 native standards for individuals with  
2 disabilities);

3 “(III) literacy or numeracy gains;  
4 and

5 “(IV) the efficiency of the pro-  
6 gram in obtaining the outcomes de-  
7 scribed in subclauses (I) through  
8 (III).”;

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

10 (E) by redesignating subparagraph (C) as  
11 subparagraph (B), and by adding at the end of  
12 such subparagraph (as so redesignated) the fol-  
13 lowing new sentence: “Such indicators may in-  
14 clude customer satisfaction of employers and  
15 participants with services received from the  
16 workforce investment activities authorized  
17 under this subtitle.”.

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

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 (2)(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  
7           follows:

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 “(3) 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) USE OF CORE INDICATORS FOR OTHER PRO-  
6 GRAMS.—Section 136 (29 U.S.C. 2871) is further amend-  
7 ed by adding at the end the following subsection:

8           “(j) USE OF CORE INDICATORS FOR OTHER PRO-  
9 GRAMS.—In addition to the programs carried out under  
10 chapters 4 and 5, and consistent with the requirements  
11 of the applicable authorizing laws, the Secretary shall use  
12 the core indicators of performance described in subsection  
13 (b)(2)(A) to assess the effectiveness of the programs de-  
14 scribed under section 121(b)(1)(B) that are carried out  
15 by the Secretary.”.

16           (h) REPEAL OF DEFINITIONS.—Sections 502 and  
17 503 (and the items related to such sections in the table  
18 of contents) are repealed.

19 **SEC. 114. AUTHORIZATION OF APPROPRIATIONS.**

20           (a) YOUTH ACTIVITIES.—Section 137(a) (29 U.S.C.  
21 2872(a)) is amended by striking “such sums as may be  
22 necessary for each of fiscal years 1999 through 2003” and  
23 inserting “\$1,250,000,000 for fiscal year 2006 and such  
24 sums as may be necessary for each of fiscal years 2007  
25 through 2011”.

1 (b) ADULT EMPLOYMENT AND TRAINING ACTIVI-  
2 TIES.—Section 137(b) (29 U.S.C. 2872(b)) is amended by  
3 striking “section 132(a)(1), such sums as may be nec-  
4 essary for each of fiscal years 1999 through 2003” and  
5 inserting “132(a), \$3,140,000,000 for fiscal year 2006  
6 and such sums as may be necessary for each of fiscal years  
7 2007 through 2011”.

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

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

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

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

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

21 (2) in subsection (b)—

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

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

1 out by each Job Corps center under this sec-  
2 tion”; and

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

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

7 (1) in paragraph (1)(A), by striking “local and  
8 distant”; and

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

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

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

18 (1) by amending paragraph (1) to read as fol-  
19 lows:

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

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

3           (d) AUTHORIZATION OF APPROPRIATIONS.—Section  
4 161 (29 U.S.C. 2901) is amended by striking “1999  
5 through 2003” and inserting “2006 through 2011”.

6 **SEC. 116. NATIVE AMERICAN PROGRAMS.**

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

9                   “(C) DUTIES.—The Council shall advise  
10                   the Secretary on the operation and administra-  
11                   tion of the programs assisted under this sec-  
12                   tion.”.

13           (b) ASSISTANCE TO AMERICAN SAMOANS IN HA-  
14 WAI.—Section 166 (29 U.S.C. 2911) is further amended  
15 by striking subsection (j).

16 **SEC. 117. MIGRANT AND SEASONAL FARMWORKER PRO-**  
17 **GRAMS.**

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

20 **SEC. 118. VETERANS’ WORKFORCE INVESTMENT PRO-**  
21 **GRAMS.**

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

1 **SEC. 119. YOUTH CHALLENGE GRANTS.**

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

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

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

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

10 “(2) the Secretary may use not more than 20  
11 percent to award discretionary grants under sub-  
12 section (c).

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

15 “(1) ESTABLISHMENT.—From the funds de-  
16 scribed in subsection (a)(1), the Secretary shall  
17 award competitive grants to eligible entities to carry  
18 out activities authorized under this section to assist  
19 eligible youth in acquiring the skills, credentials and  
20 employment experience necessary to succeed in the  
21 labor market.

22 “(2) ELIGIBLE ENTITIES.—Grants under this  
23 subsection may be awarded to States, local boards,  
24 recipients of grants under section 166 (relating to  
25 Native American programs), and public or private

1 entities (including consortia of such entities) apply-  
2 ing in conjunction with local boards.

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

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

12 “(5) PARTICIPANT ELIGIBILITY.—Youth ages  
13 14 through 19 as of the time the eligibility deter-  
14 mination is made may be eligible to participate in  
15 activities provided under this subsection.

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

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

1           “(B) after-school dropout prevention activi-  
2           ties for in-school youth;

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

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

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

16               “(A) a description of the activities the eli-  
17               gible entity will provide to eligible youth under  
18               this subsection;

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

1           “(C) a description of the private and pub-  
2           lic, and local and State resources that will be le-  
3           veraged to provide the activities described under  
4           subparagraph (A) in addition the funds pro-  
5           vided under this subsection; and

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

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

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

1       “(c) DISCRETIONARY GRANTS FOR YOUTH ACTIVI-  
2 TIES.—

3           “(1) IN GENERAL.—From the funds described  
4 in subsection(a)(2), the Secretary may award grants  
5 to eligible entities to provide activities that will as-  
6 sist youth in preparing for, and entering and retain-  
7 ing, employment.

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

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

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

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

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

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

          “Sec. 169. Youth challenge grants.”.

15          **SEC. 120. TECHNICAL ASSISTANCE.**

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

17                 (1) by striking subsection (b);

18                 (2) by striking

19                 “(a) GENERAL TECHNICAL ASSISTANCE.—”.

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

23                 (4) in subsection (a) (as redesignated by para-  
24                 graph (3))—

1 (A) by inserting “the training of staff pro-  
 2 viding rapid response services, the training of  
 3 other staff of recipients of funds under this  
 4 title, peer review activities under this title, as-  
 5 sistance regarding accounting and program op-  
 6 eration practices (when such assistance would  
 7 not be duplicative to assistance provided by the  
 8 State),” after “localities,”; and

9 (B) by striking “from carrying out activi-  
 10 ties” and all that follows up to the period and  
 11 inserting “to implement the amendments made  
 12 by the Job Training Improvement Act of  
 13 2005”; and

14 (5) by inserting, after subsection (c) (as reded-  
 15 icated by paragraph (3)), the following:

16 “(d) BEST PRACTICES COORDINATION.—The Sec-  
 17 retary shall establish a system whereby States may share  
 18 information regarding best practices with regards to the  
 19 operation of workforce investment activities under this  
 20 Act.”.

21 **SEC. 121. DEMONSTRATION, PILOT, MULTISERVICE, RE-**  
 22 **SEARCH AND MULTI-STATE PROJECTS.**

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

25 (1) in paragraph (1)—

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

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

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

12 “(B) projects that promote the develop-  
13 ment of systems that will improve the effective-  
14 ness and efficiency of programs carried out  
15 under this title;

16 “(C) projects that focus on opportunities  
17 for employment in industries and sectors of in-  
18 dustries that are experiencing or are likely to  
19 experience high rates of growth;

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

23 (C) by striking subparagraph (E);

1 (D) by redesignating subparagraphs (F)  
2 and (G) as subparagraphs (E) and (F), respec-  
3 tively;

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

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

14 (F) by striking subparagraph (H); and  
15 (2) in paragraph (2)—

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

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

19 (b) MULTISERVICE PROJECTS.—Section  
20 171(e)(2)(B) (29 U.S.C. 2916(e)(2)(B)) is amended to  
21 read as follows:

22 “(B) NET IMPACT STUDIES AND RE-  
23 PORTS.—The Secretary shall conduct studies to  
24 determine the net impacts of programs, serv-  
25 ices, and activities carried out under this title.

1           The Secretary shall prepare and disseminate to  
2           Congress and the public reports containing the  
3           results of such studies.”.

4 **SEC. 122. COMMUNITY-BASED JOB TRAINING.**

5           Section 171(d) of the Workforce Investment Act of  
6 1998 is amended to read as follows:

7           “(d) **COMMUNITY-BASED JOB TRAINING.**—In addi-  
8 tion to the demonstration projects under subsection (b),  
9 the Secretary may establish and implement a national  
10 demonstration project designed to develop local solutions  
11 to the workforce challenge facing high-growth, high-skill  
12 industries with labor shortages, and increase opportunities  
13 for workers to gain access to employment in high-growth,  
14 high-demand occupations.”.

15 **SEC. 123. PERSONAL REEMPLOYMENT ACCOUNTS.**

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

18           “(e) **PERSONAL REEMPLOYMENT ACCOUNTS.**—

19                 “(1) **DEFINITION.**—In this subsection, the term  
20 ‘State’ means each of the several States of the  
21 United States, the District of Columbia, the Com-  
22 monwealth of Puerto Rico, and the United States  
23 Virgin Islands.

24                 “(2) **DEMONSTRATION PROJECT.**—In addition  
25 to the demonstration projects under subsection (b),

1 the Secretary may establish and implement a na-  
2 tional demonstration project designed to analyze and  
3 provide data on workforce training programs that  
4 accelerate the reemployment of unemployed individ-  
5 uals, promote the retention in employment of such  
6 individuals, and provide such individuals with en-  
7 hanced flexibility, choice, and control in obtaining  
8 intensive reemployment, training, and supportive  
9 services.

10 “(3) GRANTS.—

11 “(A) IN GENERAL.—In carrying out the  
12 demonstration project, the Secretary shall make  
13 grants, on a competitive basis, to eligible enti-  
14 ties to provide personal reemployment accounts  
15 to eligible individuals. In awarding grants under  
16 this subsection the Secretary shall take into  
17 consideration awarding grants to eligible enti-  
18 ties from diverse geographic areas, including  
19 rural areas.

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

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

1           “(A) a State; or

2           “(B) a local board or consortium of local  
3 boards.

4           “(5) USE OF FUNDS.—

5           “(A) IN GENERAL.—An eligible entity that  
6 receives a grant under this subsection shall use  
7 the grant funds to provide, through a local area  
8 or areas, eligible individuals with personal re-  
9 employment accounts. An eligible individual  
10 may receive only 1 personal reemployment ac-  
11 count.

12           “(B) GEOGRAPHIC AREA AND AMOUNT.—

13           “(i) IN GENERAL.—The eligible entity  
14 shall establish the amount of a personal re-  
15 employment account for each eligible indi-  
16 vidual participating, which shall be uni-  
17 form throughout the area represented by  
18 the eligible entity, and shall not exceed  
19 \$3,000.

20           “(ii) OPTION FOR STATES.—If the eli-  
21 gible entity is a State, the eligible entity  
22 may choose to use the grant statewide, if  
23 practicable, or only in specified local areas  
24 within a State.

25           “(C) ELIGIBLE INDIVIDUALS.—

1           “(i) IN GENERAL.—Each eligible enti-  
2           ty shall establish eligibility criteria for indi-  
3           viduals for personal reemployment ac-  
4           counts in accordance with this subpara-  
5           graph.

6           “(ii) ELIGIBILITY CRITERIA REQUIRE-  
7           MENTS.—

8           “(I) IN GENERAL.—Subject to  
9           subclause (II), an individual shall be  
10          eligible to receive a personal reemploy-  
11          ment account under a grant awarded  
12          under this subsection if, beginning  
13          after the date of enactment of this  
14          subsection, the individual—

15               “(aa) is identified by the  
16               State pursuant to section  
17               303(j)(1) of the Social Security  
18               Act (42 U.S.C. 503(j)(1)) as like-  
19               ly to exhaust regular unemploy-  
20               ment compensation and in need  
21               of job search assistance to make  
22               a successful transition to new  
23               employment, or the individual’s  
24               unemployment can be attributed  
25               in substantial part to unfair com-

1 petition from Federal Prison In-  
2 dustries, Incorporated;

3 “(bb) is receiving regular  
4 unemployment compensation  
5 under any Federal or State un-  
6 employment compensation pro-  
7 gram administered by the State;  
8 and

9 “(cc) is eligible for not less  
10 than 20 weeks of regular unem-  
11 ployment compensation described  
12 in item (bb).

13 “(II) ADDITIONAL ELIGIBILITY  
14 AND PRIORITY CRITERIA.—An eligible  
15 entity may establish criteria that are  
16 in addition to the criteria described in  
17 subclause (I) for the eligibility of indi-  
18 viduals to receive a personal reemploy-  
19 ment account under this subsection.  
20 An eligible entity may also establish  
21 criteria for priority in the provision of  
22 a personal reemployment account to  
23 such eligible individuals under a grant  
24 awarded under this subsection.

25 “(iii) TRANSITION RULE.—

1           “(I) PREVIOUSLY IDENTIFIED AS  
2           LIKELY TO EXHAUST UNEMPLOYMENT  
3           COMPENSATION.—

4                   “(aa) IN GENERAL.—At the  
5                   option of the eligible entity, and  
6                   subject to item (bb), an indi-  
7                   vidual may be eligible to receive a  
8                   personal reemployment account  
9                   under this subsection if the indi-  
10                  vidual—

11                           “(AA) during the 13-  
12                           week period ending the week  
13                           prior to the date of the en-  
14                           actment of the subsection,  
15                           was identified by the State  
16                           pursuant to section  
17                           303(j)(1) of the Social Secu-  
18                           rity Act (42 U.S.C.  
19                           503(j)(1)) as likely to ex-  
20                           haust regular unemployment  
21                           compensation and in need of  
22                           job search assistance to  
23                           make a successful transition  
24                           to new employment; and

1                   “(BB) otherwise meets  
2                   the requirements of clause  
3                   (ii)(I)(bb) and (cc).

