

104TH CONGRESS
1ST SESSION

H. R. 1617

To consolidate and reform workforce development and literacy programs,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 11, 1995

Mr. McKEON (for himself, Mr. GOODLING, Mr. CUNNINGHAM, Mr. GUNDERSON, Mr. RIGGS, Mr. DELAY, Mr. BOEHNER, Mr. KASICH, Mr. MCINTOSH, Mr. PETRI, Mrs. ROUKEMA, Mr. FUNDERBURK, Mr. SOUDER, Mr. FAWELL, Mr. BALLENGER, Mr. BARRETT of Nebraska, Mr. HOEKSTRA, Mr. CASTLE, Mrs. MEYERS of Kansas, Mr. SAM JOHNSON of Texas, Mr. TALENT, Mr. GREENWOOD, Mr. HUTCHINSON, Mr. KNOLLENBERG, Mr. GRAHAM, Mr. WELDON of Florida, Mr. NORWOOD, and Mr. DAVIS) introduced the following bill; which was referred to the Committee on Economic and Educational Opportunities

A BILL

To consolidate and reform workforce development and
literacy programs, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the—

5 (1) “Consolidated and Reformed Education,
6 Employment, and Rehabilitation Systems Act”; or

7 (2) “CAREERS Act”.

1 **SEC. 2. TABLE OF CONTENTS.**

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1 **SEC. 3. FINDINGS AND PURPOSE.**

2 (a) FINDINGS.—The Congress finds the following:

3 (1) The knowledge and skills of the United
4 States workforce are fundamental to the economic
5 competitiveness of the Nation today and in the fu-
6 ture, however, the United States does not currently

1 possess a comprehensive, effective, and efficient sys-
2 tem of workforce preparation and development.

3 (2) Due to global competition, emerging tech-
4 nologies in the workplace, the emergence of quality
5 managing, corporate realignments, and the loss of
6 many low-skilled jobs, United States workers will in-
7 creasingly need to enhance their skills on a continu-
8 ing, lifelong basis through such a workforce prepara-
9 tion and development system.

10 (3) Reports from the Comptroller General of
11 the United States have identified 163 different Fed-
12 eral programs, totaling \$20,000,000,000, and ad-
13 ministered by 14 different Federal agencies, that
14 offer some form of education, job training, or em-
15 ployment assistance to youths and adults.

16 (4) Such reports point to the many problems of
17 duplication and fragmentation that exist within the
18 varied Federal workforce preparation and develop-
19 ment programs, including—

20 (A) the additional costs of administering
21 overlapping workforce preparation and develop-
22 ment programs at the Federal, State, and local
23 levels which divert scarce resources that could
24 be better used to assist all individuals in pre-
25 paring for and entering the workforce; and

1 (B) conflicting eligibility requirements, an-
2 nual budgeting and operating cycles, planning
3 and reporting requirements, and performance
4 measurement systems which serve as barriers to
5 the integration of Federal workforce prepara-
6 tion and development programs and result in an
7 inefficient use of resources.

8 (5) Major goals of any reform of the Federal
9 workforce preparation and development system must
10 be—

11 (A) to streamline and consolidate individ-
12 ual workforce preparation and development pro-
13 grams, eliminating unnecessary duplication and
14 fragmentation in such programs;

15 (B) to provide maximum authority and re-
16 sponsibility to States and local communities for
17 operation of State and local workforce prepara-
18 tion and development programs;

19 (C) to stress private sector partnerships
20 and encourage increased leadership and respon-
21 sibility on the part of the private sector through
22 the use of creative incentives for investment in
23 workforce training (which may include reduced
24 regulatory burdens, tax incentives, and em-

1 employer loans for the training of incumbent work-
2 ers);

3 (D) to establish a system which is market-
4 driven, accountable, provides customer choice
5 and easy access to services, and reinforces indi-
6 vidual responsibility;

7 (E) to improve education, literacy, job
8 training, rehabilitation, and employment assist-
9 ance programs in the United States, encourag-
10 ing lifelong learning and skills upgrading
11 through a seamless system connecting elemen-
12 tary, secondary, postsecondary, rehabilitation,
13 adult, and work-based training and education;
14 and

15 (F) to establish a comprehensive, inte-
16 grated labor market information system to en-
17 sure that workforce preparation and develop-
18 ment programs are related to the demand for
19 particular skills in local labor markets, and to
20 ensure that information about the employment
21 and earnings of the local workforce, occupations
22 in demand, skill requirements for such occupa-
23 tions, and the performance of education, reha-
24 bilitation, and training providers, are available

1 to job seekers, employers, teachers, students,
2 and decision-makers.

3 (6) Early exposure to career opportunities can
4 enrich the education experience and provide incen-
5 tives for students to stay in school and achieve high-
6 er levels of learning.

7 (7) Millions of families in the United States are
8 trapped in a cycle of poverty, dependency, and inad-
9 equate education that is linked to illiteracy and low
10 educational achievement, for which adult education
11 and family literacy programs have been shown to be
12 successful in improving the educational attainment
13 and job skills of parents and their children, contrib-
14 uting to reductions in crime, welfare dependency,
15 and enhancing employment opportunities for such
16 individuals.

17 (8) In recent years, a number of innovative
18 States and local communities have begun successful
19 efforts to integrate Federal workforce preparation
20 and development programs through one-stop service
21 delivery systems, however, without exception, such
22 States and communities have experienced numerous
23 Federal barriers to such program integration.

24 (9) An extremely high percentage of Americans
25 with disabilities are unemployed, and need access to

1 high quality, specialized rehabilitation services that
2 lead to employment, independence, and full partici-
3 pation in the mainstream of life in America.

4 (b) PURPOSE.—The purpose of this Act is to trans-
5 form the vast array of Federal workforce development and
6 literacy programs from a collection of fragmented and du-
7 plicative categorical programs into a streamlined, com-
8 prehensive, coherent, high-quality, cost-effective, market-
9 based, and accountable Federal workforce development
10 and literacy system that is designed to meet the education,
11 employment, and training needs of the workforce and the
12 competitiveness needs of employers of the United States,
13 both today and in the future.

14 **SEC. 4. AUTHORIZATIONS OF APPROPRIATIONS.**

15 There are authorized to be appropriated to carry out
16 titles II through IV such sums as may be necessary for
17 each of the fiscal years 1997, 1998, 1999, 2000, 2001,
18 and 2002.

19 **SEC. 5. DEFINITIONS.**

20 For purposes of this Act:

21 (1) ADULT.—The term “adult” means an indi-
22 vidual who is 16 years of age, or beyond the age of
23 compulsory school attendance under State law, and
24 who is not enrolled or required to be enrolled in sec-
25 ondary school.

1 (2) ADULT EDUCATION.—The term “adult edu-
2 cation” means services or instruction below the post-
3 secondary level for adults—

4 (A) who are not enrolled in secondary
5 school;

6 (B) who lack sufficient mastery of basic
7 educational skills to enable them to function ef-
8 fectively in society or who do not have a certifi-
9 cate of graduation from a school providing sec-
10 ondary education and who have not achieved an
11 equivalent level of education;

12 (C) who are not currently required to be
13 enrolled in school; and

14 (D) whose lack of mastery of basic skills
15 results in an inability to speak, read, or write
16 the English language which constitutes a sub-
17 stantial impairment of their ability to get or re-
18 tain employment commensurate with their real
19 ability, and thus are in need of programs to
20 help eliminate such inability and raise the level
21 of education of such individuals with a view to
22 making them less likely to become dependent on
23 others.

1 (3) AREA VOCATIONAL EDUCATION SCHOOL.—
2 The term “area vocational education school”
3 means—

4 (A) a specialized high school used exclu-
5 sively or principally for the provision of voca-
6 tional education to individuals who are available
7 for study in preparation for entering the labor
8 market;

9 (B) the department of a high school exclu-
10 sively or principally used for providing voca-
11 tional education in not less than 5 different oc-
12 cupational fields to individuals who are avail-
13 able for study in preparation for entering the
14 labor market;

15 (C) a technical institute or vocational
16 school used exclusively or principally for the
17 provision of vocational education to individuals
18 who have completed or left high school and who
19 are available for study in preparation for enter-
20 ing the labor market; or

21 (D) the department or division of a junior
22 college, community college or university operat-
23 ing under the policies of the State board and
24 which provides vocational education in not less
25 than 5 different occupational fields leading to

1 immediate employment but not necessarily lead-
2 ing to a baccalaureate degree, if, in the case of
3 a school, department, or division described in
4 subparagraph (C) or this subparagraph, it ad-
5 mits as regular students both individuals who
6 have completed high school and individuals who
7 have left high school.

8 (4) AT-RISK YOUTH.—The term “at-risk youth”
9 means in-school youth who are determined to be at
10 risk of dropping out of school prior to receipt of a
11 high school diploma, out-of-school youth, and school
12 dropouts.

13 (5) CAREER EXPLORATION AND GUIDANCE
14 COUNSELING.—The term “career exploration and
15 guidance counseling” means programs—

16 (A) which pertain to the body of subject
17 matter and related techniques and methods or-
18 ganized for the development in individuals of
19 career awareness, career planning, career deci-
20 sionmaking, placement skills, and knowledge
21 and understanding of local, State, and national
22 occupational, educational, and labor market
23 needs, trends, and opportunities;

1 (B) which assist such individuals in mak-
2 ing and implementing informed educational and
3 occupational choices; and

4 (C) that begin not later than the sixth
5 grade.

6 (6) CASE MANAGEMENT.—The term “case man-
7 agement” means the provision of a client-centered
8 approach in the delivery of services designed to—

9 (A) prepare and coordinate comprehensive
10 employment plans, such as service strategies for
11 participants, to ensure access to necessary
12 training and supportive services, using where
13 feasible, computer-based technologies; and

14 (B) provide job and career counseling dur-
15 ing program participation and after job place-
16 ment.

17 (7) CHIEF ELECTED OFFICIAL.—The term
18 “chief elected official” means the chief elected execu-
19 tive officer of a unit of general local government in
20 a workforce development area.

21 (8) COMMUNITY-BASED ORGANIZATION.—The
22 term “community-based organization” means a pri-
23 vate nonprofit organization that is representative of
24 a community or significant segments of a community

1 that provides education, vocational rehabilitation, job
2 training, or internship services and programs.

3 (9) DISLOCATED WORKERS.—The term “dis-
4 located workers” means individuals who—

5 (A) have been terminated or laid off or
6 who have received a notice of termination or
7 layoff from employment, are eligible for or have
8 exhausted their entitlement to unemployment
9 compensation, and are unlikely to return to
10 their previous industry or occupation;

11 (B) have been terminated or have received
12 a notice of termination of employment, as a re-
13 sult of any permanent closure of or any sub-
14 stantial layoff at a plant, facility, or enterprise;

15 (C) are long-term unemployed and have
16 limited opportunities for employment or reem-
17 ployment in the same or a similar occupation in
18 the area in which such individuals reside, in-
19 cluding older individuals who may have sub-
20 stantial barriers to employment by reason of
21 age; or

22 (D) were self-employed (including farmers
23 and ranchers) who are unemployed as a result
24 of general economic conditions in the commu-
25 nity in which they reside or because of natural

1 disasters, subject to regulations prescribed by
2 the Secretary.

3 (10) EARNINGS.—The term “earnings” means
4 gross hourly wages before any deduction, plus the
5 estimated hourly value of bonuses, tips, gratuities,
6 commissions, and overtime pay either expected or re-
7 ceived. In the case of individuals in subsidized em-
8 ployment, total hourly earnings include any wage
9 subsidy paid to the individual.

10 (11) ECONOMIC DEVELOPMENT AGENCIES.—
11 The term “economic development agencies” means
12 State and local planning and zoning commissions or
13 boards, community development agencies, and other
14 State and local agencies and institutions responsible
15 for regulating, promoting, or assisting in State and
16 local economic development.

17 (12) ECONOMICALLY DISADVANTAGED.—The
18 term “economically disadvantaged” means an indi-
19 vidual who—

20 (A) receives, or is a member of a family
21 which receives, cash welfare payments under a
22 Federal, State, or local welfare program;

23 (B) has, or is a member of a family which
24 has, received a total family income for the 6-
25 month period prior to application for the pro-

1 gram involved (exclusive of unemployment com-
2 pensation, child support payments, and welfare
3 payments) which, in relation to family size, was
4 not in excess of the higher of—

5 (i) the official poverty line (as defined
6 by the Office of Management and Budget,
7 and revised annually in accordance with
8 section 673(2) of the Omnibus Budget
9 Reconciliation Act of 1981 (42 U.S.C.
10 9902(2)), or

11 (ii) 70 percent of the lower living
12 standard income level;

13 (C) is receiving (or has been determined
14 within the 6-month period prior to the applica-
15 tion for the program involved to be eligible to
16 receive) food stamps pursuant to the Food
17 Stamp Act of 1977;

18 (D) qualifies as a homeless individual
19 under subsections (a) and (c) of section 103 of
20 the Stewart B. McKinney Homeless Assistance
21 Act;

22 (E) is a foster child on behalf of whom
23 State or local government payments are made;

24 (F) in cases permitted by regulations of
25 the Secretary, is an individual with a disability

1 whose own income meets the requirements of
2 subparagraph (A) or (B), but who is a member
3 of a family whose income does not meet such
4 requirements; or

5 (G) is an individual meeting appropriate
6 criteria approved by a State.

7 (13) EMPLOYED.—The term “employed” means
8 an individual who is currently—

9 (A) a paid employee;

10 (B) works in his or her own business, pro-
11 fession, or farm;

12 (C) works 15 hours or more per week as
13 an unpaid worker in an enterprise operated by
14 a family member; or is one who is not working,
15 but has a job or business from which he or she
16 is temporarily absent due to illness, bad weath-
17 er, vacation, labor-management dispute, or per-
18 sonal reasons; or

19 (D) is active duty military.

20 (14) ENGLISH LITERACY PROGRAM.—The term
21 “English literacy program” means a program of in-
22 struction designed to help limited English proficient
23 adults, out-of-school youths, or both, achieve full
24 competence in the English language.

1 (15) EXCESS NUMBER.—The term “excess
2 number” means, with respect to the excess number
3 of unemployed individuals within a State, the num-
4 ber that represents the number of unemployed indi-
5 viduals in excess of 4.5 percent of the civilian labor
6 force in the State, or the number that represents the
7 number of unemployed individuals in excess of 4.5
8 percent of the civilian labor force in areas of sub-
9 stantial unemployment in such State.

10 (16) GOVERNOR.—The term “Governor” means
11 the chief executive of any State.

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

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

19 (B) who lives in a family or community en-
20 vironment where a language other than English
21 is the dominant language.

22 (18) INDIVIDUALS WITH DISABILITIES.—The
23 term “individuals with disabilities” has the meaning
24 given such term in the Vocational Rehabilitation Act
25 of 1973.

1 (19) INSTITUTION OF HIGHER EDUCATION.—

2 The term “institution of higher education” has the
3 meaning given such term in section 481 of the High-
4 er Education Act of 1965.

5 (20) INTERMEDIATE EDUCATIONAL AGENCY.—

6 The term “intermediate educational agency” means
7 a combination of school districts or counties (as de-
8 fined in section 14101 of the Elementary and Sec-
9 ondary Education Act of 1965) that is recognized in
10 a State as an administrative agency for such State’s
11 vocational or technical education schools or for voca-
12 tional programs within its public elementary or sec-
13 ondary schools. Such term includes any other public
14 institution or agency having administrative control
15 and direction over a public elementary or secondary
16 school.

17 (21) JOB SEARCH ASSISTANCE.—The term “job
18 search assistance” means a service that helps a job-
19 ready individual seek, locate, apply for, and obtain
20 employment. Such services may include, but are not
21 limited to, job-finding skills, orientation to the labor
22 market, resume preparation assistance, job finding
23 clubs, job search workshops, vocational exploration,
24 and other services.

1 (22) LABOR MARKET AREA.—The term “labor
2 market area” means an economically integrated geo-
3 graphic area within which individuals can reside and
4 find employment within a reasonable distance or can
5 readily change employment without changing their
6 place of residence. Such areas shall be identified in
7 accordance with criteria used by the Bureau of
8 Labor Statistics of the Department of Labor in de-
9 fining such areas or similar criteria established by a
10 Governor.

11 (23) LITERACY.—The term “literacy” means an
12 individual’s ability to read, write, and speak in Eng-
13 lish, and compute and solve problems, at levels of
14 proficiency necessary—

15 (A) to function on the job, in the individ-
16 ual’s family and in society;

17 (B) to achieve the individual’s goals; and

18 (C) to develop the individual’s knowledge
19 potential.

20 (24) LOCAL EDUCATIONAL AGENCY.—The term
21 “local educational agency” has the same meaning
22 given such term in section 14101 of the Elementary
23 and Secondary Education Act of 1965.

24 (25) NATIVE AMERICANS.—The term “Native
25 Americans” means individuals eligible for education,

1 employment, and job training assistance under title
2 III of this Act.

3 (26) ON-THE-JOB TRAINING.—The term “on-
4 the-job training” means training in the public or pri-
5 vate sector that is provided to a paid employee while
6 he or she is engaged in productive work that—

7 (A) provides knowledge or skills essential
8 to the full and adequate performance of the job;

9 (B) provides reimbursement to employers,
10 up to 50 percent of the participant’s wage rate,
11 for the costs of providing training and addi-
12 tional supervision; and

13 (C) is based on the Occupational Employ-
14 ment Statistics Program Dictionary.

15 (27) OUT-OF-SCHOOL YOUTH.—The term “out-
16 of-school youth” means a youth who is no longer at-
17 tending any school and who has not received a sec-
18 ondary school diploma or a certificate from a pro-
19 gram of equivalency for such a diploma.

20 (28) POSTSECONDARY EDUCATIONAL INSTITU-
21 TION.—The term “postsecondary educational institu-
22 tion” means an institution of higher education (as
23 such term is defined in section 481 of the Higher
24 Education Act of 1965) which continues to meet the

1 eligibility and certification requirements under title
2 IV of such Act (20 U.S.C. 1070 et seq.).

3 (29) PREEMPLOYMENT SKILLS TRAINING; JOB
4 READINESS SKILLS TRAINING.—The terms
5 “preemployment skills training” and “job readiness
6 skills training” mean training that helps prepare in-
7 dividuals for work by assuring that they are familiar
8 with general workplace expectations and exhibit
9 work behavior and attitudes necessary to compete
10 successfully in the job market.

11 (30) PUBLIC ASSISTANCE.—The term “public
12 assistance” means Federal, State, or local govern-
13 ment cash payments for which eligibility is deter-
14 mined by a needs or income test.

15 (31) RAPID RESPONSE.—The term “rapid re-
16 sponse” means assistance that is directly provided
17 by the State, or by local grantees with funds pro-
18 vided by the State, in the case of mass layoffs or
19 plant closures, that establishes on-site contact with
20 employer and employee representatives within a
21 short period of time (preferably 48 hours or less)
22 after becoming aware of a current or projected per-
23 manent closure or substantial layoff in order to—

24 (A) provide information on and facilitate
25 access to available public programs and services

1 for workers losing jobs as a result of such layoff
2 or closure;

3 (B) provide emergency assistance adapted
4 to the particular closure or layoff;

5 (C) promote the formation of labor-man-
6 agement committees, where appropriate;

7 (D) collect information related to economic
8 dislocation and available resources within the
9 State for dislocated workers;

10 (E) provide or obtain appropriate financial
11 and technical advice and liaison with economic
12 development agencies and other organizations
13 to assist in efforts to avert worker dislocation;
14 and

15 (F) assist the local community in develop-
16 ing its own coordinated response and in obtain-
17 ing access to State economic development as-
18 sistance.

19 (32) REGISTERED APPRENTICESHIP.—The term
20 “registered apprenticeship” means a program reg-
21 istered by the Bureau of Apprenticeship and Train-
22 ing in the United States Department of Labor, or a
23 State Apprenticeship Agency recognized and ap-
24 proved by the Bureau of Apprenticeship and Train-
25 ing as the appropriate body for State registration or

1 approval of local apprenticeship programs and agree-
2 ments.

3 (33) SCHOOL DROPOUT.—The term “school
4 dropout” means a youth who is no longer attending
5 any school and who has not received a secondary
6 school diploma or a certificate from a program of
7 equivalency for such a diploma.

8 (34) SKILL CERTIFICATE.—The term “skill cer-
9 tificate” means a portable, industry-recognized cre-
10 dential issued by programs authorized under this
11 Act, that certifies that an individual has mastered
12 skills at levels that are at least as challenging as
13 skill standards endorsed by the National Skill
14 Standards Board, except that until such skill stand-
15 ards are developed, the term “skill certificate”
16 means a credential issued under a process deter-
17 mined by the State.

18 (35) STATE.—The term “State” means any of
19 the several States, the District of Columbia, the
20 Commonwealth of Puerto Rico, the Virgin Islands,
21 American Samoa, Guam, and the Commonwealth of
22 the Northern Mariana Islands.

23 (36) STATE EDUCATIONAL AGENCY.—The term
24 “State educational agency” has the meaning given

1 such term in section 14101 of the Elementary and
2 Secondary Education Act of 1965.

3 (37) STATE LIBRARY ADMINISTRATIVE AGEN-
4 CY.—The term “State library administrative agen-
5 cy” means the official agency of a State charged by
6 the law of the State with the extension and develop-
7 ment of public library services throughout the State.

8 (38) SUPPORTIVE SERVICES.—The term “sup-
9 portive services” means services which are necessary
10 to enable an individual eligible for training under
11 this Act, but who cannot afford to pay for such serv-
12 ices, to participate in a training program funded
13 under this Act. Such supportive services may include
14 transportation, individual and family counseling,
15 special services and materials for individuals with
16 disabilities, child care and dependent care, meals,
17 temporary shelter, financial counseling, needs-based
18 payments, and other reasonable expenses required
19 for participation in a training program. Such serv-
20 ices may be provided in-kind or through cash assist-
21 ance, except that such services will be provided with
22 funds provided under this Act only after alternative
23 funding sources specifically designated for such serv-
24 ices have been exhausted.

1 (39) UNEMPLOYED.—The term “unemployed”
2 refers to an individual who is not employed, who is
3 available for work, and who has made specific efforts
4 to find a job within the prior 4 weeks. Included as
5 unemployed are individuals who are not working, are
6 available for work, and are waiting to be called back
7 to a job from which they have been laid off.

8 (40) UNIT OF GENERAL LOCAL GOVERN-
9 MENT.—The term “unit of general local govern-
10 ment” means any general purpose political subdivi-
11 sion of a State which has the power to levy taxes
12 and spend funds, as well as general corporate and
13 police powers.

14 (41) VETERAN.—The term “veteran” means an
15 individual who served in the active military, naval, or
16 air service, and who was discharged or released
17 therefrom under conditions other than dishonorable
18 discharge.

19 (42) WORK EXPERIENCE.—The term “work ex-
20 perience” means a time-limited work activity that
21 provides an individual with the opportunity to ac-
22 quire the general skills and knowledge necessary to
23 obtain employment.

24 (43) WORKPLACE MENTOR.—The term “work-
25 place mentor” means an employee or other individ-

1 ual, approved by the employer at a workplace, who
2 possesses the skills and knowledge to be mastered by
3 a student or program participant, and who instructs,
4 critiques the performance, and challenges the stu-
5 dent or program participant to perform well, and
6 works in consultation with classroom teachers, train-
7 ing providers, and the employer of the student or
8 program participant.

9 (44) YOUTH.—The term “youth” means an in-
10 dividual between the ages of 14 and 24.

11 **TITLE I—WORKFORCE DEVELOP-** 12 **MENT INFRASTRUCTURE**

13 **SEC. 101. PURPOSE OF TITLE.**

14 The purpose of this title is to provide for the estab-
15 lishment of an infrastructure within the States of a system
16 on which to build a comprehensive system of workforce
17 development and literacy.

18 **Subtitle A—State and Local** 19 **Responsibilities**

20 **SEC. 102. STATE REQUIREMENTS.**

21 (a) IN GENERAL.—For fiscal year 1997 and subse-
22 quent fiscal years, a State that desires to receive a grant
23 under one or more of the programs specified in subsection
24 (b) shall—

1 (1) establish a collaborative process, pursuant
2 to section 103;

3 (2) develop a State workforce development and
4 literacy plan, pursuant to section 104; and

5 (3) otherwise comply with the requirements of
6 this Act.

7 (b) WORKFORCE DEVELOPMENT AND LITERACY
8 PROGRAMS.—

9 (1) IN GENERAL.—The programs referred to in
10 subsection (a) are the following:

11 (A) The program under title II, the Youth
12 Workforce Preparation and Development Con-
13 solidation Grant.

14 (B) The program under title III, the Adult
15 Employment and Training Consolidation Grant.

16 (C) The program under title IV, the Adult
17 Education, Family Literacy, and Library Tech-
18 nology Consolidation Grant.

19 (D) The program amended by subtitle A of
20 title V (relating to title I of the Rehabilitation
21 Act of 1973).

22 (2) DEFINITION.—For purposes of this title,
23 the term “Workforce Development and Literacy pro-
24 grams” means the programs specified in paragraph
25 (1).

1 **SEC. 103. COLLABORATIVE PROCESS REGARDING STATE**
2 **SYSTEM.**

3 (a) IN GENERAL.—The Governor of a State that de-
4 sires to receive a grant under one or more of the programs
5 specified in section 102(b) shall certify to the Secretary
6 of Education and the Secretary of Labor that a collabo-
7 rative process, as described in subsection (b), has been
8 used in complying with the applicable provisions of this
9 Act.

10 (b) COLLABORATIVE PROCESS.—The collaborative
11 process referred to in subsection (a) is a process for mak-
12 ing decisions which includes as participants, at a mini-
13 mum, the Governor and—

14 (1) the lead State agency official or officials
15 for—

16 (A) the State educational agency;

17 (B) the State agency responsible for eco-
18 nomic development;

19 (C) the State agency responsible for em-
20 ployment;

21 (D) the State agency responsible for job
22 training;

23 (E) the State agency responsible for post-
24 secondary education;

25 (F) the State agency responsible for voca-
26 tional education;

1 (G) the State agency responsible for voca-
2 tional rehabilitation, and where applicable, the
3 State agency providing vocational rehabilitation
4 services for the blind;

5 (H) the State agency responsible for adult
6 education and literacy; and

7 (I) the State Library Administrative Agen-
8 cy; and

9 (2) representatives of the following (which rep-
10 resentatives are appointed by the Governor)—

11 (A) business and industry;

12 (B) locally elected officials;

13 (C) local educational agencies;

14 (D) postsecondary institutions; and

15 (E) the State rehabilitation advisory coun-
16 cil.

17 (c) RULE OF CONSTRUCTION.—With respect to com-
18 pliance with subsection (b), a State may use any existing
19 State process (including any council or similar entity) that
20 meets the requirements of such subsection.

21 **SEC. 104. CONSOLIDATED STATE WORKFORCE DEVELOP-**
22 **MENT AND LITERACY PLAN.**

23 (a) IN GENERAL.—The Governor of a State that de-
24 sires to receive a grant under one or more of the programs
25 specified in section 102(b) shall submit a State workforce

1 development and literacy plan that meets the requirements
2 of this section to—

3 (1) the Secretary of Education; and

4 (2) the Secretary of Labor.

5 (b) CONTENTS.—A State workforce development and
6 literacy plan shall include the following:

7 (1) A description of the collaborative process
8 under section 103 used in developing the plan.

9 (2) A statement of the goals of the State
10 workforce development and literacy system, that in-
11 cludes—

12 (A) an assessment of the needs of the
13 State with regard to current and projected de-
14 mands for workers by occupation, the skills and
15 education levels of the workforce, the skill and
16 economic development needs of the State, and
17 an assessment of the type and availability of
18 workforce development, adult education, and lit-
19 eracy programs in the State;

20 (B) the identification of progress indica-
21 tors, based on the performance measures de-
22 scribed in titles II through V and a model of
23 continuous improvement, that the State will use
24 to measure progress made by the State, local
25 workforce development boards, and local recipi-

1 ents of financial assistance under this Act in
2 meeting such goals; and

3 (C) a description of how performance
4 measures are consistent across the 4 grant pro-
5 grams established in titles II through V.

6 (3) A description of how the State has com-
7 plied, or will comply, with the provisions of sections
8 105 through 109.

9 (4) A description of how a State will participate
10 in the National Labor Market Information system
11 pursuant to subtitle B.

12 (5) Any information required to be included in
13 the plan under any of titles II through V (in the
14 case of a State that desires to receive a grant under
15 any such title).

16 (6) A description of the measures that will be
17 taken by the State to ensure coordination and con-
18 sistency and avoid duplication among programs re-
19 ceiving assistance under this Act, including a de-
20 scription of common data collection and reporting
21 processes (including the establishment of a common
22 management information system) across such pro-
23 grams.

24 (7) A description of the process used by the
25 State to provide an opportunity for public comment,

1 and input into the development of the plan, prior
2 to submission of the plan.

3 (8) Assurances that the State will provide for
4 fiscal control and fund accounting procedures that
5 may be necessary to ensure the proper disbursement
6 of, and accounting for, funds paid to the State
7 under this Act.