4                   “(bb) ADDITIONAL ELIGI-  
5                   BILITY AND PRIORITY CRI-  
6                   TERIA.—An eligible entity may  
7                   establish criteria that is in addi-  
8                   tion to the criteria described in  
9                   item (aa) for the eligibility of in-  
10                  dividuals to receive a personal re-  
11                  employment account under this  
12                  subsection. An eligible entity may  
13                  also establish criteria for priority  
14                  in the provision of such accounts  
15                  to such eligible individuals under  
16                  this subsection.

17                  “(II) PREVIOUSLY EXHAUSTED  
18                  UNEMPLOYMENT COMPENSATION.—At  
19                  the option of the eligible entity, an in-  
20                  dividual may be eligible to receive a  
21                  personal reemployment account under  
22                  a grant awarded under this subsection  
23                  if the individual—

24                         “(aa) during the 26-week  
25                         period ending the week prior to

1 the date of the enactment of this  
2 subsection, exhausted all rights  
3 to any unemployment compensa-  
4 tion; and

5 “(bb)(AA) is enrolled in  
6 training and needs additional  
7 support to complete such train-  
8 ing, with a priority of service to  
9 be provided to such individuals  
10 who are training for shortage oc-  
11 cupations or high-growth indus-  
12 tries; or

13 “(BB) is separated from  
14 employment in an industry or oc-  
15 cupation that has experienced de-  
16 clining employment, or no longer  
17 provides any employment, in the  
18 local labor market during the 2-  
19 year period ending on the date of  
20 the determination of eligibility of  
21 the individual under this sub-  
22 paragraph.

23 “(iv) NO INDIVIDUAL ENTITLE-  
24 MENT.—Nothing in this subsection shall be

1 construed to entitle any individual to re-  
2 ceive a personal reemployment account.

3 “(D) LIMITATIONS.—

4 “(i) INFORMATION AND ATTESTA-  
5 TION.—Prior to the establishment of a per-  
6 sonal reemployment account for an eligible  
7 individual, the eligible entity receiving a  
8 grant, through the one-stop delivery sys-  
9 tem in the participating local area or  
10 areas, shall ensure that the individual—

11 “(I) is informed of the require-  
12 ments applicable to the personal reem-  
13 ployment account, including the allow-  
14 able uses of funds from the account,  
15 the limitations on access to services  
16 described in paragraph (7)(A)(iii) and  
17 a description of such services, and the  
18 conditions for receiving a reemploy-  
19 ment bonus;

20 “(II) has the option to develop a  
21 personal reemployment plan which will  
22 identify the employment goals and ap-  
23 propriate combination of services se-  
24 lected by the individual to achieve the  
25 employment goals; and

1           “(III) signs an attestation that  
2           the individual has been given the op-  
3           tion to develop a personal reemploy-  
4           ment plan in accordance with sub-  
5           clause (II), will comply with the re-  
6           quirements under this subsection re-  
7           lating to the personal reemployment  
8           accounts, and will reimburse the ac-  
9           count or, if the account has been ter-  
10          minated, the grant awarded under  
11          this subsection, for any amounts ex-  
12          pended from the account that are not  
13          allowable.

14          “(ii) PERIODIC INTERVIEWS.—If a re-  
15          cipient exhausts his or her rights to any  
16          unemployment compensation, and the re-  
17          cipient has a remaining balance in his or  
18          her personal reemployment account, the  
19          one-stop delivery system shall conduct peri-  
20          odic interviews with the recipient to assist  
21          the recipient in meeting his or her indi-  
22          vidual employment goals.

23          “(iii) USE OF PERSONAL REEMPLOY-  
24          MENT ACCOUNTS.—The eligible entity re-  
25          ceiving a grant shall ensure that eligible

1 individuals receiving a personal reemploy-  
2 ment account use the account in accord-  
3 ance with paragraph (7).

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

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

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

15 “(ii) a description of the methods and  
16 procedures for providing funds to local  
17 areas where the personal reemployment ac-  
18 counts shall be made available; and

19 “(B) a description of the criteria and  
20 methods to be used for determining eligibility  
21 for the personal reemployment account, includ-  
22 ing whether the eligible entity intends to include  
23 the optional categories described in paragraph  
24 (5)(C)(iii), and the additional criteria and pri-  
25 ority for service that the eligible entity intends

1 to apply, if any, pursuant to paragraph  
2 (5)(C)(ii)(II);

3 “(C) a description of the methods or proce-  
4 dures to be used to provide eligible individuals  
5 information relating to services and providers;

6 “(D) a description of safeguards to ensure  
7 that funds from the personal reemployment ac-  
8 counts are used for purposes authorized under  
9 this subsection and to ensure the quality and  
10 integrity of services and providers, consistent  
11 with the purpose of providing eligible individ-  
12 uals with enhanced flexibility, choice, and con-  
13 trol in obtaining intensive reemployment, train-  
14 ing, and supportive services;

15 “(E) a description of how the eligible enti-  
16 ty will coordinate the activities carried out  
17 under this subsection with the employment and  
18 training activities carried out under section 134  
19 and other activities carried out by local boards  
20 through the one-stop delivery system in the  
21 State or local area; and

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

1           “(7) USE OF PERSONAL REEMPLOYMENT AC-  
2           COUNTS.—

3           “(A) ALLOWABLE ACTIVITIES.—

4           “(i) IN GENERAL.—Subject to the re-  
5           quirements contained in clauses (ii) and  
6           (iii), a recipient of a personal reemploy-  
7           ment account may use amounts in a per-  
8           sonal reemployment account to purchase 1  
9           or more of the following:

10           “(I) Intensive services, including  
11           those type of services specified in sec-  
12           tion 134(d)(3)(C).

13           “(II) Training services, including  
14           those types of services specified in sec-  
15           tion 134(d)(4)(D).

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

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

22           “(I) Recipients may use funds  
23           from the personal reemployment ac-  
24           count to purchase the services de-  
25           scribed in clause (i) through the one-

1 stop delivery system on a fee-for-service  
2 ice basis, or through other providers,  
3 consistent with the safeguards de-  
4 scribed in paragraph (6)(D).

5 “(II) The eligible entity, through  
6 the one-stop delivery system in the  
7 participating local area, may pay costs  
8 for such services directly on behalf of  
9 the recipient, through a voucher sys-  
10 tem, or by reimbursement to the re-  
11 cipient upon receipt of appropriate  
12 cost documentation.

13 “(III) Each eligible entity,  
14 through the one-stop delivery system  
15 in the participating local area, shall  
16 make available to recipients informa-  
17 tion on training providers specified in  
18 section 134(d)(4)(F)(ii), information  
19 available to the one-stop delivery sys-  
20 tem on providers of the intensive and  
21 supportive services described in clause  
22 (i), and information relating to occu-  
23 pations in demand in the local area.

24 “(iii) LIMITATIONS.—The following  
25 limitations shall apply with respect to per-

1           sonal reemployment accounts under this  
2           subsection:

3                   “(I) Amounts in a personal reem-  
4                   ployment account may be used for up  
5                   to 1 year from the date of the estab-  
6                   lishment of the account.

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

10                   “(III) For the 1-year period fol-  
11                   lowing the establishment of the ac-  
12                   count, recipients may not receive in-  
13                   tensive, supportive, or training serv-  
14                   ices funded under this title except on  
15                   a fee-for-services basis as specified in  
16                   clause (ii)(I).

17                   “(IV) Amounts in a personal re-  
18                   employment account shall be non-  
19                   transferable.

20           “(B) REEMPLOYMENT BONUS.—

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

23                           “(I) if a recipient determined eli-  
24                           gible under paragraph (5)(C)(ii) ob-  
25                           tains full-time employment before the

1 13th week of unemployment for which  
2 unemployment compensation is paid,  
3 the balance of his or her personal re-  
4 employment account shall be provided  
5 directly to the recipient in cash; and

6 “(II) if a recipient determined el-  
7 igitible under paragraph (5)(C)(iii) ob-  
8 tains full-time employment before the  
9 end of the 13th week after the date  
10 on which the account is established,  
11 the balance of his or her personal re-  
12 employment account shall be provided  
13 directly to the recipient in cash.

14 “(ii) LIMITATIONS.—The following  
15 limitations shall apply with respect to a re-  
16 cipient described in clause (i):

17 “(I) 60 percent of the remaining  
18 personal reemployment account bal-  
19 ance shall be paid to the recipient at  
20 the time of employment.

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

1           “(iii) EXCEPTION REGARDING SUBSE-  
2           QUENT EMPLOYMENT.—If a recipient de-  
3           scribed in clause (i) subsequently becomes  
4           unemployed due to a lack of work after re-  
5           ceiving the portion of the reemployment  
6           bonus specified under clause (ii)(I), the in-  
7           dividual may use the amount remaining in  
8           the personal reemployment account for the  
9           purposes described in subparagraph (A)  
10          but may not be eligible for additional cash  
11          payments under this subparagraph.

12           “(8) PROGRAM INFORMATION AND EVALUA-  
13          TION.—

14           “(A) INFORMATION.—The Secretary may  
15          require from eligible entities the collection and  
16          reporting on such financial, performance, and  
17          other program-related information as the Sec-  
18          retary determines is appropriate to carry out  
19          this subsection, including the evaluation de-  
20          scribed in subparagraph (B).

21           “(B) EVALUATION.—

22           “(i) IN GENERAL.—The Secretary,  
23          pursuant to the authority provided under  
24          section 172, shall, directly or through  
25          grants, contracts, or cooperative agreement

1 with appropriate entities, conduct an eval-  
2 uation of the activities carried out under  
3 any grants awarded under this subsection.

4 “(ii) REPORT.—The report to Con-  
5 gress under section 172(e) relating to the  
6 results of the evaluations required under  
7 section 172 shall include the recommenda-  
8 tion of the Secretary with respect to the  
9 use of personal reemployment account as a  
10 mechanism to assist individuals in obtain-  
11 ing and retaining employment.”.

12 **SEC. 124. NATIONAL DISLOCATED WORKER GRANTS.**

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

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

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

18 and

19 (2) in subsection (a)—

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

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

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

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

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

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

13 (d) PARTICIPANT ELIGIBILITY FOR MILITARY  
14 SPOUSES.—Section 173(b)(2)(A) (29 U.S.C.  
15 2918(b)(2)(A)) (as redesignated by subsection (b)) is  
16 amended—

17 (1) in clause (iii), by striking “; or” and insert-  
18 ing a semicolon;

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

21 (3) by inserting at the end the following:

22 “(v) is the spouse of a member of the  
23 Armed Forces who is on active duty or  
24 full-time National Guard duty, or who was  
25 recently separated from such duties, and

1           such spouse is in need of employment and  
2           training assistance to obtain or retain em-  
3           ployment.”.

4           (e) CONFORMING AMENDMENT.—The table of con-  
5 tents in section 1(b) is amended by amending the item  
6 related to section 173 to read as follows:

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

7 **SEC. 125. AUTHORIZATION OF APPROPRIATIONS FOR NA-**  
8 **TIONAL ACTIVITIES.**

9           (a) IN GENERAL.—Section 174(a)(1) (29 U.S.C.  
10 2919(a)(1)) is amended by striking “1999 through 2003”  
11 and inserting “2006 through 2011”.

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

14           “(b) TECHNICAL ASSISTANCE; DEMONSTRATION AND  
15 PILOT PROJECTS; EVALUATIONS; INCENTIVE GRANTS.—  
16 There are authorized to be appropriated to carry out sec-  
17 tions 170 through 172 and section 136 such sums as may  
18 be necessary for each of fiscal years 2006 through 2011.”.

19 **SEC. 126. REQUIREMENTS AND RESTRICTIONS.**

20           (a) IN GENERAL.—Section 181(c)(2)(A) (29 U.S.C.  
21 2931(c)(2)(A)) is amended in the matter preceding clause  
22 (i) by striking “shall” and inserting “may”.

23           (b) LIMITATIONS.—Section 181(e) is amended by  
24 striking “training for” and inserting “the entry into em-

1 ployment, retention in employment, or increases in earn-  
2 ings of”.

3 **SEC. 127. NONDISCRIMINATION.**

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

6 “(2) PROHIBITION OF DISCRIMINATION RE-  
7 GARDING PARTICIPATION, BENEFITS, AND EMPLOY-  
8 MENT.—

9 “(A) IN GENERAL.—Except as provided in  
10 subparagraph (B), no individual shall be ex-  
11 cluded from participation in, denied the benefits  
12 of, subjected to discrimination under, or denied  
13 employment in the administration of or in con-  
14 nection with any such program or activity be-  
15 cause of race, color, religion, sex, (except as  
16 otherwise permitted under title IX of the Edu-  
17 cation Amendments of 1972), national origin,  
18 age, disability, or political affiliation.

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

1 carrying on by such corporation, association,  
2 educational institution, or society of its activi-  
3 ties Such recipients shall comply with the other  
4 requirements contained in subparagraph (A).”.

5 **SEC. 128. ADMINISTRATIVE PROVISIONS.**

6 (a) PROGRAM YEAR.—Section 189(g)(1) (29 U.S.C.  
7 2939(g)(1)) is amended to read as follows:

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

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), in the matter pre-  
20 ceding clause (i), by inserting “, or in accordance  
21 with subparagraph (D),” after “subparagraph (B)”;  
22 and

23 (2) by adding the following subparagraph:

24 “(D) EXPEDITED PROCESS FOR EXTEND-  
25 ING APPROVED WAIVERS TO ADDITIONAL

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

12 **SEC. 129. GENERAL PROGRAM REQUIREMENTS.**

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

15 “(14) Funds provided under this title shall not  
16 be used to establish or operate stand-alone fee-for-  
17 service enterprises that compete with private sector  
18 employment agencies within the meaning of section  
19 701(c) of the Civil Rights Act of 1964 (42 U.S.C.  
20 2000e(c)). For purposes of this paragraph, such an  
21 enterprise does not include one-stop centers.”.

1     **TITLE II—ADULT EDUCATION**  
 2     **PART A—ADULT BASIC SKILLS AND FAMILY**  
 3             **LITERACY EDUCATION**

4     **SEC. 201. TABLE OF CONTENTS.**

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

“TITLE II—ADULT BASIC SKILLS AND FAMILY LITERACY EDUCATION

“Sec. 201. Short title.

“Sec. 202. Purpose.

“Sec. 203. Definitions.

“Sec. 204. Home schools.

“Sec. 205. Authorization of appropriations.

“CHAPTER 1—FEDERAL PROVISIONS

“Sec. 211. Reservation of funds; grants to eligible agencies; allotments.

“Sec. 212. Performance accountability system.

“Sec. 213. Incentive grants for States.

“CHAPTER 2—STATE PROVISIONS

“Sec. 221. State administration.

“Sec. 222. State distribution of funds; matching requirement.

“Sec. 223. State leadership activities.

“Sec. 224. State plan.

“Sec. 225. Programs for corrections education and other institutionalized  
 individuals.

“CHAPTER 3—LOCAL PROVISIONS

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

“Sec. 232. Local application.

“Sec. 233. Local administrative cost limits.

“CHAPTER 4—GENERAL PROVISIONS

“Sec. 241. Administrative provisions.

“Sec. 242. National Institute for Literacy.

“Sec. 243. National leadership activities.

7     **SEC. 202. AMENDMENT.**

8             Title II is amended to read as follows:

1 **“TITLE II—ADULT BASIC SKILLS**  
2 **AND FAMILY LITERACY EDU-**  
3 **CATION**

4 **“SEC. 201. SHORT TITLE.**

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

7 **“SEC. 202. PURPOSE.**

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

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

18 “(2) assist adults in the completion of a sec-  
19 ondary school education (or its equivalent) and the  
20 transition to a postsecondary educational institution;

21 “(3) increase the basic reading, writing, speak-  
22 ing, and math skills of parents to enable them to  
23 support the educational development of their chil-  
24 dren and make informed choices regarding their  
25 children’s education; and

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

6   **“SEC. 203. DEFINITIONS.**

7           “In this title:

8           “(1) ADULT BASIC SKILLS AND FAMILY LIT-  
9           ERACY EDUCATION PROGRAMS.—The term ‘adult  
10          basic skills and family literacy education programs’  
11          means a sequence of academic instruction and edu-  
12          cational services below the postsecondary level that  
13          increase an individual’s ability to read, write, and  
14          speak in English and perform mathematical com-  
15          putations leading to a level of proficiency equivalent  
16          to secondary school completion that is provided for  
17          individuals—

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

19                   “(B) who are not enrolled or required to be  
20                   enrolled in secondary school under State law;  
21                   and

22                   “(C) who—

23                           “(i) lack sufficient mastery of basic  
24                           reading, writing, speaking, and math skills

1 to enable the individuals to function effec-  
2 tively in society;

3 “(ii) do not have a secondary school  
4 diploma or the General Equivalency Di-  
5 ploma (GED) (including recognized alter-  
6 native standards for individuals with dis-  
7 abilities), and have not achieved an equiva-  
8 lent level of education; or

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

11 “(2) ELIGIBLE AGENCY.—The term ‘eligible  
12 agency’—

13 “(A) means the sole entity or agency in a  
14 State or an outlying area responsible for admin-  
15 istering or supervising policy for adult basic  
16 skills and family literacy education programs in  
17 the State or outlying area, respectively, con-  
18 sistent with the law of the State or outlying  
19 area, respectively; and

20 “(B) may be the State educational agency,  
21 the State agency responsible for administering  
22 workforce investment activities, or the State  
23 agency responsible for administering community  
24 or technical colleges.

1           “(3) ELIGIBLE PROVIDER.—The term ‘eligible  
2 provider’ means—

3           “(A) a local educational agency;

4           “(B) a community-based or faith-based or-  
5 ganization of demonstrated effectiveness;

6           “(C) a volunteer literacy organization of  
7 demonstrated effectiveness;

8           “(D) an institution of higher education;

9           “(E) a public or private educational agen-  
10 cy;

11           “(F) a library;

12           “(G) a public housing authority;

13           “(H) an institution that is not described in  
14 any of subparagraphs (A) through (G) and has  
15 the ability to provide adult basic skills and fam-  
16 ily literacy education programs to adults and  
17 families; or

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

22           “(4) ENGLISH LANGUAGE ACQUISITION PRO-  
23 GRAM.—The term ‘English language acquisition pro-  
24 gram’ means a program of instruction designed to  
25 help individuals with limited English proficiency

1 achieve competence in reading, writing, and speaking  
2 the English language.

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

8 “(6) FAMILY LITERACY EDUCATION PRO-  
9 GRAMS.—The term ‘family literacy education pro-  
10 grams’ means educational programs that—

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

14 “(B) are of sufficient intensity in terms of  
15 hours and of sufficient duration to make sus-  
16 tainable changes in a family, are based upon  
17 scientific research-based principles, and for the  
18 purpose of substantially increasing the ability of  
19 parents and children to read, write, and speak  
20 English integrate—

21 “(i) interactive literacy activities be-  
22 tween parents and their children;

23 “(ii) training for parents regarding  
24 how to be the primary teacher for their

1 children and full partners in the education  
2 of their children;

3 “(iii) parent literacy training that  
4 leads to economic self-sufficiency; and

5 “(iv) an age-appropriate education to  
6 prepare children for success in school and  
7 life experiences.

8 “(7) GOVERNOR.—The term ‘Governor’ means  
9 the chief executive officer of a State or outlying  
10 area.

11 “(8) INDIVIDUAL WITH A DISABILITY.—

12 “(A) IN GENERAL.—The term ‘individual  
13 with a disability’ means an individual with any  
14 disability (as defined in section 3 of the Ameri-  
15 cans with Disabilities Act of 1990).

16 “(B) INDIVIDUALS WITH DISABILITIES.—

17 The term ‘individuals with disabilities’ means  
18 more than one individual with a disability.

19 “(9) INDIVIDUAL WITH LIMITED ENGLISH PRO-  
20 FICIENCY.—The term ‘individual with limited  
21 English proficiency’ means an adult or out-of-school  
22 youth who has limited ability in reading, writing,  
23 speaking, or understanding the English language,  
24 and—

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

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

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

10           “(11) LITERACY.—The term ‘literacy’ means an  
11           individual’s ability to read, write, and speak in  
12           English, compute, and solve problems proficiently.

13           “(12) LOCAL EDUCATIONAL AGENCY.—The  
14           term ‘local educational agency’ has the meaning  
15           given to that term in section 9101 of the Elemen-  
16           tary and Secondary Education Act of 1965.

17           “(13) OUTLYING AREA.—The term ‘outlying  
18           area’ has the meaning given to that term in section  
19           101 of this Act.

20           “(14) POSTSECONDARY EDUCATIONAL INSTITU-  
21           TION.—The term ‘postsecondary educational institu-  
22           tion’ means—

23           “(A) an institution of higher education  
24           that provides not less than a 2-year program of

1 instruction that is acceptable for credit toward  
2 a bachelor's degree;

3 “(B) a tribally controlled community col-  
4 lege; or

5 “(C) a nonprofit educational institution of-  
6 fering certificate or apprenticeship programs at  
7 the postsecondary level.

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

11 “(16) SCIENTIFICALLY BASED READING RE-  
12 SEARCH.—The term ‘scientifically based reading re-  
13 search’ has the meaning given to that term in sec-  
14 tion 1208 of the Elementary and Secondary Edu-  
15 cation Act of 1965.

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

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

21 “(19) STATE EDUCATIONAL AGENCY.—The  
22 term ‘State educational agency’ has the meaning  
23 given to that term in section 9101 of the Elemen-  
24 tary and Secondary Education Act of 1965.



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

3           “(2) shall reserve 1.75 percent to carry out sec-  
4           tion 242; and

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

7           “(b) GRANTS TO ELIGIBLE AGENCIES.—

8           “(1) IN GENERAL.—From the sums appro-  
9           priated under section 205 and not reserved under  
10          subsection (a) for a fiscal year, the Secretary shall  
11          award a grant to each eligible agency having a State  
12          plan approved under section 224 in an amount equal  
13          to the sum of the initial allotment under subsection  
14          (c)(1) and the additional allotment under subsection  
15          (c)(2) for the eligible agency for the fiscal year, sub-  
16          ject to subsections (f) and (g).

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

21          “(c) ALLOTMENTS.—

22          “(1) INITIAL ALLOTMENTS.—From the sums  
23          appropriated under section 205 and not reserved  
24          under subsection (a) for a fiscal year, the Secretary

1 shall allot to each eligible agency having a State  
2 plan approved under section 224—

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

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

7 “(2) ADDITIONAL ALLOTMENTS.—From the  
8 sums appropriated under section 205, not reserved  
9 under subsection (a), and not allotted under para-  
10 graph (1), for a fiscal year, the Secretary shall allot  
11 to each eligible agency that receives an initial allot-  
12 ment under paragraph (1) an additional amount  
13 that bears the same relationship to such sums as the  
14 number of qualifying adults in the State or outlying  
15 area served by the eligible agency bears to the num-  
16 ber of such adults in all States and outlying areas.

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

20 “(1) is at least 16 years of age;

21 “(2) is beyond the age of compulsory school at-  
22 tendance under the law of the State or outlying  
23 area;

24 “(3) does not have a secondary school diploma  
25 or the General Equivalency Diploma (GED) (includ-

1 ing recognized alternative standards for individuals  
2 with disabilities); and

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

4 “(e) SPECIAL RULE.—

5 “(1) IN GENERAL.—From amounts made avail-  
6 able under subsection (c) for the Republic of the  
7 Marshall Islands, the Federated States of Micro-  
8 nesia, and the Republic of Palau, the Secretary shall  
9 award grants to Guam, American Samoa, the Com-  
10 monwealth of the Northern Mariana Islands, the Re-  
11 public of the Marshall Islands, the Federated States  
12 of Micronesia, or the Republic of Palau to carry out  
13 activities described in this title in accordance with  
14 the provisions of this title as determined by the Sec-  
15 retary.

16 “(2) TERMINATION OF ELIGIBILITY.—Notwith-  
17 standing any other provision of law, the Republic of  
18 the Marshall Islands, the Federated States of Micro-  
19 nesia, and the Republic of Palau shall be eligible to  
20 receive a grant under this title until an agreement  
21 for the extension of United States education assist-  
22 ance under the Compact of Free Association for  
23 each of the Freely Associated States becomes effec-  
24 tive.

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

7           “(f) HOLD-HARMLESS PROVISIONS.—

8           “(1) IN GENERAL.—Notwithstanding subsection  
9           (c), and subject to paragraphs (2) and (3), for fiscal  
10          year 2004 and each succeeding fiscal year, no eligi-  
11          ble agency shall receive an allotment under this title  
12          that is less than 90 percent of the allotment the eli-  
13          gible agency received for the preceding fiscal year  
14          under this title.

15          “(2) EXCEPTION.—An eligible agency that re-  
16          ceives for the preceding fiscal year only an initial al-  
17          lotment under subsection (c)(1) (and no additional  
18          allotment under subsection (c)(2)) shall receive an  
19          allotment equal to 100 percent of the initial allot-  
20          ment.

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

1       “(g) REALLOTMENT.—The portion of any eligible  
2 agency’s allotment under this title for a fiscal year that  
3 the Secretary determines will not be required for the pe-  
4 riod such allotment is available for carrying out activities  
5 under this title, shall be available for reallocation from  
6 time to time, on such dates during such period as the Sec-  
7 retary shall fix, to other eligible agencies in proportion to  
8 the original allotments to such agencies under this title  
9 for such year.

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

11       “(a) PURPOSE.—The purpose of this section is to es-  
12 tablish a comprehensive performance accountability sys-  
13 tem, composed of the activities described in this section,  
14 to assess the effectiveness of eligible agencies in achieving  
15 continuous improvement of adult basic skills and family  
16 literacy education programs funded under this title, in  
17 order to optimize the return on investment of Federal  
18 funds in adult basic skills and family literacy education  
19 programs.

20       “(b) ELIGIBLE AGENCY PERFORMANCE MEAS-  
21 URES.—

22               “(1) IN GENERAL.—For each eligible agency,  
23 the eligible agency performance measures shall con-  
24 sist of—

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

3           “(ii) employment performance indicators  
4 identified by the eligible agency under para-  
5 graph (2)(B); and

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

9           “(2) INDICATORS OF PERFORMANCE.—

10           “(A) CORE INDICATORS OF PERFORM-  
11 ANCE.—The core indicators of performance  
12 shall include the following:

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

17           “(ii) Receipt of a secondary school di-  
18 ploma or the General Equivalency Diploma  
19 (GED) (including recognized alternative  
20 standards for individuals with disabilities).

21           “(iii) Placement in postsecondary edu-  
22 cation or other training programs.

23           “(B) EMPLOYMENT PERFORMANCE INDI-  
24 CATORS.—Consistent with applicable Federal  
25 and State privacy laws, an eligible agency shall

1 identify in the State plan the following indi-  
2 vidual participant employment performance in-  
3 dicators—

4 “(i) entry into employment;

5 “(ii) retention in employment; and

6 “(iii) increase in earnings.