8 (c) AUTHORITY OF GOVERNOR.—If, after a reason-
9 able effort, a Governor is unable to obtain agreement
10 through the collaborative process described in subsection
11 (b)(1), the Governor shall have final authority to make
12 decisions and submit a plan for the design of a comprehen-
13 sive system of workforce development and literacy for the
14 State under subsection (a).

15 (d) MODIFICATIONS TO PLAN.—A plan submitted by
16 a State in accordance with this section remains in effect
17 until the State submits to the Secretary such modifica-
18 tions as the State determines necessary. This section ap-
19 plies to the modifications to the same extent and in the
20 same manner as this section applies to the original plan.

21 (e) ALLOCATION OF RESPONSIBILITIES OF SEC-
22 RETARIES.—The Secretary of Education and the Sec-
23 retary of Labor shall collaborate in establishing and using
24 a common procedure in making determinations regarding

1 compliance by the States with the requirements estab-
2 lished in this title.

3 **SEC. 105. DESIGNATION OF STATE ADMINISTRATIVE**
4 **AGENT.**

5 (a) DESIGNATION.—The Governor of a State that de-
6 sires to receive a grant under one or more of the programs
7 specified in section 102(b) shall, through the collaborative
8 process described in section 103, designate a State admin-
9 istrative agent for each grant requiring such an agent
10 under this Act. The Governor may designate the same ad-
11 ministrative agent to be responsible for more than one
12 such grant.

13 (b) DUTIES.—An administrative agent designated
14 under subsection (a) shall administer funds received under
15 this Act, including receipt, review, processing, monitoring,
16 progress and financial report review, technical assistance,
17 grant adjustments, accounting, auditing, and fund dis-
18 bursements.

19 **SEC. 106. ESTABLISHMENT OF WORKFORCE DEVELOPMENT**
20 **AREAS.**

21 (a) IDENTIFICATION OF AREAS.—The Governor of a
22 State that desires to receive a grant under one or more
23 of the programs specified in section 102(b) shall, through
24 the collaborative process established under section 103
25 and after consultation with locally elected officials, and

1 after consideration of comments received through the pub-
2 lic participation process as described in the State plan,
3 shall publish a proposed designation of local workforce de-
4 velopment areas within the State. Such areas shall be des-
5 ignated taking into consideration the following:

6 (1) Existing labor market areas.

7 (2) Units of general local government.

8 (3) Geographic areas served by local edu-
9 cational agencies and intermediate educational
10 agencies.

11 (4) Geographic areas served by postsecondary
12 institutions and area vocational education schools.

13 (5) Service delivery areas established under sec-
14 tion 101 of the Job Training Partnership Act (29
15 U.S.C. 1511) (as such Act was in effect on the day
16 before the date of the enactment of this Act).

17 (6) The distance that individuals will need to
18 travel to receive services from one-stop career cen-
19 ters.

20 **SEC. 107. PROVISIONS REGARDING LOCAL WORKFORCE DE-**
21 **VELOPMENT BOARDS.**

22 (a) IN GENERAL.—The Governor of a State that de-
23 sires to receive a grant under one or more of the programs
24 specified in section 102(b) shall ensure the establishment

1 of a local workforce development board in each local
2 workforce development area within the State.

3 (b) STATE CRITERIA.—The Governor, through the
4 collaborative process described under section 103, shall es-
5 tablish criteria for use by locally elected officials in the
6 workforce development area, in the selection of members
7 of local workforce development boards, in accordance with
8 requirements prescribed under subsections (c) and (d).

9 (c) REPRESENTATION REQUIREMENT.—Such criteria
10 shall require, at a minimum, that a local workforce devel-
11 opment board consist of—

12 (1) a majority of members who are representa-
13 tives of business and industry, including individuals
14 who are owners of businesses, chief executives or
15 chief operating officers of private business, and
16 other business executives with optimum policy-
17 making authority in local businesses, selected from
18 among a list of nominees submitted by local business
19 organizations and trade associations; and

20 (2) an individual or individuals with disabilities,
21 or their representatives.

22 (d) ESTABLISHMENT OF BOARD.—

23 (1) SELECTION OF BOARD MEMBERS.—

24 (A) SINGLE UNIT OF LOCAL GOVERNMENT
25 IN AREA.—In the case of a workforce develop-

1 ment area that is comprised of only one unit of
2 general local government, the chief elected offi-
3 cial of such unit shall select the members of the
4 local workforce development board for such
5 area, in accordance with the State criteria de-
6 veloped pursuant to subsection (b).

7 (B) MULTIPLE UNITS IN AREA.—In the
8 case of a workforce development area that is
9 comprised of more than one unit of general
10 local government, the chief elected official of
11 each such unit shall select the members of the
12 local workforce development board for such area
13 in accordance with an agreement entered into
14 by such officials, in accordance with the State
15 criteria developed under subsection (b).

16 (2) CERTIFICATION.—The Governor shall cer-
17 tify one local workforce development board for each
18 workforce development area by not later than Octo-
19 ber 1, 1996.

20 (e) DUTIES OF LOCAL WORKFORCE DEVELOPMENT
21 BOARD.—

22 (1) LOCAL WORKFORCE DEVELOPMENT
23 PLAN.—Each local workforce development board
24 shall develop a biennial strategic plan and provide
25 policy guidance with respect to workforce develop-

1 ment programs operated within their respective
2 workforce development areas. Such strategic plan
3 shall be consistent with the State's collaborative
4 workforce development and literacy plan and shall be
5 approved by the appropriate chief elected official or
6 officials. Such local plan shall include the following:

7 (A) Both short-term and long-term goals,
8 and related strategies, to ensure that workforce
9 preparation and development programs, includ-
10 ing programs established pursuant to this Act,
11 title I of the Rehabilitation Act of 1973, and
12 the Wagner Peyser Act, contribute to a coher-
13 ent workforce development system in the
14 workforce development area.

15 (B) A description of the performance
16 measures to be used by the local workforce de-
17 velopment board for measuring the performance
18 of local service providers under chapter 2 of
19 title II, title III, and title I of the Rehabilita-
20 tion Act of 1973, and the performance of one-
21 stop career center operators, with whom the
22 Board contracts.

23 (C) A description of the local one-stop ca-
24 reer center system to be established in the
25 workforce development area, including—

1 (i) a description of the process the
2 local workforce development board will use
3 to designate or establish career centers
4 which ensures that the most effective and
5 efficient service providers are chosen; and

6 (ii) an identification of the roles of in-
7 dividual workforce development programs,
8 including programs authorized by the Wag-
9 ner Peyser Act, and the process for deter-
10 mining the financial contribution that such
11 programs will make in the operation of the
12 career centers.

13 (D) A description of strategies the local
14 workforce development board will undertake to
15 fully involve local employers, local educational
16 agencies and postsecondary education institu-
17 tions, adult education and literacy providers,
18 local service providers, and other consumers, in-
19 cluding individuals with disabilities, in the de-
20 velopment of the workforce development system.

21 (E) Such other information as requested
22 by the State.

23 (2) IDENTIFICATION OF OCCUPATIONS IN DE-
24 MAND AND TRAINING NEEDS.—The local workforce
25 development board shall use available labor market

1 information and other appropriate methods in order
2 to identify and assess the needs of the workforce de-
3 velopment area with regard to—

4 (A) current and projected demand for
5 workers by occupation;

6 (B) skill levels of the local workforce and
7 the needs of business and industry for a skilled
8 workforce;

9 (C) economic development needs of the
10 area; and

11 (D) the type and availability of workforce
12 preparation and development programs in the
13 area.

14 Such information shall be used to develop the goals
15 of, and activities provided by the workforce develop-
16 ment programs in the local area.

17 (3) BUDGET AND PROGRAM OVERSIGHT.—

18 (A) BUDGETING.—

19 (i) The local workforce development
20 board, working through the State adminis-
21 trative agent designated pursuant to sec-
22 tion 105, shall develop a budget for the
23 purpose of carrying out local programs es-
24 tablished under chapter 2 of title II, title
25 III, and title I of the Rehabilitation Act of

1 1973, and for one-stop career center sys-
2 tems established or designated under sec-
3 tion 108.

4 (ii) Such budget shall be subject to
5 the approval of the appropriate chief elect-
6 ed official or officials in the workforce de-
7 velopment area.

8 (B) PROGRAM OVERSIGHT.—The local
9 workforce development board, in partnership
10 with the chief elected official or officials in the
11 workforce development area, shall conduct over-
12 sight of the workforce development programs
13 listed in subparagraph (A), of one-stop career
14 centers established under this title, and of pro-
15 grams established under the Wagner Peyser
16 Act.

17 (4) ADMINISTRATION.—

18 (A) FISCAL AGENT.—

19 (i) The local workforce development
20 board may receive and disburse funds
21 made available for carrying out programs
22 authorized under chapter 2 of title II, title
23 III, and title I of the Rehabilitation Act of
24 1973 of this Act, or to designate a fiscal
25 agent (which may include the State

1 through a mutual agreement between the
2 local board and the State), for the purpose
3 of disbursement of funds to one-stop cen-
4 ters and other service providers, as des-
5 ignated by the local workforce development
6 board.

7 (ii) The Board may employ its own
8 staff, independent of local programs and
9 service providers.

10 (B) LIMITATION.—The workforce develop-
11 ment board may not operate programs estab-
12 lished under this Act.

13 (C) CONFLICT OF INTEREST.—No member
14 of a workforce development board may cast a
15 vote on the provision of services by that mem-
16 ber (or any organization which that member di-
17 rectly represents) or vote on any matter that
18 would provide direct financial benefit to such
19 member.

20 (5) OTHER.—Each local workforce development
21 board shall carry out such other duties as deter-
22 mined to be appropriate by the Governor and the in-
23 dividuals and entities described in section 103,
24 through the collaborative process described in the
25 State plan.

1 **SEC. 108. ESTABLISHMENT OF ONE-STOP CAREER CENTER**
2 **SYSTEMS.**

3 (a) IN GENERAL.—The Governor of a State that de-
4 sires to receive a grant under one or more of the programs
5 specified in section 102(b) shall ensure that each local
6 workforce development board shall establish or designate
7 a one-stop career center system in the workforce develop-
8 ment area of such board, consistent with criteria estab-
9 lished under subsection (b), and not later than July 1,
10 1997.

11 (b) STATE CRITERIA.—The Governor, through the
12 collaborative process described under section 103, shall es-
13 tablish statewide criteria for use by local workforce devel-
14 opment boards in the designation or establishment of one-
15 stop career center systems to ensure that the most effec-
16 tive and efficient service providers are chosen. Such cri-
17 teria shall be consistent with the requirements prescribed
18 under subsection (c).

19 (c) ONE-STOP CAREER CENTER SYSTEM REQUIRE-
20 MENTS.—At a minimum, one-stop career center systems
21 shall include—

- 22 (1) common intake;
- 23 (2) preliminary assessment;
- 24 (3) integrated job development and placement
25 for multiple workforce development programs;

1 (4) unified and linked computer systems, in-
2 cluding the availability of labor market information
3 as described under subtitle B, and linkages through
4 uniform management information systems; and

5 (5) to the extent practicable, at least one phys-
6 ical, co-located site which provides comprehensive
7 and fully integrated workforce development services
8 to any individual seeking such services.

9 Local workforce development areas are encouraged to es-
10 tablish a network of comprehensive and fully-integrated
11 co-located one-stop career centers, combined with multiple
12 affiliated sites that are linked through electronic and tech-
13 nological access points.

14 (d) COMMON ACCESS.—Information pertaining to the
15 labor market which is compiled pursuant to the Wagner
16 Peyser Act, as described in subtitle B of this title, shall
17 be available, to the extent practicable, through integrated
18 electronic networks, at all one-stop career center systems.

19 (e) ELIGIBILITY FOR DESIGNATION.—Any entity or
20 consortium of entities located in the workforce develop-
21 ment area may be designated by the local workforce devel-
22 opment board to operate a one-stop career center or to
23 participate in a one-stop career center system. Such enti-
24 ties may include the following:

25 (1) Institutions of higher education.

1 (2) Local educational agencies.

2 (3) Area vocational education schools.

3 (4) Local employment service offices, estab-
4 lished under the Wagner Peyser Act.

5 (5) Private nonprofit organizations.

6 (6) Private for-profit entities.

7 (7) Agencies of local governments.

8 (8) Other interested organizations and entities
9 of demonstrated effectiveness, consistent with State
10 criteria established pursuant to subsection (b).

11 (f) DUTIES.—Each one-stop career center shall carry
12 out the following duties:

13 (1) PROVISION OF CORE SERVICES.—A center
14 shall make available the following information and
15 core services to individuals on a universal basis, in
16 the workforce development area in which such center
17 is located:

18 (A) Outreach and intake for services pro-
19 vided under chapter 2 of title II, title III, title
20 IV, and title I of the Rehabilitation Act of
21 1973.

22 (B) A preliminary assessment of the skill
23 levels and the need for services under chapter
24 2 of title II, title III, title IV, and title I of the
25 Rehabilitation Act of 1973 of individuals, which

1 may include such factors as basic skills, occupa-
2 tional skills, career development skills, prior
3 work experience, employability, interests, apti-
4 tudes, vocational rehabilitation needs, and sup-
5 portive service needs.

6 (C) Information relating to local and
7 State, and if appropriate, to regional or na-
8 tional, occupations in demand and skill require-
9 ments for such occupations.

10 (D) Information relating to youth services,
11 including information on at-risk youth
12 workforce development programs authorized
13 under title II, on school-to-work opportunities,
14 and on youth apprenticeship opportunities.

15 (E) Career counseling and career planning
16 based on a preliminary assessment of the indi-
17 vidual.

18 (F) Employability development services,
19 which may include assistance in the preparation
20 of a resume, job interview techniques, and work
21 department.

22 (G) Information related to vocational reha-
23 bilitation services, as provided for in title I of
24 the Rehabilitation Act of 1973.

1 (H) Information relating to federally fund-
2 ed education and job training programs (includ-
3 ing registered apprenticeships), and student aid
4 programs, including the eligibility requirements
5 of and services provided by such programs.

6 (I) Information on, and assistance in
7 accessing referral to additional services through
8 programs providing adult education and literacy
9 services, vocational rehabilitation, workforce
10 preparation and development, and supportive
11 services, including those programs authorized in
12 titles II through V, available in the workforce
13 development area.

14 (J) Information on the extent to which the
15 services provided under title II through V meet
16 or exceed the performance standards estab-
17 lished under section 108, and other information
18 as developed in the workforce development
19 areas consumer-feedback process.

20 (K) Information on industry-recognized
21 skill standards and assessments.