7 “(3) LEVELS OF PERFORMANCE.—

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

10 “(i) IN GENERAL.—For each eligible  
11 agency submitting a State plan, there shall  
12 be established, in accordance with this sub-  
13 paragraph, levels of performance for each  
14 of the core indicators of performance de-  
15 scribed in paragraph (2)(A) for adult basic  
16 skills and family literacy education pro-  
17 grams authorized under this title. The lev-  
18 els of performance established under this  
19 subparagraph shall, at a minimum—

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

22 and

23 “(II) show the progress of the el-  
24 igible agency toward continuously and  
25 significantly improving the agency’s

1 performance outcomes in an objective,  
2 quantifiable, and measurable form.

3 “(ii) IDENTIFICATION IN STATE  
4 PLAN.—Each eligible agency shall identify,  
5 in the State plan submitted under section  
6 224, expected levels of performance for  
7 each of the core indicators of performance  
8 for the first 3 program years covered by  
9 the State plan.

10 “(iii) AGREEMENT ON ELIGIBLE  
11 AGENCY ADJUSTED LEVELS OF PERFORM-  
12 ANCE FOR FIRST 3 YEARS.—In order to en-  
13 sure an optimal return on the investment  
14 of Federal funds in adult basic skills and  
15 family literacy education programs author-  
16 ized under this title, the Secretary and  
17 each eligible agency shall reach agreement  
18 on levels of student proficiency for each of  
19 the core indicators of performance, for the  
20 first 3 program years covered by the State  
21 plan, taking into account the levels identi-  
22 fied in the State plan under clause (ii) and  
23 the factors described in clause (iv). The  
24 levels agreed to under this clause shall be  
25 considered to be the eligible agency ad-

1           justed levels of performance for the eligible  
2           agency for such years and shall be incor-  
3           porated into the State plan prior to the ap-  
4           proval of such plan.

5           “(iv) FACTORS.—The agreement de-  
6           scribed in clause (iii) or (v) shall take into  
7           account—

8                     “(I) how the levels involved com-  
9                     pare with the eligible agency’s ad-  
10                    justed levels of performance, taking  
11                    into account factors including the  
12                    characteristics of participants when  
13                    the participants entered the program;  
14                    and

15                   “(II) the extent to which such  
16                    levels promote continuous and signifi-  
17                    cant improvement in performance on  
18                    the student proficiency measures used  
19                    by such eligible agency and ensure op-  
20                    timal return on the investment of  
21                    Federal funds.

22           “(v) AGREEMENT ON ELIGIBLE AGEN-  
23           CY ADJUSTED LEVELS OF PERFORMANCE  
24           FOR SECOND 3 YEARS.—Prior to the fourth  
25           program year covered by the State plan,

1 the Secretary and each eligible agency  
2 shall reach agreement on levels of student  
3 proficiency for each of the core indicators  
4 of performance for the fourth, fifth, and  
5 sixth program years covered by the State  
6 plan, taking into account the factors de-  
7 scribed in clause (iv). The levels agreed to  
8 under this clause shall be considered to be  
9 the eligible agency adjusted levels of per-  
10 formance for the eligible agency for such  
11 years and shall be incorporated into the  
12 State plan.

13 “(vi) REVISIONS.—If unanticipated  
14 circumstances arise in a State resulting in  
15 a significant change in the factors de-  
16 scribed in clause (iv)(I), the eligible agency  
17 may request that the eligible agency ad-  
18 justed levels of performance agreed to  
19 under clause (iii) or (v) be revised.

20 “(B) LEVELS OF EMPLOYMENT PERFORM-  
21 ANCE.—The eligible agency shall identify, in the  
22 State plan, eligible agency levels of performance  
23 for each of the employment performance indica-  
24 tors described in paragraph (2)(B). Such levels  
25 shall be considered to be eligible agency ad-

1           justed levels of performance for purposes of this  
2           title.

3           “(c) REPORT.—

4           “(1) IN GENERAL.—Each eligible agency that  
5           receives a grant under section 211(b) shall annually  
6           prepare and submit to the Secretary, the Governor,  
7           the State legislature, eligible providers, and the gen-  
8           eral public within the State, a report on the progress  
9           of the eligible agency in achieving eligible agency  
10          performance measures, including the following:

11                   “(A) Information on the levels of perform-  
12                   ance achieved by the eligible agency with re-  
13                   spect to the core indicators of performance and  
14                   employment performance indicators.

15                   “(B) The number and type of each eligible  
16                   provider that receives funding under such  
17                   grant.

18           “(2) INFORMATION DISSEMINATION.—The Sec-  
19          retary—

20                   “(A) shall make the information contained  
21                   in such reports available to the general public  
22                   through publication and other appropriate  
23                   methods;

24                   “(B) shall disseminate State-by-State com-  
25                   parisons of the information; and

1           “(C) shall provide the appropriate commit-  
2           tees of the Congress with copies of such re-  
3           ports.

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

5           “(a) IN GENERAL.—From funds appropriated under  
6           section 211(a)(2), the Secretary may award grants to  
7           States for exemplary performance in carrying out pro-  
8           grams under this title. Such awards shall be based on  
9           States meeting or exceeding the core indicators of per-  
10          formance established under section 212(b)(2)(A) and may  
11          be based on the performance of the State in serving popu-  
12          lations, such as those described in section 224(b)(10), in-  
13          cluding the levels of service provided and the performance  
14          outcomes, and such other factors relating to the perform-  
15          ance of the State under this title as the Secretary deter-  
16          mines appropriate.

17          “(b) USE OF FUNDS.—The funds awarded to a State  
18          under this paragraph may be used to carry out any activi-  
19          ties authorized under this title, including demonstrations  
20          and innovative programs for hard-to-serve populations.

21           **“CHAPTER 2—STATE PROVISIONS**

22   **“SEC. 221. STATE ADMINISTRATION.**

23          “Each eligible agency shall be responsible for the fol-  
24          lowing activities under this title:

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

3           “(2) Consultation with other appropriate agen-  
4           cies, groups, and individuals that are involved in, or  
5           interested in, the development and implementation  
6           of activities assisted under this title.

7           “(3) Coordination and avoidance of duplication  
8           with other Federal and State education, training,  
9           corrections, public housing, and social service pro-  
10          grams.

11 **“SEC. 222. STATE DISTRIBUTION OF FUNDS; MATCHING RE-**  
12 **QUIREMENT.**

13          “(a) STATE DISTRIBUTION OF FUNDS.—Each eligi-  
14          ble agency receiving a grant under this title for a fiscal  
15          year—

16               “(1) shall use an amount not less than 82.5  
17               percent of the grant funds to award grants and con-  
18               tracts under section 231 and to carry out section  
19               225, of which not more than 10 percent of such  
20               amount shall be available to carry out section 225;

21               “(2) shall use not more than 12.5 percent of  
22               the grant funds to carry out State leadership activi-  
23               ties under section 223; and

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

4           “(b) MATCHING REQUIREMENT.—

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

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

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

23           “(2) NON-FEDERAL CONTRIBUTION.—An eligi-  
24 ble agency’s non-Federal contribution required under  
25 paragraph (1) may be provided in cash or in kind,

1 fairly evaluated, and shall include only non-Federal  
2 funds that are used for adult basic skills and family  
3 literacy education programs in a manner that is con-  
4 sistent with the purpose of this title.

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

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

10 “(1) The establishment or operation of profes-  
11 sional development programs to improve the quality  
12 of instruction provided pursuant to local activities  
13 required under section 231(b), including instruction  
14 incorporating the essential components of reading  
15 instruction and instruction provided by volunteers or  
16 by personnel of a State or outlying area.

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

23 “(3) The provision of assistance to eligible pro-  
24 viders in developing, implementing, and reporting

1 measurable progress in achieving the objectives of  
2 this title.

3 “(4) The provision of technology assistance, in-  
4 cluding staff training, to eligible providers of adult  
5 basic skills and family literacy education programs,  
6 including distance learning activities, to enable the  
7 eligible providers to improve the quality of such ac-  
8 tivities.

9 “(5) The development and implementation of  
10 technology applications or distance learning, includ-  
11 ing professional development to support the use of  
12 instructional technology.

13 “(6) Coordination with other public programs,  
14 including welfare-to-work, workforce development,  
15 and job training programs.

16 “(7) Coordination with existing support serv-  
17 ices, such as transportation, child care, and other  
18 assistance designed to increase rates of enrollment  
19 in, and successful completion of, adult basic skills  
20 and family literacy education programs, for adults  
21 enrolled in such activities.

22 “(8) The development and implementation of a  
23 system to assist in the transition from adult basic  
24 education to postsecondary education.

1           “(9) Activities to promote workplace literacy  
2 programs.

3           “(10) Activities to promote and complement  
4 local outreach initiatives described in section 243(7).

5           “(11) Other activities of statewide significance,  
6 including assisting eligible agencies in achieving  
7 progress in improving the skill levels of adults who  
8 participate in programs under this title.

9           “(b) COORDINATION.—In carrying out this section,  
10 eligible agencies shall coordinate where possible, and avoid  
11 duplicating efforts, in order to maximize the impact of the  
12 activities described in subsection (a).

13           “(c) STATE-IMPOSED REQUIREMENTS.—Whenever a  
14 State or outlying area implements any rule or policy relat-  
15 ing to the administration or operation of a program au-  
16 thorized under this title that has the effect of imposing  
17 a requirement that is not imposed under Federal law (in-  
18 cluding any rule or policy based on a State or outlying  
19 area interpretation of a Federal statute, regulation, or  
20 guideline), the State or outlying area shall identify, to eli-  
21 gible providers, the rule or policy as being imposed by the  
22 State or outlying area.

23 **“SEC. 224. STATE PLAN.**

24           “(a) 6-YEAR PLANS.—

1           “(1) IN GENERAL.—Each eligible agency desir-  
2           ing a grant under this title for any fiscal year shall  
3           submit to, or have on file with, the Secretary a 6-  
4           year State plan.

5           “(2) COMPREHENSIVE PLAN OR APPLICA-  
6           TION.—The eligible agency may submit the State  
7           plan as part of a comprehensive plan or application  
8           for Federal education assistance.

9           “(b) PLAN CONTENTS.—The eligible agency shall in-  
10          clude in the State plan or any revisions to the State plan—

11           “(1) an objective assessment of the needs of in-  
12           dividuals in the State or outlying area for adult  
13           basic skills and family literacy education programs,  
14           including individuals most in need or hardest to  
15           serve;

16           “(2) a description of the adult basic skills and  
17           family literacy education programs that will be car-  
18           ried out with funds received under this title;

19           “(3) a description of how the eligible agency  
20           will evaluate and measure annually the effectiveness  
21           and improvement of the adult basic skills and family  
22           literacy education programs based on the perform-  
23           ance measures described in section 212 including—

1           “(A) how the eligible agency will evaluate  
2           and measure annually such effectiveness on a  
3           grant-by-grant basis; and

4           “(B) how the eligible agency—

5           “(i) will hold eligible providers ac-  
6           countable regarding the progress of such  
7           providers in improving the academic  
8           achievement of participants in adult edu-  
9           cation programs under this title and re-  
10          garding the core indicators of performance  
11          described in section 212(b)(2)(A); and

12          “(ii) will use technical assistance,  
13          sanctions, and rewards (including alloca-  
14          tion of grant funds based on performance  
15          and termination of grant funds based on  
16          nonperformance);

17          “(4) a description of the performance measures  
18          described in section 212 and how such performance  
19          measures have significantly improved adult basic  
20          skills and family literacy education programs in the  
21          State or outlying area;

22          “(5) an assurance that the eligible agency will,  
23          in addition to meeting all of the other requirements  
24          of this title, award not less than one grant under  
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 basic  
6           skills and family literacy education programs;  
7           and

8           “(B) attempts to coordinate with support  
9           services that are not provided under this title  
10          prior to using funds for adult basic skills and  
11          family literacy education programs provided  
12          under this title for support services;

13          “(6) an assurance that the funds received under  
14          this title will not be expended for any purpose other  
15          than for activities under this title;

16          “(7) a description of how the eligible agency  
17          will fund local activities in accordance with the  
18          measurable goals described in section 231(d);

19          “(8) an assurance that the eligible agency will  
20          expend the funds under this title only in a manner  
21          consistent with fiscal requirements in section 241;

22          “(9) a description of the process that will be  
23          used for public participation and comment with re-  
24          spect to the State plan, which process—

1           “(A) shall include consultation with the  
2 State workforce investment board, the State  
3 board responsible for administering community  
4 or technical colleges, the Governor, the State  
5 educational agency, the State board or agency  
6 responsible for administering block grants for  
7 temporary assistance to needy families under  
8 title IV of the Social Security Act, the State  
9 council on disabilities, the State vocational re-  
10 habilitation agency, other State agencies that  
11 promote the improvement of adult basic skills  
12 and family literacy education programs, and di-  
13 rect providers of such programs; and

14           “(B) may include consultation with the  
15 State agency on higher education, institutions  
16 responsible for professional development of  
17 adult basic skills and family literacy education  
18 programs instructors, representatives of busi-  
19 ness and industry, refugee assistance programs,  
20 and faith-based organizations;

21           “(10) a description of the eligible agency’s  
22 strategies for serving populations that include, at a  
23 minimum—

24           “(A) low-income individuals;

25           “(B) individuals with disabilities;

1 “(C) the unemployed;

2 “(D) the underemployed; and

3 “(E) individuals with multiple barriers to  
4 educational enhancement, including individuals  
5 with limited English proficiency;

6 “(11) a description of how the adult basic skills  
7 and family literacy education programs that will be  
8 carried out with any funds received under this title  
9 will be integrated with other adult education, career  
10 development, and employment and training activities  
11 in the State or outlying area served by the eligible  
12 agency;

13 “(12) a description of the steps the eligible  
14 agency will take to ensure direct and equitable ac-  
15 cess, as required in section 231(c)(1), including—

16 “(A) how the State will build the capacity  
17 of community-based and faith-based organiza-  
18 tions to provide adult basic skills and family lit-  
19 eracy education programs; and

20 “(B) how the State will increase the par-  
21 ticipation of business and industry in adult  
22 basic skills and family literacy education pro-  
23 grams; and

24 “(13) a description of how the eligible agency  
25 will consult with any State agency responsible for

1 postsecondary education to develop adult education  
2 that prepares students to enter postsecondary edu-  
3 cation without the need for remediation upon com-  
4 pletion of secondary school equivalency programs.

5 “(c) PLAN REVISIONS.—When changes in conditions  
6 or other factors require substantial revisions to an ap-  
7 proved State plan, the eligible agency shall submit the re-  
8 visions of the State plan to the Secretary.

9 “(d) CONSULTATION.—The eligible agency shall—

10 “(1) submit the State plan, and any revisions to  
11 the State plan, to the Governor, the chief State  
12 school officer, or the State officer responsible for ad-  
13 ministering community or technical colleges, or out-  
14 lying area for review and comment; and

15 “(2) ensure that any comments regarding the  
16 State plan by the Governor, the chief State school  
17 officer, or the State officer responsible for admin-  
18 istering community or technical colleges, and any re-  
19 vision to the State plan, are submitted to the Sec-  
20 retary.

21 “(e) PLAN APPROVAL.—A State plan submitted to  
22 the Secretary shall be approved by the Secretary only if  
23 the plan is consistent with the specific provisions of this  
24 title.

1 **“SEC. 225. PROGRAMS FOR CORRECTIONS EDUCATION AND**  
2 **OTHER INSTITUTIONALIZED INDIVIDUALS.**

3 “(a) PROGRAM AUTHORIZED.—From funds made  
4 available under section 222(a)(1) for a fiscal year, each  
5 eligible agency shall carry out corrections education and  
6 education for other institutionalized individuals.

7 “(b) USES OF FUNDS.—The funds described in sub-  
8 section (a) shall be used for the cost of educational pro-  
9 grams for criminal offenders in correctional institutions  
10 and for other institutionalized individuals, including aca-  
11 demic programs for—

12 “(1) basic skills education;

13 “(2) special education programs as determined  
14 by the eligible agency;

15 “(3) reading, writing, speaking, and math pro-  
16 grams; and

17 “(4) secondary school credit or diploma pro-  
18 grams or their recognized equivalent.

19 “(c) PRIORITY.—Each eligible agency that is using  
20 assistance provided under this section to carry out a pro-  
21 gram for criminal offenders within a correctional institu-  
22 tion shall give priority to serving individuals who are likely  
23 to leave the correctional institution within 5 years of par-  
24 ticipation in the program.

25 “(d) DEFINITIONS.—For purposes of this section:

1           “(1) CORRECTIONAL INSTITUTION.—The term  
2           ‘correctional institution’ means any—

3                   “(A) prison;

4                   “(B) jail;

5                   “(C) reformatory;

6                   “(D) work farm;

7                   “(E) detention center; or

8                   “(F) halfway house, community-based re-  
9                   habilitation center, or any other similar institu-  
10                  tion designed for the confinement or rehabilita-  
11                  tion of criminal offenders.

12           “(2) CRIMINAL OFFENDER.—The term ‘crimi-  
13           nal offender’ means any individual who is charged  
14           with, or convicted of, any criminal offense.

### 15           **“CHAPTER 3—LOCAL PROVISIONS**

#### 16           **“SEC. 231. GRANTS AND CONTRACTS FOR ELIGIBLE PRO-** 17           **VIDERS.**

18           “(a) GRANTS AND CONTRACTS.—From grant funds  
19           made available under section 211(b), each eligible agency  
20           shall award multiyear grants or contracts, on a competi-  
21           tive basis, to eligible providers within the State or outlying  
22           area that meet the conditions and requirements of this  
23           title to enable the eligible providers to develop, implement,  
24           and improve adult basic skills and family literacy edu-  
25           cation programs within the State.

1       “(b) LOCAL ACTIVITIES.—The eligible agency shall  
2 require eligible providers receiving a grant or contract  
3 under subsection (a) to establish or operate one or more  
4 programs of instruction that provide services or instruc-  
5 tion in one or more of the following categories:

6           “(1) Adult basic skills and family literacy edu-  
7 cation programs (including proficiency in reading,  
8 writing, speaking, and math).

9           “(2) Workplace literacy programs.

10          “(3) English language acquisition programs.

11          “(4) Family literacy education programs.

12       “(c) DIRECT AND EQUITABLE ACCESS; SAME PROC-  
13 ESS.—Each eligible agency receiving funds under this title  
14 shall ensure that—

15           “(1) all eligible providers have direct and equi-  
16 table access to apply for grants or contracts under  
17 this section; and

18           “(2) the same grant or contract announcement  
19 process and application process is used for all eligi-  
20 ble providers in the State or outlying area.

21       “(d) MEASURABLE GOALS.—The eligible agency shall  
22 require eligible providers receiving a grant or contract  
23 under subsection (a) to demonstrate—

24           “(1) the eligible provider’s measurable goals for  
25 participant outcomes to be achieved annually on the

1 core indicators of performance and employment per-  
2 formance indicators described in section 212(b)(2);

3 “(2) the past effectiveness of the eligible pro-  
4 vider in improving the basic academic skills of adults  
5 and, for eligible providers receiving grants in the  
6 prior year, the success of the eligible provider receiv-  
7 ing funding under this title in meeting or exceeding  
8 its performance goals in the prior year;

9 “(3) the commitment of the eligible provider to  
10 serve individuals in the community who are the most  
11 in need of basic academic skills instruction services,  
12 including individuals who are low-income or have  
13 minimal reading, writing, speaking, and math skills,  
14 or limited English proficiency;

15 “(4) the program—

16 “(A) is of sufficient intensity and duration  
17 for participants to achieve substantial learning  
18 gains; and

19 “(B) uses instructional practices that in-  
20 clude the essential components of reading in-  
21 struction;

22 “(5) educational practices are based on scientif-  
23 ically based research;

1           “(6) the activities of the eligible provider effec-  
2           tively employ advances in technology, as appropriate,  
3           including the use of computers;

4           “(7) the activities provide instruction in real-life  
5           contexts, when appropriate and scientifically based,  
6           to ensure that an individual has the skills needed to  
7           compete in the workplace and exercise the rights and  
8           responsibilities of citizenship;

9           “(8) the activities are staffed by well-trained in-  
10          structors, counselors, and administrators;

11          “(9) the activities are coordinated with other  
12          available resources in the community, such as  
13          through strong links with elementary schools and  
14          secondary schools, postsecondary educational institu-  
15          tions, one-stop centers, job training programs, com-  
16          munity-based and faith-based organizations, and so-  
17          cial service agencies;

18          “(10) the activities offer flexible schedules and  
19          support services (such as child care and transpor-  
20          tation) that are necessary to enable individuals, in-  
21          cluding individuals with disabilities or other special  
22          needs, to attend and complete programs;

23          “(11) the activities include a high-quality infor-  
24          mation management system that has the capacity to  
25          report measurable participant outcomes and to mon-

1       itor program performance against the performance  
2       measures established by the eligible agency;

3           “(12) the local communities have a dem-  
4       onstrated need for additional English language ac-  
5       quisition programs;

6           “(13) the capacity of the eligible provider to  
7       produce valid information on performance results,  
8       including enrollments and measurable participant  
9       outcomes;

10          “(14) adult basic skills and family literacy edu-  
11       cation programs offer rigorous reading, writing,  
12       speaking, and math content that are based on sci-  
13       entific research; and

14          “(15) applications of technology, and services to  
15       be provided by the eligible providers, are of sufficient  
16       intensity and duration to increase the amount and  
17       quality of learning and lead to measurable learning  
18       gains within specified time periods.

19          “(e) SPECIAL RULE.—Eligible providers may use  
20       grant funds under this title to serve children participating  
21       in family literacy programs assisted under this part, pro-  
22       vided that other sources of funds available to provide simi-  
23       lar services for such children are used first.

1 **“SEC. 232. LOCAL APPLICATION.**

2 “Each eligible provider desiring a grant or contract  
3 under this title shall submit an application to the eligible  
4 agency containing such information and assurances as the  
5 eligible agency may require, including—

6 “(1) a description of how funds awarded under  
7 this title will be spent consistent with the require-  
8 ments of this title;

9 “(2) a description of any cooperative arrange-  
10 ments the eligible provider has with other agencies,  
11 institutions, or organizations for the delivery of  
12 adult basic skills and family literacy education pro-  
13 grams; and

14 “(3) each of the demonstrations required by  
15 section 231(d).

16 **“SEC. 233. LOCAL ADMINISTRATIVE COST LIMITS.**

17 “(a) IN GENERAL.—Subject to subsection (b), of the  
18 amount that is made available under this title to an eligi-  
19 ble provider—

20 “(1) at least 95 percent shall be expended for  
21 carrying out adult basic skills and family literacy  
22 education programs; and

23 “(2) the remaining amount shall be used for  
24 planning, administration, personnel and professional  
25 development, development of measurable goals in

1 reading, writing, speaking, and math, and inter-  
2 agency coordination.

3 “(b) SPECIAL RULE.—In cases where the cost limits  
4 described in subsection (a) are too restrictive to allow for  
5 adequate planning, administration, personnel develop-  
6 ment, and interagency coordination, the eligible provider  
7 may negotiate with the eligible agency in order to deter-  
8 mine an adequate level of funds to be used for noninstruc-  
9 tional purposes.

## 10 **“CHAPTER 4—GENERAL PROVISIONS**

### 11 **“SEC. 241. ADMINISTRATIVE PROVISIONS.**

12 “(a) SUPPLEMENT NOT SUPPLANT.—Funds made  
13 available for adult basic skills and family literacy edu-  
14 cation programs under this title shall supplement and not  
15 supplant other State or local public funds expended for  
16 adult basic skills and family literacy education programs.

17 “(b) MAINTENANCE OF EFFORT.—

18 “(1) IN GENERAL.—

19 “(A) DETERMINATION.—An eligible agency  
20 may receive funds under this title for any fiscal  
21 year if the Secretary finds that the fiscal effort  
22 per student or the aggregate expenditures of  
23 such eligible agency for activities under this  
24 title, in the second preceding fiscal year, were  
25 not less than 90 percent of the fiscal effort per

1 student or the aggregate expenditures of such  
2 eligible agency for adult basic skills and family  
3 literacy education programs, in the third pre-  
4 ceding fiscal year.

5 “(B) PROPORTIONATE REDUCTION.—Sub-  
6 ject to paragraphs (2), (3), and (4), for any fis-  
7 cal year with respect to which the Secretary de-  
8 termines under subparagraph (A) that the fiscal  
9 effort or the aggregate expenditures of an eligi-  
10 ble agency for the preceding program year were  
11 less than such effort or expenditures for the  
12 second preceding program year, the Secretary—

13 “(i) shall determine the percentage  
14 decreases in such effort or in such expendi-  
15 tures; and

16 “(ii) shall decrease the payment made  
17 under this title for such program year to  
18 the agency for adult basic skills and family  
19 literacy education programs by the lesser  
20 of such percentages.

21 “(2) COMPUTATION.—In computing the fiscal  
22 effort and aggregate expenditures under paragraph  
23 (1), the Secretary shall exclude capital expenditures  
24 and special one-time project costs.

1           “(3) DECREASE IN FEDERAL SUPPORT.—If the  
2           amount made available for adult basic skills and  
3           family literacy education programs under this title  
4           for a fiscal year is less than the amount made avail-  
5           able for adult basic skills and family literacy edu-  
6           cation programs under this title for the preceding  
7           fiscal year, then the fiscal effort per student and the  
8           aggregate expenditures of an eligible agency required  
9           in order to avoid a reduction under paragraph  
10          (1)(B) shall be decreased by the same percentage as  
11          the percentage decrease in the amount so made  
12          available.

13           “(4) WAIVER.—The Secretary may waive the  
14          requirements of this subsection for not more than 1  
15          fiscal year, if the Secretary determines that a waiver  
16          would be equitable due to exceptional or uncontrol-  
17          lable circumstances, such as a natural disaster or an  
18          unforeseen and precipitous decline in the financial  
19          resources of the State or outlying area of the eligible  
20          agency. If the Secretary grants a waiver under the  
21          preceding sentence for a fiscal year, the level of ef-  
22          fort required under paragraph (1) shall not be re-  
23          duced in the subsequent fiscal year because of the  
24          waiver.

1 **“SEC. 242. NATIONAL INSTITUTE FOR LITERACY.**

2 “(a) IN GENERAL.—

3 “(1) PURPOSE.—The purpose of the National  
4 Institute for Literacy is to promote the improvement  
5 of literacy, including skills in reading, writing, and  
6 English language acquisition for children, youth, and  
7 adults, through practices derived from the findings  
8 of scientifically based research.