22 (L) Job listings for local labor market op-
23 portunities, and job search assistance.

24 (M) Acceptance of applications for unem-
25 ployment compensation.

1 (N) Other appropriate activities to assist
2 individuals into employment.

3 (2) DISTRIBUTION OF VOUCHERS.—A center
4 shall serve as the point of distribution of vouchers
5 for education, training, and vocational rehabilitation
6 services to eligible individuals in accordance with
7 section 109.

8 **SEC. 109. CERTIFICATION OF EDUCATION, TRAINING, AND**
9 **VOCATIONAL REHABILITATION SERVICE**
10 **PROVIDERS.**

11 (a) ELIGIBILITY REQUIREMENTS.—A provider of
12 education and training services shall be eligible to receive
13 funds under this title, through the receipt of vouchers, or
14 otherwise, if such provider—

15 (1) is either—

16 (A) eligible to participate in title IV of the
17 Higher Education Act of 1965, or

18 (B) determined to be eligible under the
19 procedures described in subsection (b); and

20 (2) provides the performance-based information
21 required pursuant to subsection (c).

22 (b) ALTERNATIVE ELIGIBILITY PROCEDURE.—(1)
23 The Governor shall establish an alternative eligibility pro-
24 cedure for providers of education and training services in
25 any State desiring to receive funds under titles III and

1 V, but that are not eligible to participate in title IV of
2 the Higher Education Act of 1965. Such procedure shall
3 establish minimum acceptable levels of performance for
4 such providers, and shall utilize local workforce develop-
5 ment boards, for the certification of providers of edu-
6 cation, training, and vocational rehabilitation services.

7 (2) Notwithstanding paragraph (1), if the participa-
8 tion of an institution of higher education in any of the
9 programs under such title of such Act is terminated, such
10 institution shall not be eligible to receive funds under this
11 Act for a period of two years.

12 (c) PERFORMANCE-BASED INFORMATION.—The
13 State shall identify performance-based information that is
14 to be submitted by providers of services desiring to be eli-
15 gible under this section. Such information may include in-
16 formation relating to—

17 (1) the percentage of students completing the
18 programs conducted by the provider;

19 (2) the rates of licensure of graduates of the
20 programs conducted by the provider;

21 (3) the percentage of graduates of the programs
22 meeting skill standards and certification require-
23 ments endorsed by the National Skill Standards
24 Board established under the Goals 2000: Educate
25 America Act;

1 (4) the rates of placement and retention in em-
2 ployment, and earnings of the graduates of the pro-
3 grams conducted by the provider;

4 (5) the percentage of students who obtained
5 employment in an occupation related to the program
6 conducted by the provider;

7 (6) the warranties or guarantees provided by
8 such provider relating to the skill levels or employ-
9 ment to be attained by students; and

10 (7) other information for providers of services
11 under title I of the Rehabilitation Act of 1973 that
12 reflects the goal of serving individuals with the most
13 severe disabilities.

14 (d) ADMINISTRATION.—

15 (1) STATE AGENCY.—The Governor shall des-
16 ignate a State agency to collect, verify, and dissemi-
17 nate the performance-based information submitted
18 pursuant to subsection (c).

19 (2) APPLICATION.—A provider of education and
20 training services that desires to be eligible to receive
21 funds under this title shall submit the information
22 required under subsection (c) to the State agency
23 designated under paragraph (1) at such time and in
24 such form as such State agency may require.

1 (3) LIST OF ELIGIBLE PROVIDERS.—The State
2 agency shall compile a list of eligible providers, ac-
3 companied by the performance-based information
4 submitted, and disseminate such list and informa-
5 tion to the local workforce development boards with-
6 in the State.

7 (4) ACCURACY OF INFORMATION.—

8 (A) IN GENERAL.—If the State agency de-
9 termines that information concerning a provider
10 is inaccurate, such provider shall be disqualified
11 from receiving funds under this title for a pe-
12 riod of two years, unless such provider can
13 demonstrate to the satisfaction of the Governor
14 or his or her designee, that the information was
15 provided in good faith.

16 (B) APPEAL.—The Governor shall estab-
17 lish a procedure for a service provider to appeal
18 a determination by a State agency that results
19 in a disqualification under subparagraph (A).
20 Such procedure shall provide an opportunity for
21 a hearing and prescribe appropriate time limits
22 to ensure prompt resolution of the appeal.

23 (5) ASSISTANCE IN DEVELOPING INFORMA-
24 TION.—The State agency established pursuant to
25 paragraph (1) may provide technical assistance to

1 education and training providers in developing the
2 information required under subsection (b). Such as-
3 sistance may include facilitating the utilization of
4 State administrative records, such as unemployment
5 compensation wage records, and other appropriate
6 coordination activities.

7 (e) ON-THE-JOB TRAINING EXCEPTION.—

8 (1) IN GENERAL.—Providers of on-the-job
9 training shall not be subject to the requirements of
10 subsections (a), (b), and (c).

11 (2) COLLECTION AND DISSEMINATION OF IN-
12 FORMATION.—The Workforce Development Board
13 shall collect such performance-based information
14 from on-the-job training providers as the Governor
15 may require, and shall disseminate such information
16 to the one-stop career centers.

17 **SEC. 110. MANAGEMENT INFORMATION SYSTEMS.**

18 (a) IN GENERAL.—Each State shall use a portion of
19 the funds it receives under this Act to design a unified
20 management information system.

21 (b) REQUIREMENTS.—Each unified management in-
22 formation system shall—

23 (1) notwithstanding any other provision of Fed-
24 eral law, be utilized for federally required fiscal re-

1 reporting and monitoring for each of the programs au-
2 thorized under this Act;

3 (2) be used by all agencies involved in
4 workforce development activities, including one-stop
5 career centers which shall have the capability to
6 track the overall public investments within the State
7 and workforce development areas, and to inform pol-
8 icymakers as to the results being achieved through
9 that investment;

10 (3) contain a common structure of financial re-
11 porting requirements, fiscal systems and monitoring
12 for all workforce development expenditures included
13 in the workforce development system that shall uti-
14 lize the common data elements and definitions in-
15 cluded in title I; and

16 (4) support local efforts to establish workforce
17 development systems, including intake and eligibility
18 determination for all services.

19 **Subtitle B—Amendments to** 20 **Wagner-Peyser Act**

21 **SEC. 131. GENERAL PROGRAM REQUIREMENTS.**

22 (a) PURPOSE.—Section 1 of the Act of June 6, 1933
23 (commonly known as the “Wagner-Peyser Act”; 29 U.S.C.
24 49) is amended by striking “public employment offices”

1 and inserting “local employment service offices open to the
2 public”.

3 (b) DEFINITIONS.—Section 2 of such Act (29 U.S.C.
4 49a) is amended—

5 (1) in paragraph (1), by striking “Job Training
6 Partnership Act” and inserting “Consolidated and
7 Reformed Education, Employment, and Rehabilita-
8 tion Systems Act”;

9 (2) in paragraph (2) to read as follows:

10 “(2) the term ‘local workforce development
11 board’ means a local workforce development board
12 established under title I of the Consolidated and Re-
13 formed Education, Employment, and Rehabilitation
14 Systems Act;”;

15 (3) in paragraph (4) to read as follows:

16 “(4) the term ‘local workforce development
17 area’ means a local workforce development area es-
18 tablished under title I of the Consolidated and Re-
19 formed Education, Employment, and Rehabilitation
20 Systems Act;”;

21 (4) in paragraph (5), by striking the period at
22 the end and inserting a semicolon; and

23 (5) by adding at the end the following new
24 paragraphs:

1 “(6) the term ‘local employment service office’
2 means an office which provides employment services
3 to the general public under a one-stop career center
4 system; and

5 “(7) the term ‘one-stop career center system’
6 means a one-stop career center system established
7 under title I of the Consolidated and Reformed Edu-
8 cation, Employment, and Rehabilitation Systems
9 Act.”.

10 (c) DUTIES.—Section 3(a) of such Act (29 U.S.C.
11 49b(a)) is amended to read as follows:

12 “(a) The Secretary of Labor shall—

13 “(1) assist in the coordination and development
14 of a nationwide system of labor exchange services for
15 the general public, provided through the one-stop ca-
16 reer center system;

17 “(2) assist in the development of performance
18 standards, benchmarks, and continuous improve-
19 ment models for such nationwide system which en-
20 sures private sector satisfaction and meets the de-
21 mands of jobseekers; and

22 “(3) ensure the continued services for individ-
23 uals receiving unemployment compensation.”.

24 (d) REQUIREMENTS FOR RECEIPT OF FUNDS.—Sec-
25 tion 4 of such Act (29 U.S.C. 49c) is amended by striking

1 “a State shall, through its legislature” and inserting “the
2 Governor of a State, through the collaborative process de-
3 scribed in title I of the Consolidated and Reformed Edu-
4 cation, Employment, and Rehabilitation Systems Act”.

5 (e) AUTHORIZATION OF APPROPRIATIONS.—Section
6 5 of such Act (29 U.S.C. 49d) is amended by inserting
7 before the period at the end the following: “, of which not
8 less than 25 percent shall be for carrying out title II of
9 this Act”.

10 (f) USE OF FUNDS UNDER THIS ACT.—Section
11 7(c)(2) of such Act (29 U.S.C. 49f(c)(2)) is amended by
12 striking “any of the following provisions of law” and all
13 that follows and inserting “the Consolidated and Re-
14 formed Education, Employment, and Rehabilitation Sys-
15 tems Act.”.

16 (g) STATE PLAN.—Section 8 of such Act (29 U.S.C.
17 49g) is amended—

18 (1) in subsection (a) to read as follows:

19 “(a) Any State desiring to receive assistance under
20 this Act shall submit to the Secretary, as part of the State
21 workforce development and literacy plan authorized under
22 title I of the Consolidated and Reformed Education, Em-
23 ployment, and Rehabilitation Systems Act, detailed plans
24 for carrying out the provisions of this Act within such
25 State.”;

1 (2) by striking subsections (b), (c), and (e); and
2 (3) by redesignating subsection (d) as sub-
3 section (b).

4 (h) ELIMINATION OF FEDERAL ADVISORY COUN-
5 CIL.—Section 11 of such Act (29 U.S.C. 49j) is hereby
6 repealed.

7 (i) CONFORMING AMENDMENTS.—

8 (1) After section 2 of such Act insert the fol-
9 lowing new heading:

10 **“TITLE I—GENERAL PROGRAM**
11 **REQUIREMENTS”.**

12 (2) Section 4 of such Act is amended by strik-
13 ing “United States Employment Service” and insert-
14 ing “Secretary of Labor”.

15 (3) Section 7(b) of such Act is amended—

16 (A) in paragraph (1), by striking “public
17 employment service offices” and inserting “local
18 employment service offices”; and

19 (B) in paragraph (2), by striking “private
20 industry council” and inserting “local workforce
21 development board”.

22 (4) Section 7(d) of such Act is amended—

23 (A) by striking “United States Employ-
24 ment Service” and inserting “Secretary of
25 Labor”; and

1 (B) by striking “Job Training Partnership
2 Act” and inserting “Consolidated and Reformed
3 Education, Employment, and Rehabilitation
4 Systems Act”.

5 (5) Section 12 of such Act is amended by strik-
6 ing “The Director, with the approval of the Sec-
7 retary of Labor,” and inserting “The Secretary of
8 Labor”.

9 **SEC. 132. LABOR MARKET INFORMATION.**

10 The Act of June 6, 1933 (commonly known as the
11 “Wagner-Peyser Act”; 29 U.S.C. 49), as amended by sec-
12 tion 131, is further by adding at the end the following
13 new title:

14 **“TITLE II—LABOR MARKET**
15 **INFORMATION**

16 **“SEC. 21. PURPOSE.**

17 “The purpose of this title is to ensure a comprehen-
18 sive and coordinated system of labor market information
19 which will provide locally based, accurate, up-to-date, eas-
20 ily accessible, and user friendly labor market information
21 through a cooperative Federal, State, and local governance
22 structure which includes partnerships with the private sec-
23 tor at all levels.

1 **“SEC. 22. SYSTEM CONTENT.**

2 “The Secretary of Labor, in accordance with the pro-
3 visions of this title, shall oversee the development, mainte-
4 nance, and continuous improvement of a nationwide sys-
5 tem of labor market information using data from all avail-
6 able and appropriate sources, which shall include—

7 “(1) statistical data from survey and projection
8 programs and data from administrative reporting
9 systems, which, taken together, shall enumerate, es-
10 timate, and project the supply and demand for labor
11 at national, State, and local levels in a timely man-
12 ner, including data on—

13 “(A) the demography, socioeconomic char-
14 acteristics, and current employment status of
15 the population, including self-employed, part-
16 time, and seasonal workers;

17 “(B) the job duties, education and training
18 requirements, skills, wages, benefits, working
19 conditions, and industrial distribution of occu-
20 pations, as well as current and projected em-
21 ployment opportunities and trends by industry
22 and occupation;

23 “(C) the educational attainment, training,
24 skills, skill levels, and occupations of the popu-
25 lation;

1 “(D) information maintained in a longitu-
2 dinal manner on the quarterly earnings, estab-
3 lishment and industry affiliation, and geo-
4 graphic location of employment for all individ-
5 uals for whom such information is collected by
6 the States; and

7 “(E) the incidence, industrial and geo-
8 graphical location, and number of workers dis-
9 placed by permanent layoffs and plant closings;

10 “(2) State and local employment and consumer
11 information, which shall be current, comprehensive,
12 localized, and automated, and which shall be acces-
13 sible, easy to understand, and in a form useful for
14 immediate employment, entry into education and
15 training programs, and career exploration, on—

16 “(A) job openings, locations, hiring re-
17 quirements, and application procedures, as well
18 as profiles of employers in the local labor mar-
19 ket describing the nature of work performed,
20 employment requirements, wages, benefits, and
21 hiring patterns;

22 “(B) job seekers, including their education
23 and training, skills, skill levels, employment ex-
24 perience, and employment goals; and

1 “(C) education courses, training programs,
2 and job placement programs, including—

3 “(i) performance information, such as
4 the ratio of program completion, acqui-
5 sition of industry-recognized skill standards,
6 job placement, earnings, and the level of
7 satisfaction of the participants and their
8 employers; and

9 “(ii) descriptive information, such as
10 eligibility requirements, costs, financial
11 support, or other supportive services, and
12 other appropriate information which may
13 be available with these courses and pro-
14 grams;

15 “(3) technical standards for data and informa-
16 tion that will—

17 “(A) ensure compatability and additivity of
18 data and information from local to State and
19 national levels;

20 “(B) support standardization and aggrega-
21 tion of data and information from the adminis-
22 trative reporting systems of employment-related
23 programs; and

24 “(C) include—

1 “(i) classification and coding systems
2 for industries, occupations, skills, pro-
3 grams, and courses;

4 “(ii) nationally standardized defini-
5 tions of terms;

6 “(iii) a common system for designat-
7 ing geographic areas;

8 “(iv) quality control mechanisms for
9 data collection and analysis; and

10 “(v) common schedules for data col-
11 lection and dissemination;

12 “(4) analysis of data and information for uses
13 including—

14 “(A) national, State, and local economic
15 policymaking;

16 “(B) the implementation of Federal poli-
17 cies, including the allocation of Federal funds
18 to States and localities and the facilitation of
19 job search and hiring in local labor markets;

20 “(C) national, State, and local program
21 planning and evaluation; and

22 “(D) research on labor market dynamics;

23 “(5) dissemination mechanisms for data and
24 analysis, including mechanisms which may be stand-
25 ardized among the States and technical standards in

1 the design of automated data bases, and the design
2 of user interfaces and communications protocols;

3 “(6) programs of technical assistance for States
4 and localities in the development, maintenance, and
5 utilization of data, analysis, and dissemination
6 mechanisms, including assistance in adopting and
7 utilizing automated systems and improving the ac-
8 cess, through electronic and other means, of youth,
9 adults, and employers to labor market information
10 for localities, States, and the Nation;

11 “(7) programs of research and demonstration,
12 which may be carried out by States and other public
13 or private entities, on ways to improve the products
14 and processes authorized in this title; and

15 “(8) objective performance measures, which will
16 allow for the continuous monitoring of the progress
17 of the labor market information system at national,
18 State, and local levels.