9 “(2) ESTABLISHMENT.—There is established a  
10 National Institute for Literacy (in this section re-  
11 ferred to as the ‘Institute’). The Institute shall be  
12 administered under the terms of an interagency  
13 agreement entered into, reviewed annually, and  
14 modified as needed by the Secretary of Education  
15 with the Secretary of Health and Human Services  
16 and the Secretary of Labor (in this section referred  
17 to as the ‘Interagency Group’).

18 “(3) OFFICES.—The Institute shall have offices  
19 separate from the offices of the Department of Edu-  
20 cation, the Department of Health and Human Serv-  
21 ices, and the Department of Labor.

22 “(4) ADMINISTRATIVE SUPPORT.—The Depart-  
23 ment of Education shall provide administrative sup-  
24 port for the Institute.

1           “(5) DAILY OPERATIONS.—The Director of the  
2           Institute shall administer the daily operations of the  
3           Institute.

4           “(b) DUTIES.—

5           “(1) IN GENERAL.—To carry out its purpose,  
6           the Institute may—

7           “(A) identify rigorous scientific research  
8           on the effectiveness of instructional practices  
9           and organizational strategies relating to pro-  
10          grams on the acquisition of skills in reading,  
11          writing, and English language acquisition for  
12          children, youth, and adults;

13          “(B) create and widely disseminate mate-  
14          rials about the acquisition and application of  
15          skills in reading, writing, and English language  
16          acquisition for children, youth, and adults based  
17          on scientifically based research;

18          “(C) promote a broad understanding of  
19          scientifically based research on reading, writing,  
20          and English language acquisition for children,  
21          youth, and adults among Federal agencies with  
22          responsibilities for administering programs that  
23          provide related services;

24          “(D) facilitate coordination and informa-  
25          tion sharing among national organizations and

1           associations interested in programs that provide  
2           services to improve skills in reading, writing,  
3           and English language acquisition for children,  
4           youth, and adults;

5           “(E) work cooperatively with the appro-  
6           priate offices in the Department of Education,  
7           the Department of Health and Human Services,  
8           the Department of Labor, and other Federal  
9           agencies to apply the findings of scientifically  
10          based research related to programs on reading,  
11          writing, and English language acquisition for  
12          children, youth, and adults; and

13          “(F) establish a national electronic data-  
14          base and Internet site describing scientifically  
15          based programs on reading, writing, and  
16          English language acquisition for children,  
17          youth, and adults, including professional devel-  
18          opment programs.

19          “(2) COORDINATION.—In identifying scientif-  
20          ically based research on reading, writing, and  
21          English language acquisition for children, youth, and  
22          adults, the Institute shall use standards for research  
23          quality that are consistent with those established by  
24          the Institute of Education Sciences.

1           “(3) GRANTS, CONTRACTS, AND COOPERATIVE  
2 AGREEMENTS.—

3           “(A) IN GENERAL.—The Institute may  
4 award grants to, or enter into contracts or co-  
5 operative agreements with, individuals, public  
6 or private institutions, agencies, organizations,  
7 or consortia of such individuals, institutions,  
8 agencies, or organizations, to carry out the ac-  
9 tivities of the Institute.

10           “(B) REGULATIONS.—The Director may  
11 adopt the general administrative regulations of  
12 the Department of Education, as applicable, for  
13 use by the Institute.

14           “(C) RELATION TO OTHER LAWS.—The  
15 duties and powers of the Institute under this  
16 title are in addition to the duties and powers of  
17 the Institute under subparts 1, 2, and 3 of part  
18 B of the Elementary and Secondary Education  
19 Act of 1965 (commonly referred to as Reading  
20 First, Early Reading First, and the William F.  
21 Goodling Even Start Family Literacy Program,  
22 respectively).

23           “(c) VISITING SCHOLARS.—The Institute may estab-  
24 lish a visiting scholars program, with such stipends and

1 allowances as the Director considers necessary, for out-  
2 standing researchers, scholars, and individuals who—

3 “(1) have careers in adult education, workforce  
4 development, or scientifically based reading, writing,  
5 or English language acquisition; and

6 “(2) can assist the Institute in translating re-  
7 search into practice and providing analysis that ad-  
8 vances instruction in the fields of reading, writing,  
9 and English language acquisition for children, youth,  
10 and adults.

11 “(d) INTERNS AND VOLUNTEERS.—The Institute, in  
12 consultation with the National Institute for Literacy Advi-  
13 sory Board, may award paid and unpaid internships to  
14 individuals seeking to assist the Institute in carrying out  
15 its purpose. Notwithstanding section 1342 of title 31,  
16 United States Code, the Institute may accept and use vol-  
17 untary and uncompensated services as the Institute deter-  
18 mines necessary.

19 “(e) NATIONAL INSTITUTE FOR LITERACY ADVISORY  
20 BOARD.—

21 “(1) ESTABLISHMENT.—

22 “(A) IN GENERAL.—There shall be a Na-  
23 tional Institute for Literacy Advisory Board (in  
24 this section referred to as the ‘Board’), which  
25 shall consist of 7 individuals appointed by the

1           President with the advice and consent of the  
2           Senate.

3                   “(B) QUALIFICATIONS.—The Board shall  
4           be composed of individuals who—

5                           “(i) are not otherwise officers or em-  
6                           ployees of the Federal Government; and

7                           “(ii) are knowledgeable about current  
8                           successful scientific research findings on  
9                           instruction in reading, writing, and  
10                          English language acquisition for children,  
11                          youth, and adults.

12                   “(C) COMPOSITION.—The Board may in-  
13           clude—

14                           “(i) representatives of business, indus-  
15                           try, labor, literacy organizations, adult  
16                           education providers, community colleges,  
17                           and students with disabilities; and

18                           “(ii) individuals who, and representa-  
19                           tives of entities that, have been successful  
20                           in improving skills in reading, writing, and  
21                           English language acquisition for children,  
22                           youth, and adults.

23                   “(2) DUTIES.—The Board shall—

1           “(A) make recommendations to the Sec-  
2           retary of Education concerning the appointment  
3           of the Director of the Institute;

4           “(B) provide independent advice on the op-  
5           eration of the Institute;

6           “(C) receive reports from the Interagency  
7           Group and the Director; and

8           “(D) review the biennial report to the Con-  
9           gress under subsection (k).

10          “(3) FEDERAL ADVISORY COMMITTEE ACT.—  
11          Except as otherwise provided, the Board shall be  
12          subject to the provisions of the Federal Advisory  
13          Committee Act.

14          “(4) APPOINTMENTS.—

15          “(A) IN GENERAL.—Each member of the  
16          Board shall be appointed for a term of 3 years,  
17          except that the initial terms for members may  
18          be 1, 2, or 3 years in order to establish a rota-  
19          tion in which one-third of the members are se-  
20          lected each year. Any such member may be ap-  
21          pointed for not more than 2 consecutive terms.

22          “(B) VACANCIES.—Any member appointed  
23          to fill a vacancy occurring before the expiration  
24          of the term for which the member’s predecessor  
25          was appointed shall be appointed only for the

1 remainder of that term. A member may serve  
2 after the expiration of that member's term until  
3 a successor has taken office.

4 “(5) QUORUM.—A majority of the members of  
5 the Board shall constitute a quorum, but a lesser  
6 number may hold hearings. A recommendation of  
7 the Board may be passed only by a majority of the  
8 Board's members present at a meeting for which  
9 there is a quorum.

10 “(6) ELECTION OF OFFICERS.—The Chair-  
11 person and Vice Chairperson of the Board shall be  
12 elected by the members of the Board. The term of  
13 office of the Chairperson and Vice Chairperson shall  
14 be 2 years.

15 “(7) MEETINGS.—The Board shall meet at the  
16 call of the Chairperson or a majority of the members  
17 of the Board.

18 “(f) GIFTS, BEQUESTS, AND DEVISES.—

19 “(1) IN GENERAL.—The Institute may accept,  
20 administer, and use gifts or donations of services,  
21 money, or property, whether real or personal, tan-  
22 gible or intangible.

23 “(2) RULES.—The Board shall establish writ-  
24 ten rules setting forth the criteria to be used by the  
25 Institute in determining whether the acceptance of

1 contributions of services, money, or property whether  
2 real or personal, tangible or intangible, would reflect  
3 unfavorably upon the ability of the Institute or any  
4 employee to carry out the responsibilities of the In-  
5 stitute or employee, or official duties, in a fair and  
6 objective manner, or would compromise the integrity,  
7 or the appearance of the integrity, of the Institute's  
8 programs or any official involved in those programs.

9 “(g) **MAILS.**—The Board and the Institute may use  
10 the United States mails in the same manner and under  
11 the same conditions as other departments and agencies of  
12 the United States.

13 “(h) **DIRECTOR.**—The Secretary of Education, after  
14 considering recommendations made by the Board and con-  
15 sulting with the Interagency Group, shall appoint and fix  
16 the pay of the Director of the Institute and, when nec-  
17 essary, shall appoint an Interim Director of the Institute.

18 “(i) **APPLICABILITY OF CERTAIN CIVIL SERVICE**  
19 **LAWS.**—The Director and staff of the Institute may be  
20 appointed without regard to the provisions of title 5,  
21 United States Code, governing appointments in the com-  
22 petitive service, and may be paid without regard to the  
23 provisions of chapter 51 and subchapter III of chapter 53  
24 of that title relating to classification and General Schedule  
25 pay rates, except that an individual so appointed may not

1 receive pay in excess of the annual rate of basic pay pay-  
2 able for level IV of the Executive Schedule.

3 “(j) EXPERTS AND CONSULTANTS.—The Institute  
4 may procure temporary and intermittent services under  
5 section 3109(b) of title 5, United States Code.

6 “(k) BIENNIAL REPORT.—

7 “(1) IN GENERAL.—The Institute shall submit  
8 a report biennially to the Committee on Education  
9 and the Workforce of the House of Representatives  
10 and the Committee on Health, Education, Labor,  
11 and Pensions of the Senate. Each report submitted  
12 under this subsection shall include—

13 “(A) a comprehensive and detailed descrip-  
14 tion of the Institute’s operations, activities, fi-  
15 nancial condition, and accomplishments in iden-  
16 tifying and describing programs on reading,  
17 writing, and English language acquisition for  
18 children, youth, and adults for the period cov-  
19 ered by the report; and

20 “(B) a description of how plans for the op-  
21 eration of the Institute for the succeeding 2 fis-  
22 cal years will facilitate achievement of the pur-  
23 pose of the Institute.

24 “(2) FIRST REPORT.—The Institute shall sub-  
25 mit its first report under this subsection to the Con-

1       gress not later than 1 year after the date of the en-  
2       actment of the Job Training Improvement Act of  
3       2005.

4       “(1) FUNDING.—

5               “(1) ADDITIONAL FUNDING.—In addition to the  
6       funds authorized under section 205 and reserved for  
7       the Institute under section 211, the Secretary of  
8       Education, the Secretary of Health and Human  
9       Services, the Secretary of Labor, or the head of any  
10      other Federal agency or department that partici-  
11      pates in the activities of the Institute may provide  
12      funds to the Institute for activities that the Institute  
13      is authorized to perform under this section.

14   **“SEC. 243. NATIONAL LEADERSHIP ACTIVITIES.**

15       “The Secretary shall establish and carry out a pro-  
16      gram of national leadership activities that may include the  
17      following:

18               “(1) Technical assistance, on request, including  
19      assistance—

20                       “(A) on requests to volunteer community-  
21                      and faith-based organizations, including but not  
22                      limited to, improving their fiscal management,  
23                      research-based instruction, and reporting re-  
24                      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 skills and family literacy education pro-  
7 grams;

8 “(C) on adult education professional devel-  
9 opment; and

10 “(D) in using distance learning and im-  
11 proving the application of technology in the  
12 classroom.

13 “(2) Providing for the conduct of research on  
14 national literacy basic skill acquisition levels among  
15 adults, including the number of adults functioning at  
16 different levels of reading proficiency.

17 “(3) Improving the coordination, efficiency, and  
18 effectiveness of adult education and workforce devel-  
19 opment services at the national, State, and local lev-  
20 els.

21 “(4) Determining how participation in adult  
22 basic skills and family literacy education programs  
23 prepares individuals for entry into and success in  
24 postsecondary education and employment, and in the

1 case of prison-based services, the effect on recidi-  
2 vism.

3 “(5) Evaluating how different types of pro-  
4 viders, including community and faith-based organi-  
5 zations or private for-profit agencies measurably im-  
6 prove the skills of participants in adult basic skills  
7 and family literacy education programs.

8 “(6) Identifying model integrated basic and  
9 workplace skills education programs, coordinated lit-  
10 eracy and employment services, and effective strate-  
11 gies for serving adults with disabilities.

12 “(7) Supporting the development of an entity  
13 that would produce and distribute technology-based  
14 programs and materials for adult basic skills and  
15 family literacy education programs using an inter-  
16 communication system, as that term is defined in  
17 section 397 of the Communications Act of 1934, and  
18 expand the effective outreach and use of such pro-  
19 grams and materials to adult education eligible pro-  
20 viders.

21 “(8) Initiating other activities designed to im-  
22 prove the measurable quality and effectiveness of  
23 adult basic skills and family literacy education pro-  
24 grams nationwide.”.

1                   **PART B—GENERAL PROVISIONS**

2   **SEC. 211. TRANSITION.**

3           The Secretary shall take such actions as the Sec-  
4   retary determines to be appropriate to provide for the or-  
5   derly implementation of this title.