19 **“SEC. 23. FEDERAL RESPONSIBILITIES.**

20 “(a) IN GENERAL.—The Nation’s labor market infor-
21 mation system shall be planned, administered, overseen,
22 and evaluated by a cooperative governance structure in-
23 volving the Federal Government and the States.

1 “(b) DUTIES.—The Secretary, with respect to data
2 collection, analysis, and dissemination of labor market in-
3 formation, shall carry out the following duties:

4 “(1) Reconcile all statistical and administrative
5 data collection activities within the Department of
6 Labor, including the Employment and Training Ad-
7 ministration, Employment Standards Administra-
8 tion, and Occupational Health and Safety Adminis-
9 tration, to those of the Bureau of Labor Statistics.

10 “(2) Assign responsibilities, as appropriate, to
11 agencies such as the Employment and Training Ad-
12 ministration, to assist the Bureau of Labor Statis-
13 tics in the collection, analysis and, particularly, in
14 the dissemination of labor market information, and
15 in the provision of training and technical assistance
16 to users of information, including the States, em-
17 ployers, youth, and adults.

18 “(3) In cooperation with other Federal agen-
19 cies, including but not limited to the Departments of
20 Commerce, Defense, Treasury, Education, Health
21 and Human Services, Agriculture, and the Office of
22 Management and Budget, establish and maintain
23 mechanisms for ensuring complementarity and non-
24 duplication in the development and operation of sta-
25 tistical and administrative data collection activities,

1 in order to ensure a comprehensive labor market in-
2 formation system.

3 “(4) Actively seek the participation of other
4 Federal agencies, particularly the National Center
5 for Education Statistics and the Division of Adult
6 and Vocational Education of the Department of
7 Education, in the design and provision of standard-
8 ized information to the States to support section
9 102(a)(2), and in the dissemination of labor market
10 information.

11 “(c) ADDITIONAL DUTIES.—The Secretary, acting
12 through the Bureau of Labor Statistics, and in coopera-
13 tion with other Federal agencies, shall—

14 “(1) establish and maintain, with the coopera-
15 tion of the States, elements of the system described
16 in sections 102(a)(1) and 102(a)(3);

17 “(2) develop and promulgate standards, defini-
18 tions, formats, collection methodologies, and other
19 necessary system elements for the use of the States
20 in their assembling and presentation of the employ-
21 ment information specified in section 102(a)(2);

22 “(3) eliminate gaps and duplication in statis-
23 tical undertakings, with the systemization of wage
24 surveys as an early priority;

1 “(4) recommend any needed improvements in
2 administrative reporting systems to support the de-
3 velopment of labor market information from their
4 data; and

5 “(5) ensure that—

6 “(A) data are sufficiently timely and lo-
7 cally detailed for uses including those specified
8 in section 102(a)(4);

9 “(B) administrative records are standard-
10 ized to facilitate the aggregation of data from
11 local to State and national levels and to support
12 the creation of new statistical series from pro-
13 gram records; and

14 “(C) paperwork and reporting require-
15 ments on employers and individuals are re-
16 duced.

17 **“SEC. 24. ANNUAL PLAN.**

18 “(a) IN GENERAL.—The Secretary of Labor, working
19 through the Bureau of Labor Statistics, and in consulta-
20 tion with other appropriate Federal agencies, shall prepare
21 an annual plan, which shall be the operational mechanism
22 for achieving a cooperative Federal/State governance
23 structure for labor market information. The annual plan
24 shall provide the verbal justification for the Department
25 of Labor’s budget request to Congress by describing the

1 activities of the Bureau, other agencies of the Department
2 of Labor, and other Federal agencies with regard to data
3 collection, analysis, and dissemination of labor market in-
4 formation for fiscal years succeeding the fiscal year in
5 which the plan is developed and shall include—

6 “(1) the results of a periodic review of users’
7 needs, including the identification of new employ-
8 ment issues and the attendant emergence of new
9 needs, on the part of Congress, the States, employ-
10 ers, youth, and adults, for data, analysis, and dis-
11 semination;

12 “(2) an evaluation, including the results of ob-
13 jective measures, of the performance of the labor
14 market information system in meeting these needs
15 and the steps to be taken to overcome deficiencies;

16 “(3) a summary of ongoing data programs and
17 activities under section 102 and a description of the
18 development of new data programs, analytical tech-
19 niques, definitions and standards, dissemination
20 mechanisms, training and technical assistance, gov-
21 ernance mechanisms, and funding processes to meet
22 new needs; and

23 “(4) the results of an annual review of the costs
24 to the States of meeting contract requirements for
25 data production under this title, including a descrip-

1 tion of how the Secretary’s requested budget will
2 cover these costs.

3 “(b) COOPERATION WITH THE STATES.—The Sec-
4 retary shall involve the States with the Bureau of Labor
5 Statistics in a cooperative manner in the development of
6 the plan by—

7 “(1) establishing procedures and mechanisms
8 for holding formal and periodic consultations on
9 products and administration of the system, at least
10 once each quarter, with elected representatives from
11 each of the 8 Federal regions of the Department of
12 Labor and with representatives of the States (by and
13 from among the State directors of labor market in-
14 formation, according to a process set forth by the
15 Secretary); and

16 “(2) incorporating in the annual plan, for its
17 submission to Congress, the results of these con-
18 sultations, including any supplementary or dissent-
19 ing views from representatives of the States.

20 “(c) REPRESENTATIVES OF STATES DEEMED TO BE
21 FEDERAL EMPLOYEES.—For purposes of the development
22 of the annual plan and to meet the provisions of Office
23 of Management and Budget Circular A-11, the represent-
24 atives of the States, elected in accordance with subsection

1 (b)(1), shall be considered to be employees of the Depart-
2 ment of Labor.

3 **“SEC. 25. GOVERNOR’S RESPONSIBILITIES.**

4 “(a) DESIGNATION OF STATE AGENCY.—The Gov-
5 ernor of each State shall designate a single State agency
6 to be the agency responsible for the management and over-
7 sight of a statewide comprehensive labor market informa-
8 tion system and for the State’s participation in the cooper-
9 ative Federal/State governance structure for the nation-
10 wide labor market information system.

11 “(b) DUTIES.—In order to receive Federal financial
12 assistance under this Act, the State agency shall—

13 “(1) develop, maintain, and continuously im-
14 prove a comprehensive labor market information sys-
15 tem, which shall—

16 “(A) include all the elements specified in
17 section 102; and

18 “(B) be responsive to the needs of the
19 State and its localities for planning and evalua-
20 tive data, including employment and economic
21 analyses and projections, as required by this
22 Act, the Consolidated and Reformed Education,
23 Employment, and Rehabilitation Systems Act,
24 the Social Security Act, and other provisions of

1 law under which Congress has required the use
2 of labor market information;

3 “(2) ensure the performance of contract and
4 grant responsibilities for data collection, analysis,
5 and dissemination;

6 “(3) conduct such other data collection, analy-
7 sis, and dissemination activities as will ensure com-
8 prehensive State and local labor market information;

9 “(4) actively seek the participation of other
10 State and local agencies, with particular attention to
11 State education, economic development, human serv-
12 ices, and welfare agencies, in data collection, analy-
13 sis, and dissemination activities in order to ensure
14 complementarity and compatability among data; and

15 “(5) participate in the development of the na-
16 tional annual plan.

17 “(c) RULE OF CONSTRUCTION.—Nothing in this Act
18 shall be construed as limiting the State agency’s ability
19 to conduct additional data collection, analysis, and dis-
20 semination activities with State funds or with Federal
21 funds from sources other than this Act.”.

1 **TITLE II—YOUTH WORKFORCE**
2 **PREPARATION AND DEVELOP-**
3 **MENT CONSOLIDATION**
4 **GRANT**

5 **SEC. 201. PURPOSES.**

6 It is the purpose of this title to provide States and
7 local communities maximum flexibility in designing
8 workforce preparation programs that—

9 (1) best suit the needs of in-school and at-risk
10 youth in their communities, as well as the skill needs
11 of State and local employers;

12 (2) promote strong connections between in-
13 school and at-risk programs, to ensure that youth
14 are prepared for good jobs and further education op-
15 portunities;

16 (3) promote the formation of business and edu-
17 cation partnerships that are dedicated to linking the
18 worlds of school and work; and

19 (4) promote high academic and occupational
20 standards.

21 **SEC. 203. DEFINITIONS.**

22 For purposes of this title:

23 (1) The term “administration” means activities
24 of a State necessary for the proper and efficient per-
25 formance of its duties under this title, including su-

1 pervision, but does not include curriculum develop-
2 ment activities, personnel development, or research
3 activities.

4 (2) The term “all aspects of the industry”
5 means strong experience in, and understanding of,
6 all aspects of the industry the students are prepar-
7 ing to enter, including planning, management, fi-
8 nances, technical and production skills, underlying
9 principles of technology, labor issues, and health and
10 safety.

11 (3) The term “articulation agreement” means a
12 commitment to a program designed to provide stu-
13 dents with a nonduplicative sequence of progressive
14 achievement leading to competencies in a tech-prep
15 education program.

16 (4) The term “cooperative education” means a
17 method of instruction of vocational education for in-
18 dividuals who, through written cooperative arrange-
19 ments between the school and employers, receive in-
20 struction, including required academic courses and
21 related vocational instruction by alternation of study
22 in school with a job in any occupational field. Such
23 alternation shall be planned and supervised by the
24 school and employers so that each contributes to the
25 student’s education and to his or her employability.

1 Work periods and school attendance may be on al-
2 ternate half days, full days, weeks, or other periods
3 of time in fulfilling the cooperative program.

4 (5) The term “corrections vocational education”
5 means programs administered by the State to assist
6 juvenile and adult criminal offenders in correctional
7 institutions in the State, including correctional insti-
8 tutions operated by local authorities.

9 (6) The term “curricula” means instructional
10 and related or supportive material, including mate-
11 rials using advanced learning technology, in any oc-
12 cupational field which is designed to strengthen the
13 academic foundation and prepare individuals for em-
14 ployment at the entry level or to upgrade occupa-
15 tional competencies of those previously or presently
16 employed in any occupational field, and appropriate
17 counseling and guidance material.

18 (7) The term “displaced homemaker” means an
19 individual who—

20 (A) is an adult; and

21 (B)(i) has worked as an adult primarily
22 without remuneration to care for the home and
23 family, and for that reason has diminished mar-
24 ketable skills;

1 (ii) has been dependent on public assist-
2 ance or on the income of a relative but is no
3 longer supported by such income;

4 (iii) is a parent whose youngest dependent
5 child will become ineligible to receive assistance
6 under the program for aid to families with de-
7 pendent children under part A of title IV of the
8 Social Security Act within 2 years of the par-
9 ent's application for assistance under this title;
10 or

11 (iv) is unemployed or underemployed and
12 is experiencing difficulty in obtaining any em-
13 ployment or suitable employment, as appro-
14 priate, or

15 (C) is described in subparagraph (A) or
16 (B) and is a criminal offender.

17 (8) Except as otherwise provided, the term "eli-
18 gible institution" means a local educational agency,
19 an area vocational education school, an intermediate
20 educational agency, a postsecondary educational in-
21 stitution, or a State corrections educational agency.

22 (9) The term "Secretary" means the Secretary
23 of Education.

24 (10) The term "sequential course of study"
25 means an integrated series of courses which are di-

1 rectly related to the educational and occupational
2 skills preparation of individuals for jobs, or prepara-
3 tion for postsecondary education.

4 (11) The term “single parent” means an indi-
5 vidual who—

6 (A) is unmarried or legally separated from
7 a spouse; and

8 (B)(i) has a minor child or children for
9 which the parent has either custody or joint
10 custody; or

11 (ii) is pregnant.

12 (12) The term “specific job training” means
13 training and education for skills required by the em-
14 ployer that provides the individual student with the
15 ability to obtain employment and to adapt to the
16 changing demands of the workplace.

17 (13) The term “tech-prep education program”
18 means a combined secondary and postsecondary pro-
19 gram which—

20 (A) leads to an associate degree or 2-year
21 certificate;

22 (B) provides technical preparation in at
23 least 1 field of engineering technology, applied
24 science, mechanical, industrial, or practical art
25 or trade, or agriculture, health, or business;

1 (C) builds student competence in mathe-
2 matics, science, and communications (including
3 through applied academics) through a sequen-
4 tial course of study; and

5 (D) leads to placement in employment.

6 (14) The term “vocational education” means
7 organized educational programs offering a sequence
8 of courses which are directly related to the prepara-
9 tion of individuals in paid or unpaid employment in
10 current or emerging occupations requiring other
11 than a baccalaureate or advanced degree. Such pro-
12 grams shall include competency-based applied learn-
13 ing which contributes to an individual’s academic
14 knowledge, higher-order reasoning, and problem-
15 solving skills, work attitudes, general employability
16 skills, and the occupational-specific skills necessary
17 for economic independence as a productive and con-
18 tributing member of society. Such term also includes
19 applied technology education.