6                   **TITLE III—AMENDMENTS TO**  
7                   **THE WAGNER-PEYSER ACT**

8   **SEC. 301. AMENDMENTS TO THE WAGNER-PEYSER ACT.**

9           The Wagner-Peyser Act (29 U.S.C. 49 et. seq.) is  
10   amended—

11                   (1) by striking sections 1 through 13;

12                   (2) in section 14 by inserting “of Labor” after  
13   “Secretary”; and

14                   (3) by amending section 15 to read as follows:

15   **“SEC. 15. WORKFORCE AND LABOR MARKET INFORMATION**  
16                   **SYSTEM.**

17           “(a) SYSTEM CONTENT.—

18                   “(1) IN GENERAL.—The Secretary of Labor, in  
19   accordance with the provisions of this section, shall  
20   oversee the development, maintenance, and contin-  
21   uous improvement of a nationwide workforce and  
22   labor market information system that includes—

23                   “(A) statistical data from cooperative sta-  
24   tistical survey and projection programs and  
25   data from administrative reporting systems  
26   that, taken together, enumerate, estimate, and

1 project employment opportunities and condi-  
2 tions at national, State, and local levels in a  
3 timely manner, including statistics on—

4 “(i) employment and unemployment  
5 status of national, State, and local popu-  
6 lations, including self-employed, part-time,  
7 and seasonal workers;

8 “(ii) industrial distribution of occupa-  
9 tions, as well as current and projected em-  
10 ployment opportunities, wages, benefits  
11 (where data is available), and skill trends  
12 by occupation and industry, with particular  
13 attention paid to State and local condi-  
14 tions;

15 “(iii) the incidence of, industrial and  
16 geographical location of, and number of  
17 workers displaced by, permanent layoffs  
18 and plant closings; and

19 “(iv) employment and earnings infor-  
20 mation maintained in a longitudinal man-  
21 ner to be used for research and program  
22 evaluation;

23 “(B) information on State and local em-  
24 ployment opportunities, and other appropriate

1 statistical data related to labor market dynam-  
2 ics, which—

3 “(i) shall be current and comprehen-  
4 sive;

5 “(ii) shall meet the needs identified  
6 through the consultations described in sub-  
7 paragraphs (A) and (B) of subsection  
8 (e)(2); and

9 “(iii) shall meet the needs for the in-  
10 formation identified in section 134(d);

11 “(C) technical standards (which the Sec-  
12 retary shall publish annually) for data and in-  
13 formation described in subparagraphs (A) and  
14 (B) that, at a minimum, meet the criteria of  
15 chapter 35 of title 44, United States Code;

16 “(D) procedures to ensure compatibility  
17 and additivity of the data and information de-  
18 scribed in subparagraphs (A) and (B) from na-  
19 tional, State, and local levels;

20 “(E) procedures to support standardization  
21 and aggregation of data from administrative re-  
22 porting systems described in subparagraph (A)  
23 of employment-related programs;

1           “(F) analysis of data and information de-  
2           scribed in subparagraphs (A) and (B) for uses  
3           such as—

4                   “(i) national, State, and local policy-  
5                   making;

6                   “(ii) implementation of Federal poli-  
7                   cies (including allocation formulas);

8                   “(iii) program planning and evalua-  
9                   tion; and

10                   “(iv) researching labor market dynam-  
11                   ics;

12           “(G) wide dissemination of such data, in-  
13           formation, and analysis in a user-friendly man-  
14           ner and voluntary technical standards for dis-  
15           semination mechanisms; and

16                   “(H) programs of—

17                   “(i) training for effective data dis-  
18                   semination;

19                   “(ii) research and demonstration; and

20                   “(iii) programs and technical assist-  
21                   ance.

22           “(2) INFORMATION TO BE CONFIDENTIAL.—

23                   “(A) IN GENERAL.—No officer or em-  
24                   ployee of the Federal Government or agent of  
25                   the Federal Government may—

1           “(i) use any submission that is fur-  
2           nished for exclusively statistical purposes  
3           under the provisions of this section for any  
4           purpose other than the statistical purposes  
5           for which the submission is furnished;

6           “(ii) make any publication or media  
7           transmittal of the data contained in the  
8           submission described in clause (i) that per-  
9           mits information concerning individual  
10          subjects to be reasonably inferred by either  
11          direct or indirect means; or

12          “(iii) permit anyone other than a  
13          sworn officer, employee, or agent of any  
14          Federal department or agency, or a con-  
15          tractor (including an employee of a con-  
16          tractor) of such department or agency, to  
17          examine an individual submission described  
18          in clause (i);

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.

22          “(B) IMMUNITY FROM LEGAL PROCESS.—  
23          Any submission (including any data derived  
24          from the submission) that is collected and re-  
25          tained by a Federal department or agency, or

1 an officer, employee, agent, or contractor of  
2 such a department or agency, for exclusively  
3 statistical purposes under this section shall be  
4 immune from the legal process and shall not,  
5 without the consent of the individual, agency, or  
6 other person who is the subject of the submis-  
7 sion or provides that submission, be admitted  
8 as evidence or used for any purpose in any ac-  
9 tion, suit, or other judicial or administrative  
10 proceeding.

11 “(C) RULE OF CONSTRUCTION.—Nothing  
12 in this section shall be construed to provide im-  
13 munity from the legal process for such submis-  
14 sion (including any data derived from the sub-  
15 mission) if the submission is in the possession  
16 of any person, agency, or entity other than the  
17 Federal Government or an officer, employee,  
18 agent, or contractor of the Federal Government,  
19 or if the submission is independently collected,  
20 retained, or produced for purposes other than  
21 the purposes of this Act.

22 “(b) SYSTEM RESPONSIBILITIES.—

23 “(1) IN GENERAL.—The workforce and labor  
24 market information system described in subsection  
25 (a) shall be planned, administered, overseen, and

1 evaluated through a cooperative governance struc-  
2 ture involving the Federal Government and States.

3 “(2) DUTIES.—The Secretary, with respect to  
4 data collection, analysis, and dissemination of labor  
5 employment statistics for the system, shall carry out  
6 the following duties:

7 “(A) Assign responsibilities within the De-  
8 partment of Labor for elements of the work-  
9 force and labor market information system de-  
10 scribed in subsection (a) to ensure that all sta-  
11 tistical and administrative data collected is con-  
12 sistent with appropriate Bureau of Labor Sta-  
13 tistics standards and definitions.

14 “(B) Actively seek the cooperation of other  
15 Federal agencies to establish and maintain  
16 mechanisms for ensuring complementarity and  
17 nonduplication in the development and oper-  
18 ation of statistical and administrative data col-  
19 lection activities.

20 “(C) Eliminate gaps and duplication in  
21 statistical undertakings, with the systemization  
22 of wage surveys as an early priority.

23 “(D) In collaboration with the Bureau of  
24 Labor Statistics and States, develop and main-  
25 tain the elements of the workforce and labor

1 market information system described in sub-  
2 section (a), including the development of con-  
3 sistent procedures and definitions for use by the  
4 States in collecting the data and information  
5 described in subparagraphs (A) and (B) of sub-  
6 section (a)(1).

7 “(E) Establish procedures for the system  
8 to ensure that—

9 “(i) such data and information are  
10 timely;

11 “(ii) paperwork and reporting for the  
12 system are reduced to a minimum; and

13 “(iii) States and localities are fully in-  
14 volved in the development and continuous  
15 improvement of the system at all levels, in-  
16 cluding ensuring the provision, to such  
17 States and localities, of budget information  
18 necessary for carrying out their respon-  
19 sibilities under subsection (e).

20 “(c) NATIONAL ELECTRONIC TOOLS TO PROVIDE  
21 SERVICES.—The Secretary is authorized to assist in the  
22 development of national electronic tools that may be used  
23 to facilitate the delivery of core services described in sec-  
24 tion 134 and to provide workforce information to individ-

1 uals through the one-stop delivery systems described in sec-  
2 tion 121 and through other appropriate delivery systems.

3 “(d) COORDINATION WITH THE STATES.—

4 “(1) IN GENERAL.—The Secretary, working  
5 through the Bureau of Labor Statistics and the Em-  
6 ployment and Training Administration, shall regu-  
7 larly consult with representatives of State agencies  
8 carrying out workforce information activities regard-  
9 ing strategies for improving the workforce and labor  
10 market information system.

11 “(2) FORMAL CONSULTATIONS.—At least twice  
12 each year, the Secretary, working through the Bu-  
13 reau of Labor Statistics, shall conduct formal con-  
14 sultations regarding programs carried out by the  
15 Bureau of Labor Statistics with representatives of  
16 each of the 10 Federal regions of the Department of  
17 Labor, elected from the State directors affiliated  
18 with State agencies that perform the duties de-  
19 scribed in subsection (e)(2).

20 “(e) STATE RESPONSIBILITIES.—

21 “(1) DESIGNATION OF STATE AGENCY.—In  
22 order to receive Federal financial assistance under  
23 this section, the Governor of a State shall—

24 “(A) designate a single State agency to be  
25 responsible for the management of the portions

1 of the workforce and labor market information  
2 system described in subsection (a) that com-  
3 prise a statewide workforce and labor market  
4 information system and for the State's partici-  
5 pation in the development of the annual plan;  
6 and

7 “(B) establish a process for the oversight  
8 of such system.

9 “(2) DUTIES.—In order to receive Federal fi-  
10 nancial assistance under this section, the State agen-  
11 cy shall—

12 “(A) consult with State and local employ-  
13 ers, participants, and local workforce invest-  
14 ment boards about the labor market relevance  
15 of the data to be collected and disseminated  
16 through the statewide workforce and labor mar-  
17 ket information system;

18 “(B) consult with State educational agen-  
19 cies and local educational agencies concerning  
20 the provision of employment statistics in order  
21 to meet the needs of secondary school and post-  
22 secondary school students who seek such infor-  
23 mation;

24 “(C) collect and disseminate for the sys-  
25 tem, on behalf of the State and localities in the

1 State, the information and data described in  
2 subparagraphs (A) and (B) of subsection  
3 (a)(1);

4 “(D) maintain and continuously improve  
5 the statewide workforce and labor market infor-  
6 mation system in accordance with this section;

7 “(E) perform contract and grant respon-  
8 sibilities for data collection, analysis, and dis-  
9 semination for such system;

10 “(F) conduct such other data collection,  
11 analysis, and dissemination activities as will en-  
12 sure an effective statewide workforce and labor  
13 market information system;

14 “(G) actively seek the participation of  
15 other State and local agencies in data collec-  
16 tion, analysis, and dissemination activities in  
17 order to ensure complementarity, compatibility,  
18 and usefulness of data;

19 “(H) participate in the development of the  
20 annual plan described in subsection (c); and

21 “(I) utilize the quarterly records described  
22 in section 136(f)(2) of the Workforce Invest-  
23 ment Act of 1998 to assist the State and other  
24 States in measuring State progress on State  
25 performance measures.

1           “(3) RULE OF CONSTRUCTION.—Nothing in  
2           this section shall be construed as limiting the ability  
3           of a State agency to conduct additional data collec-  
4           tion, analysis, and dissemination activities with  
5           State funds or with Federal funds from sources  
6           other than this section.

7           “(f) NONDUPLICATION REQUIREMENT.—None of the  
8           functions and activities carried out pursuant to this sec-  
9           tion shall duplicate the functions and activities carried out  
10          under the Carl D. Perkins Vocational and Applied Tech-  
11          nology Education Act (20 U.S.C. 2301 et seq.).

12          “(g) AUTHORIZATION OF APPROPRIATIONS.—There  
13          are authorized to be appropriated to carry out this section  
14          such sums as may be necessary for each of the fiscal years  
15          2006 through 2011.

16          “(h) DEFINITION.—In this section, the term ‘local  
17          area’ means the smallest geographical area for which data  
18          can be produced with statistical reliability.”.

## 19       **TITLE IV—AMENDMENTS TO THE** 20       **REHABILITATION ACT OF 1973**

### 21       **SEC. 401. FINDINGS.**

22               Section 2(a) of the Rehabilitation Act of 1973 (29  
23       U.S.C. 701(a)) is amended—

24               (1) in paragraph (5), by striking “and” at the  
25       end;

1           (2) in paragraph (6), by striking the period and  
2           inserting “; and”; and

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

4           “(7) there is a substantial need to improve and  
5           expand services for students with disabilities under  
6           this Act.”.

7 **SEC. 402. REHABILITATION SERVICES ADMINISTRATION.**

8           Section 3(a) of the Rehabilitation Act of 1973 (29  
9 U.S.C. 702(a)) is amended—

10           (1) by striking “Office of the Secretary” and  
11           inserting “Department of Education”;

12           (2) by striking “President by and with the ad-  
13           vice and consent of the Senate” and inserting “Sec-  
14           retary, except that the current Commissioner ap-  
15           pointed under the authority existing on the day prior  
16           to the date of enactment of the Job Training Im-  
17           provement Act of 2005 may continue to serve in the  
18           former capacity”; and

19           (3) by striking “, and the Commissioner shall  
20           be the principal officer,”.

21 **SEC. 403. DIRECTOR.**

22           (a) IN GENERAL.—The Rehabilitation Act of 1973  
23 (29 U.S.C. 701 et seq.) is amended by striking “Commis-  
24 sioner” each place it appears, except in section 21, and  
25 inserting “Director”.

1 (b) EXCEPTION.—Section 21 of the Rehabilitation  
2 Act of 1973 (29 U.S.C. 718) is amended—

3 (1) in subsection (b)(1)—

4 (A) by striking “Commissioner” the first  
5 place it appears and inserting “Director of the  
6 Rehabilitation Services Administration”; and

7 (B) by striking “(referred to in this sub-  
8 section as the ‘Director’ ”; and

9 (2) by striking “Commissioner and the Direc-  
10 tor” each place it appears and inserting “both such  
11 Directors”.