20 **Subtitle A—State Funding**

21 **SEC. 211. NATIONAL AND STATE FUNDING.**

22 (a) NATIONAL PROGRAMS.—In each fiscal year, of
23 the amounts made available under section 3, the Secretary
24 shall reserve 20 percent or \$25,000,000, whichever is less,
25 to carry out the provisions of subtitle D.

1 (b) STATE ALLOTMENT.—

2 (1) IN GENERAL.—In each fiscal year from the
3 amounts made available under section 3, the Sec-
4 retary shall allot to each State for each fiscal year
5 an amount which bears the same ratio as an average
6 of—

7 (A) the funding allotted in fiscal year 1995
8 under section 101 and 101A of the Carl D.
9 Perkins Vocational and Applied Technology
10 Education Act as such Act was in effect on the
11 day before the date of the enactment of this
12 Act; and

13 (B) the funding allotted in fiscal year 1995
14 under section 252 and 262 of the Job Training
15 Partnership Act as such Act was in effect on
16 the day before the date of the enactment of this
17 Act.

18 (2) DEFINITION.—For the purposes of this sub-
19 section the term “State” means, in addition to the
20 several States, the District of Columbia, the Com-
21 monwealth of Puerto Rico, the Virgin Islands,
22 Guam, American Samoa, and the Northern Mariana
23 Islands.

1 (c) FUNDING FOR STATE PROGRAMS.—Of the funds
2 allotted to a State under subsection (b) for each fiscal
3 year, the Governor shall—

4 (1) make available not less than 90 percent to
5 local providers;

6 (2) use not more than 8 percent for State pro-
7 grams described in section 222; and

8 (3) use not more than 2 percent for administra-
9 tive purposes.

10 **SEC. 212. WITHIN STATE ALLOCATION.**

11 (a) IN GENERAL.—Subject to the provisions of sec-
12 tion 211, from the remainder of the allotment made to
13 each State from funds appropriated to carry out this title
14 for each fiscal year, the Governor shall allocate—

15 (1) to eligible institutions an amount equal to
16 not less than 40 percent of such amount for in-
17 school youth programs described in section 241;

18 (2) to local workforce development boards an
19 amount equal to not less than 40 percent of such
20 amount for at-risk youth programs described in sec-
21 tion 245; and

22 (3) the remainder of any amounts under this
23 subsection to carry out the purposes of paragraph
24 (1) or (2).

25 (b) MINIMUM GRANT AMOUNTS.—

1 (1) LOCAL EDUCATIONAL AGENCIES.—A local
2 educational agency or consortium of such agencies
3 that receives a subgrant from a State under this
4 subtitle for any fiscal year shall receive not less than
5 \$15,000.

6 (2) POSTSECONDARY INSTITUTIONS.—A post-
7 secondary institution or consortium of such institu-
8 tions that receives a subgrant from a State under
9 this subtitle for any fiscal year shall receive not less
10 than \$50,000.

11 (3) LOCAL DEVELOPMENT BOARD.—A local de-
12 velopment board that receives a subgrant from a
13 State under this subtitle for any fiscal year shall re-
14 ceive not less than \$15,000.

15 (c) REALLOCATION.—

16 (1) IN GENERAL.—In any academic year that a
17 local workforce development board or an eligible in-
18 stitution does not expend all of the amounts it is al-
19 located for such year, such workforce development
20 board or eligible institution shall return any unex-
21 pended amounts to the State to be reallocated under
22 subsection (a).

23 (2) REALLOCATION OF AMOUNTS RETURNED
24 LATE IN AN ACADEMIC YEAR.—In any academic year
25 in which amounts are returned to the State and the

1 State is unable to reallocate such amounts according
2 to such sections in time for such amounts to be ex-
3 pended in such academic year, the State may retain
4 such amounts to be distributed in combination with
5 amounts provided under this subtitle for the follow-
6 ing academic year.

7 **Subtitle B—State Organizational,**
8 **Planning, and Reporting Re-**
9 **sponsibilities**

10 **SEC. 221. STATE PLAN.**

11 In addition to the requirements described in title I,
12 a State that desires to receive funds for any fiscal year
13 under this title shall submit to the Secretary of Education
14 a State plan that includes—

15 (1) a description of how the State will adopt,
16 develop, or assist local providers to adopt or develop
17 model curricula and innovative instructional meth-
18 odologies, to be used in the secondary, and where
19 possible, the elementary grades, and in programs for
20 at-risk youth that integrate academic, vocational,
21 and work-based learning, stressing applied and con-
22 textual learning, and promote career awareness;

23 (2) a description of how the State will expand
24 and improve career exploration and guidance coun-
25 seling in the elementary and secondary grades,

1 which may include linkages to career exploration and
2 guidance counseling and labor market information
3 services outside of the school system;

4 (3) a description of the strategy of the State for
5 integrating academic, vocational, and work-based
6 learning.

7 (4) a description of how the State will develop
8 a State process for issuing skill certificates that, to
9 the extent feasible, are consistent with the skill
10 standards certification systems endorsed by the Na-
11 tional Skill Standards Board; and

12 (5) a description of how the State will promote
13 the active involvement of business (including small-
14 and medium-sized businesses) in the planning, devel-
15 opment, and implementation of youth workforce de-
16 velopment programs authorized under this title.

17 **SEC. 222. STATE PROGRAMS AND STATE ACTIVITIES.**

18 (a) GENERAL AUTHORITY.—From amounts made
19 available to a State under section 211, each State shall
20 conduct State programs and activities.

21 (b) REQUIRED USES OF FUNDS.—The programs and
22 activities described in subsection (a) shall include an as-
23 sessment of programs conducted with assistance under
24 this title, including the development of—

1 (1) performance standards and measures for
2 such programs; and

3 (2) program improvement and accountability
4 with respect to such programs.

5 (c) ADDITIONAL USES OF FUNDS.—The programs
6 and activities described in subsection (a) may include—

7 (1) the support for tech-prep education;

8 (2) support for workforce preparation programs
9 for single parents, displaced homemakers, and single
10 pregnant women;

11 (3) support for corrections vocational education;

12 (4) professional development activities for voca-
13 tional teachers, academic teachers, school adminis-
14 trators, counselors, workplace mentors, and local
15 providers regarding integration of vocational, aca-
16 demic, and work-based curricula, including inservice
17 and preservice training of teachers in state-of-the-art
18 programs and techniques;

19 (5) development, dissemination, and field test-
20 ing of work-based learning curricula, especially—

21 (A) curricula that integrate vocational,
22 academic, and work-based methodologies; and

23 (B) curricula that provide a coherent se-
24 quence of courses through which academic and
25 occupational skills may be measured;

1 (6) leadership and instructional programs in
2 technology education;

3 (7) data collection;

4 (8) support for 1-stop career centers described
5 in section 108; and

6 (9) support for cooperative education programs.

7 **SEC. 223. INCENTIVE AWARDS.**

8 The State, may, from the amount made available
9 under section 211(c)(2) for any fiscal year make perform-
10 ance awards to 1 or more eligible institutions or local pro-
11 viders that have—

12 (1) exceeded in the performance goals described
13 in section 224; or

14 (2) implemented exemplary workforce develop-
15 ment systems at the local level in accordance with
16 the purposes described in section 201.

17 **SEC. 224. CORE STANDARDS, PERFORMANCE GOALS AND**
18 **MEASURES.**

19 (a) GENERAL AUTHORITY.—

20 (1) STANDARDS AND MEASURES.—In addition
21 to the State's goals under section 104, each State
22 receiving funds under this title shall have developed
23 or shall develop and implement a statewide system
24 of core standards and measures of performance for

1 workforce development programs serving youth in
2 coordination with other titles of this Act.

3 (2) STATEWIDE SYSTEM.—Each statewide sys-
4 tem, in accordance with the provisions of section
5 104, shall—

6 (A) establish or have established perform-
7 ance goals to define the level of performance to
8 be achieved by youth served under this title and
9 to evaluate the quality and effectiveness of serv-
10 ices and activities under this title;

11 (B) express such goals in an objective,
12 quantifiable, and measurable form;

13 (C) establish progress indicators that the
14 State and local recipients will use in measuring
15 or assessing progress toward achieving such
16 goals; and

17 (D) provide biennial reports to the public
18 and to the Secretary on the State's progress in
19 achieving its goals.

20 (b) REQUIREMENTS.—Each system developed under
21 subsection (a) shall include—

22 (1) measures of academic and occupational
23 competency gains, including progress in the achieve-
24 ment of the following:

1 (A) Academic and occupational competency
2 attainment which includes—

3 (i) attainment of challenging State
4 academic standards;

5 (ii) attainment of challenging voca-
6 tional-technical education standards; and

7 (iii) attainment of industry-recognized
8 occupational standards, including basic
9 workplace competencies and industry-rec-
10 ognized skill standards (endorsed by the
11 National Skill Standards Board), which
12 may include the receipt of a skill certificate
13 in the occupation for which the student
14 has been prepared;

15 (B) retention in school or completion of
16 secondary school or the equivalent;

17 (C) placement into additional training or
18 postsecondary education, military service, reg-
19 istered apprenticeship, or employment;

20 (D) employment retention and earnings
21 levels;

22 (2) reduction of the drop-out rate; and

23 (3) success of special populations in meeting
24 these performance standards.

1 (c) PERFORMANCE GOALS AND MEASURES.—The
2 Governor shall, acting through the collaborative process,
3 work to ensure that the performance goals are consistent
4 with challenging State academic standards, industry-rec-
5 ognized skill standards once established by the National
6 Skills Standard Board and the State goals established
7 under this title.

8 **Subtitle C—Subgrants for In-**
9 **School and At-Risk Youth Pro-**
10 **grams**

11 **SEC. 231. PARTNERSHIP AGREEMENTS.**

12 (a) PARTNERSHIP.—A local workforce development
13 board and an eligible institution that desires to receive a
14 subgrant from a State under this subtitle in any fiscal
15 year shall form a partnership.

16 (b) PLAN.—The partnership referred to in subsection
17 (a) shall, in collaboration, develop and submit to the Gov-
18 ernor through the State collaborative process a com-
19 prehensive workforce development plan for in-school and
20 at-risk youth. Such plan shall describe how the youth
21 workforce development system meets the requirements of
22 sections 241 and 245.

23 **SEC. 232. DISTRIBUTION OF FUNDS.**

24 (a) IN-SCHOOL PROGRAMS.—A State shall distribute
25 funds made available in a fiscal year as provided in section

1 212(a)(1) to carry out in-school youth programs described
2 in section 241 to eligible institutions.

3 (b) AT-RISK YOUTH PROGRAMS.—A State shall dis-
4 tribute funds made available in any fiscal year as provided
5 in section 212(a)(2) to local workforce development boards
6 to carry out at-risk youth programs described in section
7 245.

8 **CHAPTER 1—IN-SCHOOL YOUTH**
9 **PROGRAMS**

10 **SEC. 241. USES OF FUNDS FOR IN-SCHOOL YOUTH PRO-**
11 **GRAMS.**

12 (a) GENERAL AUTHORITY.—Each eligible institution
13 that receives a subgrant under this chapter shall use funds
14 provided under such grant to improve workforce develop-
15 ment and career-related education programs.

16 (b) REQUIREMENTS FOR USES OF FUNDS.—Funds
17 provided by a State pursuant to section 212(a)(1) shall
18 be used to provide in-school workforce development and
19 career-related education programs that—

20 (1) are of such size, scope, and quality as to be
21 effective;

22 (2) integrate academic, vocational, and work-
23 based learning, stressing applied and contextual
24 learning, through a coherent sequence of courses so

1 that youth achieve both academic and occupational
2 competencies;

3 (3) involve employers in the design and imple-
4 mentation of programs, including the development of
5 curriculum;

6 (4) establish effective linkages between at-risk
7 youth programs, secondary and postsecondary edu-
8 cation;

9 (5) provide work-based learning experiences;
10 and

11 (6) provide career exploration, career awareness
12 and career guidance opportunities, beginning in the
13 earliest grades possible, but not later than grade 6.

14 (c) ADDITIONAL USES OF FUNDS.—In carrying out
15 the provisions of subsection (b), funds may be used by
16 schools for in-school youth activities such as—

17 (1) purchasing or upgrading of equipment, in-
18 cluding instructional aides and material;

19 (2) inservice training of vocational instructors,
20 academic instructors, employers, and workplace
21 mentors, to integrate academic and vocational edu-
22 cation, and provide high-quality work-based learning
23 experiences;

24 (3) tech prep education programs;

1 (4) supplementary services designed to meet the
2 needs of special populations;

3 (5) adaptation of equipment;

4 (6) apprenticeship programs;

5 (7) programs which train students for all as-
6 pects of industry in which job openings are projected
7 or available;

8 (8) comprehensive mentoring programs in insti-
9 tutions of higher education offering comprehensive
10 programs in teacher preparation which seek to fully
11 use the skills and work experience of individuals cur-
12 rently or formerly employed in business and industry
13 who are interested in becoming classroom instructors
14 and to meet the need of vocational educators who
15 wish to upgrade their teaching competencies; and

16 (9) local education/business partnerships for de-
17 veloping and implementing workforce preparation
18 systems.

19 **CHAPTER 2—AT-RISK YOUTH PROGRAMS**

20 **SEC. 245. USES OF FUNDS FOR AT-RISK YOUTH.**

21 (a) GENERAL AUTHORITY.—Each local workforce de-
22 velopment board that receives a subgrant under this chap-
23 ter shall use funds provided under such grant to improve
24 workforce development and career-related education pro-
25 grams.

1 (b) REQUIREMENTS FOR USES OF FUNDS.—Funds
2 provided by a State pursuant to section 212(a)(2) shall
3 be used to provide workforce development and career-re-
4 lated education programs for at-risk youth that—

5 (1) are of such size, scope, and quality as to be
6 effective;

7 (2) integrate academic, vocational, and work-
8 based learning, stressing applied and contextual
9 learning, through a coherent sequence of courses so
10 that students and at-risk youth achieve both aca-
11 demic and occupational competencies;

12 (3) involve employers in the design and imple-
13 mentation of programs, including the development of
14 curriculum;

15 (4) establish effective linkages between at-risk
16 youth programs, and secondary and postsecondary
17 education;

18 (5) provide work-based learning experiences;

19 (6) provide adult mentoring as a core compo-
20 nent of the program;

21 (7) provide an objective assessment of the aca-
22 demic and skill levels, and service needs of each par-
23 ticipant; and

24 (8) provide career exploration and counseling.

1 (c) ADDITIONAL USES OF FUNDS.—In carrying out
2 the provisions of subsection (b), providers of at-risk youth
3 programs as selected by the local workforce development
4 board may provide activities such as—

5 (1) tutoring study skills training and instruc-
6 tion leading to high school;

7 (2) alternative high school services;

8 (3) training or education that is combined with
9 community and service learning opportunities;

10 (4) paid work experience, including limited in-
11 ternships, entry-employment experience programs,
12 and summer employment opportunities that are inte-
13 grated with the year-round school-based or alter-
14 native school-based program;

15 (5) drop-out prevention strategies and strate-
16 gies to encourage at-risk youth to reenter high
17 school or alternative high school programs;

18 (6) preemployment and work maturity skills
19 training;

20 (7) peer-centered activities encouraging respon-
21 sibility and other positive social behaviors during
22 non-school hours; and

23 (8) training-related supportive services.

1 **SEC. 246. AT-RISK YOUTH PROVIDERS.**

2 (a) **ROLE OF WORKFORCE DEVELOPMENT BOARD.**—

3 A workforce development board that receives funds under
4 this chapter shall not operate programs, but shall contract
5 with eligible providers of demonstrated effectiveness, or
6 with eligible providers utilizing service methodologies with
7 demonstrated effectiveness in serving the workforce prepa-
8 ration needs of at-risk youth, for the purpose of providing
9 services under this chapter.

10 (b) **ELIGIBLE PROVIDERS.**—For purposes of this
11 chapter, eligible providers may include—

12 (1) an “eligible institution” as defined under
13 section 212(d);

14 (2) a unit of local government;

15 (3) a private, nonprofit organization;

16 (4) a private, for profit entity;

17 (5) a designated 1-stop career center; or

18 (6) other organizations or entities of dem-
19 onstrated effectiveness and approved by the local
20 Board.

21 **Subtitle D— National Programs**

22 **SEC. 251. RESEARCH ACTIVITIES.**

23 (a) **GENERAL AUTHORITY.**—(1) In order to carry out
24 the purpose of this title, the Secretary may, directly or
25 through grants, contracts, or cooperative agreements,
26 carry out research, development, dissemination, dem-

1 onstration programs, evaluation, capacity-building, and
2 technical assistance activities with regard to the services
3 and activities carried out under this title.

4 (2) Activities carried out under this section may in-
5 clude support for occupational and career information sys-
6 tems.

7 (b) DISSEMINATION.—The Secretary shall establish
8 a system for disseminating information resulting from re-
9 search and development activities carried out under this
10 title.

11 **SEC. 252. ANNUAL ASSESSMENT AND DATA COLLECTION OF**
12 **VOCATIONAL EDUCATION PROGRAMS.**

13 (a) IN GENERAL.—(1) The Secretary through the Of-
14 fice of Educational Research and Improvement shall con-
15 duct an annual assessment of services and activities as-
16 sisted under this title, through studies and analyses con-
17 ducted independently through competitive awards.

18 (b) CONTENTS.—The assessment required under sub-
19 section (a) shall examine the extent to which services and
20 activities assisted under this title have achieved their in-
21 tended purposes and results, including the extent to
22 which—

23 (1) State and local services and activities have
24 developed, implemented, or improved systems estab-
25 lished under this title;

1 (2) services and activities assisted under this
2 title succeed in preparing students, including stu-
3 dents who are members of special populations, for
4 postsecondary education, further learning, or entry
5 into high-skill, high-wage careers;

6 (3) students who participate in services and ac-
7 tivities supported under this title succeed in meeting
8 challenging State academic and industry-based skill
9 standards; and

10 (4) the system improvement, participation, local
11 and State assessment, and accountability provisions
12 of this title, including the performance goals and in-
13 dicators established under section 223, are effective.

14 **SEC. 253. NATIONAL CENTER OR CENTERS FOR RESEARCH.**

15 (a) GENERAL AUTHORITY.—(1) The Secretary may,
16 through a grant or contract, establish one or more na-
17 tional centers in the areas of applied research, develop-
18 ment, and dissemination. The Secretary shall consult with
19 States prior to establishing one or more such centers.

20 (2) Entities eligible to receive funds under this sec-
21 tion are institutions of higher education, other public or
22 private nonprofit organizations or agencies, and consortia
23 of such institutions, organizations, or agencies.

24 (3) The national center in existence on the date of
25 the enactment of the this Act shall continue to receive as-

1 sistance under this section in accordance with the terms
2 of its current award.

3 (b) ACTIVITIES.—(1) The applied research, develop-
4 ment, and dissemination activities carried out by the na-
5 tional center or centers shall include—

6 (A) activities that assist recipients of funds
7 under this title to meet the requirements of section
8 224; and

9 (B) such other activities as the Secretary deter-
10 mines to be appropriate to achieve the purpose of
11 this Act.

12 (2) The center or centers conducting the activities de-
13 scribed in paragraph (1) shall annually prepare a sum-
14 mary of key research findings of such center or centers
15 and shall submit copies of the summary to the Secretaries
16 of Education and Labor. The Secretary shall submit that
17 summary to the Committee on Labor and Human Re-
18 sources of the Senate, and the Committee on Economic
19 and Educational Opportunities of the House of Represent-
20 atives.

1 **TITLE III—ADULT EMPLOYMENT**
2 **AND TRAINING CONSOLIDA-**
3 **TION GRANT**

4 **Subtitle A—Adult Employment and**
5 **Training Consolidation Grant**

6 **SEC. 301. PURPOSE.**

7 The purpose of this title is to establish an efficient,
8 high-quality, and equitable system of employment, job
9 training, and related assistance designed to facilitate the
10 transition of adults into productive private sector employ-
11 ment.

12 **SEC. 302. AUTHORIZATION.**

13 (a) **IN GENERAL.**—In the case of each State that in
14 accordance with the requirements of section 102 submits
15 to the Secretary of Labor (hereinafter in this title referred
16 to as the “Secretary”) a State workforce development and
17 literacy plan under section 104, the Secretary shall pro-
18 vide a grant to the State for the purpose of providing em-
19 ployment, job training, and related assistance for adults
20 in the State.

21 (b) **AMOUNT.**—The grant shall consist of the allot-
22 ment determined for the State under section 303.

1 **SEC. 303. ALLOTMENT AMONG STATES.**

2 (a) IN GENERAL.—Of the amount appropriated pur-
3 suant to section 4(b) to carry out this title for a fiscal
4 year, the Secretary shall—

5 (1) allot 85 percent of such amounts in accord-
6 ance with subsection (b); and

7 (2) reserve 15 percent for use under subtitle B.

8 (b) ALLOTMENT AMONG STATES.—

9 (1) RESERVATION FOR THE TERRITORIES.—Of
10 the amount allotted under subsection (a)(1), the
11 Secretary shall allot not more than one quarter of
12 one percent among the Commonwealth of the North-
13 ern Mariana Islands, American Samoa, Guam, and
14 the Virgin Islands.

15 (2) STATES.—After determining the amount to
16 be allotted under paragraph (1), the Secretary shall
17 allot the remaining amount to the remaining States
18 so that each State receives an amount that bears the
19 same proportion to such remaining amount as—

20 (A) the amount allotted to each such State
21 from allotments under sections 202 and 302 of
22 the Job Training Partnership Act (29 U.S.C.
23 1602 and 1652) (as in effect before the date of
24 the enactment of this Act) for fiscal year 1995;
25 bears to

1 (B) the aggregate of the amounts allotted
2 to all such States from allotments under such
3 sections for such fiscal year.

4 **SEC. 304. ALLOCATION WITHIN STATES.**

5 (a) RESERVATIONS FOR STATE ACTIVITIES.—

6 (1) IN GENERAL.—The Governor of the State
7 shall reserve not more than 20 percent of the
8 amount allotted to the State under section 303(b)
9 for a fiscal year for statewide activities for employ-
10 ment, job training, and related assistance for adults.

11 (2) MANDATORY ACTIVITIES.—Such activities
12 shall include—

13 (A) rapid response activities; and

14 (B) additional assistance to areas that ex-
15 perience disasters, mass layoffs or plant clos-
16 ings, or other events which precipitate substan-
17 tial increases in the number of unemployed
18 workers, to be expended in accordance with the
19 local plan of the relevant workforce development
20 area.

21 (3) DISCRETIONARY ACTIVITIES.—

22 (A) IN GENERAL.—Such activities may in-
23 clude—

1 (i) subject to subparagraph (B), ad-
2 ministration by the State of programs
3 under this subtitle;

4 (ii) capacity building and technical as-
5 sistance to local workforce development
6 areas, one-stop career centers, and service
7 providers, including the development and
8 training of staff and the development of
9 exemplary program activities;

10 (iii) incentives for program coordina-
11 tion, performance awards, and research
12 and demonstrations;

13 (iv) implementation of innovative in-
14 cumbent worker training programs, which
15 may include the establishment and imple-
16 mentation of an employer loan program to
17 assist in skills upgrading for non-manage-
18 rial employees (in accordance with the re-
19 quirements of section 315); and

20 (v) additional assistance for the devel-
21 opment and implementation of the one-
22 stop delivery system of the State estab-
23 lished in accordance with title I of this
24 Act.

1 (B) LIMITATION.—Not more than 5 per-
2 cent of the amount reserved by the Governor
3 under paragraph (1) may be used for adminis-
4 tration by the State of programs under this
5 subtitle.

6 (b) WITHIN STATE ALLOCATION.—The Governor of
7 the State shall allocate the remainder of the amount allot-
8 ted to the State under section 303(b) to workforce devel-
9 opment areas designated under title I of this Act for the
10 purpose of providing employment, job training, and relat-
11 ed assistance for adults in such areas in accordance with
12 section 306.

13 **SEC. 305. ADDITIONAL STATE PLAN REQUIREMENTS.**

14 The State shall, as part of the State workforce devel-
15 opment and literacy plan under title I of this Act, submit
16 to the Secretary the following additional information:

17 (1) A description of how the State will serve the
18 employment and training needs of dislocated work-
19 ers, economically disadvantaged individuals, older
20 workers, individuals with disabilities, and individuals
21 with multiple barriers to employment, including indi-
22 viduals who are basic skills deficient.

23 (2) A description of how the State will provide
24 rapid response assistance to workers experiencing
25 dislocation as a result of mass layoffs and plant clos-

1 ings, either through the direct provision of services
2 or through the transfer of funds to local workforce
3 development areas for the provision of such services.

4 **SEC. 306. USE OF AMOUNTS.**

5 (a) CORE SERVICES.—Amounts allocated under sec-
6 tion 304(b) shall be used to provide core services to adults
7 through one-stop career centers in accordance with title
8 I of this Act.

9 (b) INTENSIVE SERVICES.—

10 (1) IN GENERAL.—Amounts allocated under
11 section 304(b) may be used to provide intensive
12 services to adults—

13 (A) who are unable to obtain employment
14 through core services under subsection (a); and

15 (B) who have been determined to be in
16 need of more intensive services in order to gain
17 employment.

18 (2) DELIVERY OF SERVICES.—Such intensive
19 services shall be provided—

20 (A) directly through one-stop career cen-
21 ters in accordance with title I of this Act; or

22 (B) through contracts through such cen-
23 ters with service providers approved by the local
24 workforce development board.

1 (3) TYPES OF SERVICES.—Such intensive serv-
2 ices may include the following:

3 (A) Comprehensive and specialized assess-
4 ments of the skill levels and service needs of
5 adults, which may include—

6 (i) diagnostic testing and other assess-
7 ment tools; and

8 (ii) in-depth interviewing and evalua-
9 tion to identify employment barriers and
10 appropriate employment goals.

11 (B) Development of an individual employ-
12 ment plan, to identify the employment goals,
13 appropriate achievement objectives, and the ap-
14 propriate combination of services for the adult
15 to achieve the employment goal.

16 (C) Group counseling.

17 (D) Individual counseling and career plan-
18 ning.

19 (E) Case management for adults receiving
20 education and training services under sub-
21 section (c) or supportive services under sub-
22 section (d).

23 (F) Followup counseling for adults placed
24 in training or employment, for up to 1 year.

25 (c) EDUCATION AND TRAINING SERVICES.—

1 (1) IN GENERAL.—Amounts allocated under
2 section 304(b) may be used to provide education and
3 training services to adults—

4 (A) who are unable to obtain employment
5 through core services under subsection (a); and

6 (B) who are in need of education and
7 training services in order to gain employment
8 as a result of determinations made through—

9 (i) preliminary assessments under sec-
10 tion 108(f)(1)(B) of this Act; or

11 (ii) comprehensive and specialized as-
12 sessments under subsection (b)(3)(A).

13 (2) DELIVERY OF SERVICES.—Such education
14 and training services shall be provided through edu-
15 cation and training providers certified in accordance
16 with title I of this Act.

17 (3) TYPES OF SERVICES.—Such education and
18 training services may include the following:

19 (A) Basic skills training, including reme-
20 dial education, literacy training, and English
21 literacy program instruction.

22 (B) Occupational skills training.

23 (C) On-the-job training.

24 (D) Programs that combine workplace
25 training with related instruction.

1 (E) Training programs operated by the
2 private sector.

3 (F) Skill upgrading and retraining.

4 (G) Entrepreneurial training.

5 (H) Employability training to enhance
6 basic workplace competencies.

7 (I) Customized training conducted with a
8 commitment by an employer or group of em-
9 ployers to employ an individual upon successful
10 completion of the training.

11 (4) ADDITIONAL REQUIREMENTS.—

12 (A) USE OF VOUCHERS.—(i) To the extent
13 practicable, education and training services
14 under this subsection shall be provided through
15 the use of vouchers in accordance with section
16 109.

17 (ii) A portion of the total payment for the
18 education and training provided by a service
19 provider to a participant pursuant to a voucher
20 issued under this subparagraph may be with-
21 held from such provider until—

22 (I) the participant has successfully
23 completed the training; and

1 (II) the participant has been employed
2 and retained employment for a period not
3 less than 90 days.

4 (B) LINKAGE TO OCCUPATIONS IN DE-
5 MAND.—Education and training services under
6 this subsection shall be directly linked to occu-
7 pations for which there is a demand in the local
8 workforce development area, or in another area
9 to which an adult receiving such services is will-
10 ing to relocate.

11 (d) ADDITIONAL SERVICES.—

12 (1) SUPPORTIVE SERVICES.—Supportive serv-
13 ices may be provided for individuals—

14 (A) who are receiving assistance under any
15 of subsections (a) through (c); and

16 (B) who are unable to receive such services
17 through other programs providing such services.

18 (2) NEEDS-RELATED PAYMENTS.—

19 (A) IN GENERAL.—Amounts allocated
20 under section 304(b) may be used to provide
21 needs-related payments to adults who are un-
22 employed and do not qualify for (or have ceased
23 to qualify for) unemployment compensation for
24 the purpose of enabling such adults to partici-

1 pate in education and training programs under
2 subsection (c).