12 **SEC. 404. DEFINITIONS.**

13 Section 7 of the Rehabilitation Act of 1973 (29  
14 U.S.C. 705) is amended—

15 (1) by redesignating paragraphs (35) through  
16 (39) as paragraphs (36), (37), (38), (40), and (41),  
17 respectively;

18 (2) in subparagraph (A)(ii) of paragraph (36)  
19 (as redesignated in paragraph (1)), by striking  
20 “paragraph (36)(C)” and inserting “paragraph  
21 (37)(C)”;

22 (3) by inserting after paragraph (34) the fol-  
23 lowing:

24 “(35)(A) The term ‘student with a disability’  
25 means an individual with a disability who—

1           “(i) is not younger than 16 and not older  
2 than 21;

3           “(ii) has been determined to be eligible  
4 under section 102(a) for assistance under this  
5 title; and

6           “(iii)(I) is eligible for, and is receiving,  
7 special education under part B of the Individ-  
8 uals with Disabilities Education Act (20 U.S.C.  
9 1411 et seq.); or

10           “(II) is an individual with a disability, for  
11 purposes of section 504.

12           “(B) The term ‘students with disabilities’  
13 means more than 1 student with a disability.’; and

14           (4) by inserting after paragraph (38) the fol-  
15 lowing:

16           “(39) The term ‘transition services expansion  
17 year’ means—

18           “(A) the first fiscal year for which the  
19 amount appropriated under section 100(b) ex-  
20 ceeds the amount appropriated under section  
21 100(b) for fiscal year 2004 by not less than  
22 \$100,000,000; and

23           “(B) each fiscal year subsequent to that  
24 first fiscal year.’.

1 **SEC. 405. STATE PLAN.**

2 (a) **COORDINATION WITH EDUCATION OFFICIALS.—**

3 Section 101(a) of the Rehabilitation Act of 1973 (29  
4 U.S.C. 721(a)) is amended—

5 (1) in paragraph (11)(D)(i) by inserting “,  
6 which may be provided using alternative means of  
7 meeting participation (such as video conferences and  
8 conference calls)” before the semicolon.

9 (b) **ASSESSMENT AND STRATEGIES.—**Section  
10 101(a)(15) of the Rehabilitation Act of 1973 (29 U.S.C.  
11 721(a)(15)) is amended—

12 (1) in subparagraph (A)

13 (A) in clause (i)—

14 (i) in subclause (II), by striking  
15 “and” at the end;

16 (ii) in subclause (III), by adding  
17 “and” at the end; and

18 (iii) by adding at the end the fol-  
19 lowing:

20 “(IV) in a transition services ex-  
21 pansion year, students with disabil-  
22 ities, including their need for transi-  
23 tion services;”; and

24 (B) by redesignating clauses (ii) and (iii)  
25 as clauses (iii) and (iv), respectively, and insert-  
26 ing after clause (i) the following:

1 “(ii) include an assessment of the transition services  
2 provided under this Act, and coordinated with transition  
3 services under the Individuals with Disabilities Education  
4 Act, as to those services meeting the needs of individuals  
5 with disabilities.”; and

6 (2) in subparagraph (D)—

7 (A) by redesignating clauses (iii), (iv), and  
8 (v) as clauses (iv), (v), and (vi), respectively;  
9 and

10 (B) by inserting after clause (ii) the fol-  
11 lowing:

12 “(iii) in a transition services expan-  
13 sion year, the methods to be used to im-  
14 prove and expand vocational rehabilitation  
15 services for students with disabilities, in-  
16 cluding the coordination of services de-  
17 signed to facilitate the transition of such  
18 students from the receipt of educational  
19 services in school to the receipt of voca-  
20 tional rehabilitation services under this  
21 title or to postsecondary education or em-  
22 ployment;”.

23 (c) SERVICES FOR STUDENTS WITH DISABILITIES.—  
24 Section 101(a) of the Rehabilitation Act of 1973 (29

1 U.S.C. 721(a)) is amended by adding at the end the fol-  
2 lowing:

3           “(25) SERVICES FOR STUDENTS WITH DISABIL-  
4 ITIES.—The State plan for a transition services ex-  
5 pansion year shall provide an assurance satisfactory  
6 to the Secretary that the State—

7           “(A) has developed and implemented strat-  
8 egies to address the needs identified in the as-  
9 sessment described in paragraph (15), and  
10 achieve the goals and priorities identified by the  
11 State, to improve and expand vocational reha-  
12 bilitation services for students with disabilities  
13 on a statewide basis in accordance with para-  
14 graph (15); and

15           “(B) from funds reserved under section  
16 110A, shall carry out programs or activities de-  
17 signed to improve and expand vocational reha-  
18 bilitation services for students with disabilities  
19 that—

20           “(i) facilitate the transition of the stu-  
21 dents with disabilities from the receipt of  
22 educational services in school, to the re-  
23 ceipt of vocational rehabilitation services  
24 under this title, including, at a minimum,

1 those services specified in the interagency  
2 agreement required in paragraph (11)(D);

3 “(ii) improve the achievement of post-  
4 school goals of students with disabilities,  
5 including improving the achievement  
6 through participation (as appropriate when  
7 vocational goals are discussed) in meetings  
8 regarding individualized education pro-  
9 grams developed under section 614 of the  
10 Individuals with Disabilities Education Act  
11 (20 U.S.C. 1414);

12 “(iii) provide vocational guidance, ca-  
13 reer exploration services, and job search  
14 skills and strategies and technical assist-  
15 ance to students with disabilities;

16 “(iv) support the provision of training  
17 and technical assistance to State and local  
18 educational agency and designated State  
19 agency personnel responsible for the plan-  
20 ning and provision of services to students  
21 with disabilities; and

22 “(v) support outreach activities to stu-  
23 dents with disabilities who are eligible for,  
24 and need, services under this title.”.

1 **SEC. 406. SCOPE OF SERVICES.**

2 Section 103 of the Rehabilitation Act of 1973 (29  
3 U.S.C. 723) is amended—

4 (1) in subsection (a), by striking paragraph  
5 (15) and inserting the following:

6 “(15) transition services for students with dis-  
7 abilities, that facilitate the achievement of the em-  
8 ployment outcome identified in the individualized  
9 plan for employment, including, in a transition serv-  
10 ices expansion year, services described in clauses (i)  
11 through (iii) of section 101(a)(25)(B);” and

12 (2) in subsection (b), by striking paragraph (6)  
13 and inserting the following:

14 “(6)(A)(i) Consultation and technical assistance  
15 services to assist State and local educational agen-  
16 cies in planning for the transition of students with  
17 disabilities from school to post-school activities, in-  
18 cluding employment.

19 “(ii) In a transition services expansion year,  
20 training and technical assistance described in section  
21 101(a)(25)(B)(iv).

22 Consultation and technical assistance services to assist  
23 State and local educational agencies in planning for the  
24 transition of students with disabilities from school to post-  
25 school activities, including employment.

1           “(B) In a transition services expansion year,  
2           services for groups of individuals with disabilities  
3           who meet the requirements of clauses (i) and (iii) of  
4           section 7(35)(A), including services described in  
5           clauses (i), (ii), (iii), and (v) of section  
6           101(a)(25)(B), to assist in the transition from  
7           school to post-school activities.”.

8 **SEC. 407. STANDARDS AND INDICATORS.**

9           Section 106(a) of the Rehabilitation Act of 1973 (29  
10 U.S.C. 726(a)) is amended by striking paragraph (1)(C)  
11 and all that follows through paragraph (2) and inserting  
12 the following:

13           “(2) MEASURES.—The standards and indica-  
14           tors shall include outcome and related measures of  
15           program performance that—

16                   “(A) facilitate the accomplishment of the  
17                   purpose and policy of this title;

18                   “(B) to the maximum extent practicable,  
19                   are consistent with the core indicators of per-  
20                   formance, and corresponding State adjusted lev-  
21                   els of performance, established under section  
22                   136(b) of the Workforce Investment Act of  
23                   1998 (29 U.S.C. 2871(b)); and

24                   “(C) include measures of the program’s  
25                   performance with respect to the transition to

1 post-school vocational activities, and achieve-  
2 ment of the post-school vocational goals, of stu-  
3 dents with disabilities served under the pro-  
4 gram.”.

5 **SEC. 408. RESERVATION FOR EXPANDED TRANSITION**  
6 **SERVICES.**

7 The Rehabilitation Act of 1973 is amended by insert-  
8 ing after section 110 (29 U.S.C. 730) the following:

9 **“SEC. 110A. RESERVATION FOR EXPANDED TRANSITION**  
10 **SERVICES.**

11 “(a) RESERVATION.—From the State allotment  
12 under section 110 in a transition services expansion year,  
13 each State shall reserve an amount calculated by the Com-  
14 missioner under subsection (b) to carry out programs and  
15 activities under sections 101(a)(25)(B) and 103(b)(6).

16 “(b) CALCULATION.—The Commissioner shall cal-  
17 culate the amount to be reserved for such programs and  
18 activities for a fiscal year by each State by multiplying  
19 \$50,000,000 by the percentage determined by dividing—

20 “(1) the amount allotted to that State under  
21 section 110 for the prior fiscal year; by

22 “(2) the total amount allotted to all States  
23 under section 110 for that prior fiscal year.”.

1 **SEC. 409. CHAIRPERSON.**

2 Section 705(b)(5) of the Rehabilitation Act of 1973  
3 (29 U.S.C. 796d(b)(5)) is amended to read as follows:

4 “(5) CHAIRPERSON.—The Council shall select a  
5 chairperson from among the voting membership of  
6 the Council.”.

7 **SEC. 410. AUTHORIZATIONS OF APPROPRIATIONS.**

8 The Rehabilitation Act of 1973 is further amended—

9 (1) in section 100(b)(1) by striking “fiscal  
10 years 1999 through 2003” and inserting “fiscal  
11 years 2006 through 2011”;

12 (2) in section 100(d)(1)(B) by striking “fiscal  
13 year 2003” and inserting “fiscal year 2009”;

14 (3) in section 110(c) by amending paragraph  
15 (2) to read as follows:

16 “(2) The sum referred to in paragraph (1) shall  
17 be, as determined by the Secretary, not less than 1  
18 percent and not more than 1.5 percent of the  
19 amount referred to in paragraph (1) for each of fis-  
20 cal years 2003 through 2011.”;

21 (4) in section 112(h) by striking “fiscal years  
22 1999 through 2003” and inserting “fiscal years  
23 2006 through 2011”;

24 (5) in section 201(a) by striking “fiscal years  
25 1999 through 2003” each place it appears and in-  
26 serting “fiscal years 2006 through 2011”;

1           (6) in section 302(i) by striking “fiscal years  
2           1999 through 2003” and inserting “fiscal years  
3           2006 through 2011”;

4           (7) in section 303(e) by striking “fiscal years  
5           1999 through 2003” and inserting “fiscal years  
6           2006 through 2011”;

7           (8) in section 304(b) by striking “fiscal years  
8           1999 through 2003” and inserting “fiscal years  
9           2006 through 2011”;

10          (9) in section 305(b) by striking “fiscal years  
11          1999 through 2003” and insert “fiscal years 2006  
12          through 2011”;

13          (10) in section 405 by striking “fiscal years  
14          1999 through 2003” and inserting “fiscal years  
15          2006 through 2011”;

16          (11) in section 502(j) by striking “fiscal years  
17          1999 through 2003” and inserting “fiscal years  
18          2006 through 2011”;

19          (12) in section 509(i) by striking “fiscal years  
20          1999 through 2003” and inserting “fiscal years  
21          2006 through 2011”;

22          (13) in section 612 by striking “fiscal years  
23          1999 through 2003” and inserting “fiscal years  
24          2006 through 2011”;

1           (14) in section 628 by striking “fiscal years  
2           1999 through 2003” and inserting “fiscal years  
3           2006 through 2011”;

4           (15) in section 714 by striking “fiscal years  
5           1999 through 2003” and inserting “fiscal years  
6           2006 through 2011”;

7           (16) in section 727 by striking “fiscal years  
8           1999 through 2003” and inserting “fiscal years  
9           2006 through 2011”; and

10           (17) in section 753 by striking “fiscal years  
11           1999 through 2003” and inserting “fiscal years  
12           2006 through 2011”.

13 **SEC. 411. CONFORMING AMENDMENT.**

14           Section 1(b) of the Rehabilitation Act of 1973 is  
15 amended by inserting after the item relating to section  
16 110 the following:

“Sec. 110A. Reservation for expanded transition services.”.

17 **SEC. 412. HELEN KELLER NATIONAL CENTER ACT.**

18           (a) GENERAL AUTHORIZATION OF APPROPRIA-  
19 TIONS.—The first sentence of section 205(a) of the Helen  
20 Keller National Center Act (29 U.S.C. 1904(a)) is amend-  
21 ed by striking “1999 through 2003” and inserting “2006  
22 through 2011”.

23           (b) HELEN KELLER NATIONAL CENTER FEDERAL  
24 ENDOWMENT FUND.—The first sentence of section  
25 208(h) of such Act (29 U.S.C. 1907(h)) is amended by

1 striking “1999 through 2003” and inserting “2006  
2 through 2011”.

3           **TITLE V—TRANSITION AND**  
4                           **EFFECTIVE DATE**

5 **SEC. 501. TRANSITION PROVISIONS.**

6           The Secretary of Labor shall take such actions as the  
7 Secretary determines to be appropriate to provide for the  
8 orderly implementation of this Act.

9 **SEC. 502. EFFECTIVE DATE.**

10          Except as otherwise provided in this Act, this Act and  
11 the amendments made by this Act, shall take effect on  
12 the date of enactment of this Act.

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