3 (B) ADDITIONAL ELIGIBILITY REQUIRE-
4 MENTS.—In addition to the requirements con-
5 tained in subparagraph (A), a dislocated worker
6 who has exhausted unemployment insurance
7 benefits shall be eligible to receive needs-related
8 payments under this paragraph only if such
9 worker was enrolled in education or training by
10 the end of the 8th week of the worker’s initial
11 unemployment compensation benefit period, or,
12 if later, by the end of the 8th week after the
13 worker is informed that a short-term layoff will
14 in fact exceed 6 months.

15 (e) PROHIBITION ON PRIVATE RIGHT OF ACTION.—
16 Nothing in this section shall be construed to establish a
17 right for a participant to bring an action to obtain services
18 under a program established under this section.

19 **SEC. 307. CORE STANDARDS, PERFORMANCE GOALS, AND**
20 **MEASURES.**

21 (a) GENERAL AUTHORITY.—

22 (1) STANDARDS AND MEASURES.—Each State
23 receiving a grant under this title shall have devel-
24 oped or shall develop and implement a statewide sys-
25 tem of core standards and measures of performance

1 for programs established under this title, based upon
2 performance standards described in paragraph (2),
3 and consistent with the State's goals and objectives,
4 and benchmarking process described in the State
5 plan required under section 104.

6 (2) STATEWIDE SYSTEM.—Each statewide sys-
7 tem shall—

8 (A) establish or have established perform-
9 ance goals to define the level of performance to
10 be achieved by adults served under this title
11 and to evaluate the quality and effectiveness of
12 services and activities under this title;

13 (B) express such goals in an objective,
14 quantifiable, and measurable form;

15 (C) establish performance indicators or
16 benchmarks that the State and local recipients
17 of funds will use in measuring or assessing
18 progress toward achieving such goals; and

19 (D) provide biennial reports to the public
20 and to the Secretary on the States progress in
21 achieving its goals.

22 (b) REQUIREMENTS.—Each system developed under
23 subsection (a) shall include measures of—

24 (1) placement, retention, and earnings of par-
25 ticipants in unsubsidized employment, including re-

1 tention and earnings at 6 months, and at one year
2 after program termination, respectively;

3 (2) the provision of services to dislocated work-
4 ers, economically disadvantaged individuals, older
5 workers, individuals with disabilities and individuals
6 with multiple barriers to employment, including indi-
7 viduals who are basic skills deficient; and

8 (3) acquisition of skills certificates pursuant to
9 a skill standards and skill certification system en-
10 dorsed by the National Skill Standards Board, once
11 such system is established.

12 **Subtitle B—Federal Programs**

13 **SEC. 311. NATIONAL DISCRETIONARY GRANTS.**

14 (a) GRANTS FOR DISLOCATED WORKERS.—

15 (1) IN GENERAL.—From amounts reserved
16 under section 303(a)(2) for any fiscal year, the Sec-
17 retary is authorized to award national discretionary
18 grants to address major economic dislocations that
19 result from plant closures, base closures, or mass
20 layoffs.

21 (2) APPLICATION.—To receive a grant under
22 this section, an eligible entity shall submit an appli-
23 cation to the Secretary at such time, in such man-
24 ner, and accompanied by such information as the
25 Secretary determines is appropriate.

1 (3) ELIGIBLE ENTITIES.—Grants under this
2 section may be awarded to—

3 (A) the State;

4 (B) a local workforce development board
5 administering assistance under this Act;

6 (C) employers and employer associations;

7 (D) worker-management transition assist-
8 ance committees and other employer-employee
9 entities;

10 (E) representatives of employees;

11 (F) community development corporations
12 and community-based organizations; and

13 (G) industry consortia.

14 (b) INCENTIVE GRANTS.—From amounts reserved
15 under section 303(a)(2) for any fiscal year, the Secretary
16 may provide performance awards to States that have
17 achieved exceptional performance through the implemen-
18 tation of statewide workforce development systems.

19 **SEC. 312. DISASTER RELIEF EMPLOYMENT ASSISTANCE.**

20 (a) IN GENERAL.—From amounts reserved under
21 section 303(a)(2) for any fiscal year, the Secretary may
22 provide assistance to the Governor of any State within
23 which is located an area that has suffered an emergency
24 or a major disaster as defined in paragraphs (1) and (2),
25 respectively, of section 102 of the Robert T. Stafford Dis-

1 aster Relief and Emergency Assistance Act (referred to
2 in this section as the “disaster area”).

3 (b) USE OF FUNDS.—

4 (1) PROJECTS RESTRICTED TO DISASTER
5 AREAS.—Funds made available under this section—

6 (A) shall be used exclusively to provide em-
7 ployment on projects to provide food, clothing,
8 shelter, and other humanitarian assistance for
9 disaster victims and on projects regarding dem-
10 olition, cleanup, repair, renovation, and recon-
11 struction of damaged and destroyed structures,
12 facilities, and lands located within the disaster
13 area; and

14 (B) may be expended through public and
15 private agencies and organizations engaged in
16 such projects.

17 (2) ELIGIBILITY REQUIREMENTS.—An individ-
18 ual shall be eligible to be offered disaster employ-
19 ment under this section if such individual is a dis-
20 located worker or is temporarily or permanently laid
21 off as a consequence of the disaster.

22 (3) LIMITATIONS ON DISASTER RELIEF EM-
23 PLOYMENT.—No individual shall be employed under
24 this part for more than 6 months for work related
25 to recovery from a single natural disaster.

1 **SEC. 313. RESEARCH, DEMONSTRATION, EVALUATION, AND**
2 **CAPACITY BUILDING.**

3 (a) IN GENERAL.—From amounts reserved under
4 section 303(a)(2) for any fiscal year, the Secretary shall
5 establish and carry out research, demonstration, and ca-
6 pacity building activities in accordance with this section.

7 (b) ACTIVITIES.—The Secretary shall carry out the
8 following activities under this section:

9 (1) RESEARCH.—The Secretary shall conduct
10 continuing research, which may include studies and
11 other methods and techniques, that will aid in the
12 solution of the employment and training problems of
13 the United States.

14 (2) DEMONSTRATIONS.—The Secretary shall
15 conduct pilot and demonstration projects for the
16 purpose of developing and improving methods and
17 techniques for addressing employment and training
18 needs. The Secretary may award grants and enter
19 into contracts with entities to carry out such
20 projects.

21 (3) EVALUATION.—

22 (A) ACTIVITIES.—

23 (i) JOB TRAINING ACTIVITIES.—The
24 Secretary shall provide for the continuing
25 evaluation of activities conducted under
26 this Act, including the cost-effectiveness of

1 such activities in achieving the purposes of
2 this Act.

3 (ii) OTHER PROGRAMS.—The Sec-
4 retary may conduct evaluations of other
5 federally funded employment-related activi-
6 ties including programs administered
7 under—

8 (I) the Wagner-Peyser Act (29
9 U.S.C. 49 et seq.);

10 (II) the National Apprenticeship
11 Act (29 U.S.C. 50 et seq.);

12 (III) the Older Americans Act of
13 1965 (42 U.S.C. 3001 et seq.); and

14 (IV) the Federal unemployment
15 insurance program under titles III,
16 IX, and XII of the Social Security Act
17 (42 U.S.C. 501 et seq., 1101 et seq.,
18 and 1321 et seq.).

19 (B) EFFECTIVENESS.—The Secretary shall
20 evaluate the effectiveness of programs author-
21 ized under this Act with respect to—

22 (i) the statutory goals;

23 (ii) the performance standards estab-
24 lished by the Secretary; and

1 (iii) the extent to which such pro-
2 grams enhance the employment and earn-
3 ings of participants, reduce income support
4 costs, improve the employment com-
5 petencies of participants in comparison to
6 comparable persons who did not partici-
7 pate in such programs, and to the extent
8 feasible, increase the level of total employ-
9 ment over the level that would have existed
10 in the absence of such programs.

11 (4) NATIONAL PARTNERSHIP AND SPECIAL
12 TRAINING.—The Secretary may award special grants
13 to eligible entities to carry out activities that are
14 most appropriately administered at the national
15 level. Such activities may include—

16 (A) partnerships with national organiza-
17 tions with special expertise in developing, orga-
18 nizing, and administering employment and
19 training services at the national, State, and
20 local levels, such as industry and labor associa-
21 tions, public interests groups, community-based
22 organizations representative of groups that en-
23 counter special difficulties in the labor market,
24 in education and training; and

25 (B) activities that—

1 (i) address industrywide skill short-
2 ages;

3 (ii) meet training needs that are best
4 addressed on a multistate basis;

5 (iii) further the goals of increasing the
6 competitiveness of the United States labor
7 force; and

8 (iv) require technical expertise avail-
9 able at the national level to serve the needs
10 of particular client groups that encounter
11 significant barriers to employment and who
12 the Secretary determines requires special
13 assistance.

14 (5) CAPACITY BUILDING AND TECHNICAL AS-
15 SISTANCE.—

16 (A) IN GENERAL.—The Secretary shall
17 provide, through grants, contracts, or other ar-
18 rangements, staff training and technical assist-
19 ance to States, local workforce development
20 boards, career centers, communities, business
21 and labor organizations, service providers, in-
22 dustry consortia, and other entities, to enhance
23 their capacity to develop and deliver effective
24 employment and training services.

1 (B) ACTIVITIES.—The staff training and
2 technical assistance authorized under subpara-
3 graph (A) may include—

4 (i) development of management infor-
5 mation systems;

6 (ii) development and maintenance of a
7 national capacity building, information and
8 dissemination network; and

9 (iii) grants for the replication of suc-
10 cessful employment and training models
11 and activities.

12 **SEC. 314. WORKFORCE SKILLS AND DEVELOPMENT LOANS.**

13 (a) AUTHORIZATION.—

14 (1) IN GENERAL.—From amounts reserved
15 under section 303(a)(2) for any fiscal year, the Sec-
16 retary of Labor may use a portion of such amounts
17 to provide grants to States to provide loans to eligi-
18 ble entities described in paragraph (2) to assist such
19 entities in providing skills upgrading for non-mana-
20 gerial employees.

21 (2) ELIGIBLE ENTITIES.—An eligible entity de-
22 scribed in this paragraph is—

23 (A) an employer;

24 (B) a representative of employees;

25 (C) a business association;

1 (D) a trade organization; or

2 (E) a consortium consisting of—

3 (i) more than 1 of the entities de-
4 scribed in subparagraphs (A) through (D);

5 or

6 (ii) an institution of higher education
7 (as such term is defined in section 481 of
8 the Higher Education Act of 1965 (20
9 U.S.C. 1088) which continues to meet the
10 eligibility and certification requirements
11 under section 498 of such Act) and 1 or
12 more of the entities described in subpara-
13 graphs (A) through (D).

14 (b) APPLICATION.—The Secretary may provide a
15 grant to a State under subsection (a) only if such State
16 submits to the Secretary an application which contains
17 such information as the Secretary may reasonably require.

18 (c) USE OF AMOUNTS.—A State shall use amounts
19 received from a grant under subsection (a) to establish
20 a loan guarantee program to assist eligible entities de-
21 scribed in paragraph (2) of such subsection to provide
22 skills upgrading for non-managerial employees. In carry-
23 ing out such program, the State shall meet the following
24 requirements:

1 (1) ESTABLISHMENT OF RESERVE FUND FOR
2 LOAN GUARANTEES.—The State shall establish a re-
3 serve fund from amounts received from such grant
4 for the purpose of making commitments to guaran-
5 tee the payment of principal and interest on loans
6 made by financial institutions to such eligible enti-
7 ties to provide skills upgrading for non-managerial
8 employees.

9 (2) CRITERIA FOR LOAN GUARANTEES.—The
10 State, in conjunction with appropriate financial in-
11 stitutions, shall establish and publish criteria for
12 providing loan guarantees to eligible entities under
13 the program, including criteria that provides for the
14 following:

15 (A) A loan guarantee may be issued under
16 the program only if, at the time such guarantee
17 is issued the eligible entity agrees to pay as an
18 insurance premium an amount equal to 1 per-
19 cent of the principal received by such entity
20 under the loan to the State’s reserve fund.

21 (B)(i) Subject to clause (ii), the eligible en-
22 tity will use amounts received from the loan to
23 provide skills upgrading for mid- and lower-level
24 employees, which may include—

1 (I) training in total quality manage-
2 ment, statistical process control, produc-
3 tion techniques, office automation, mate-
4 rials resource planning; and

5 (II) training to improve basic skills,
6 including reading, writing, and arithmetic.

7 (ii) In providing such skills upgrading, the
8 eligible entity shall give priority to
9 nonmanagerial employees who—

10 (I) directly produce or deliver goods
11 or services; or

12 (II) are in danger of being terminated
13 or laid off as a result of modernization in
14 the workplace, corporate downsizing, for-
15 eign or domestic competition, or Federal
16 policies adversely affecting 1 or more in-
17 dustries.

18 (C) Amounts from a loan shall not be used
19 to pay the wages or other benefits of any em-
20 ployee receiving assistance under the program.

21 (3) PAYMENT BY STATE TO FINANCIAL INSTI-
22 TUTIONS IN CASES OF DEFAULT.—

23 (A) IN GENERAL.—In accordance with cri-
24 teria developed by the Secretary, the State shall
25 make payments from the State's reserve fund to

1 financial institutions that have provided loans
2 to eligible entities that have defaulted on such
3 loans for the purpose of reimbursing such insti-
4 tutions for the amount of principal and interest
5 remaining unpaid to the institutions by reason
6 of such default.

7 (B) NO FULL FAITH AND CREDIT OF THE
8 UNITED STATES.—Loans provided by financial
9 institutions to eligible entities under loan guar-
10 antee programs under this section shall not be
11 obligations of, or guaranteed in any respect by,
12 the United States.

13 (4) LIMITATIONS ON LOAN GUARANTEES.—The
14 authority of a State to extend loan guarantees under
15 this section shall not at any time exceed an amount
16 equal to 1,000 percent of the aggregate principal
17 amount in the State’s reserve fund.

18 (5) INTEREST FROM AMOUNTS IN RESERVE
19 FUND.—Any interest earned from amounts in the
20 State’s reserve fund shall be credited to such fund.

21 (d) FEDERAL AND STATE SHARE.—

22 (1) FEDERAL SHARE.—The Federal share
23 under this section may not exceed 50 percent of the
24 total cost of the program established under sub-
25 section (c) for any fiscal year.

1 (2) STATE SHARE.—The State share shall be
2 provided from non-Federal sources and may be in
3 cash or in-kind, fairly evaluated.

4 **SEC. 315. EMPLOYMENT, TRAINING, AND EDUCATION AS-**
5 **SISTANCE FOR NATIVE AMERICANS.**

6 (a) AUTHORIZATION.—From amounts reserved under
7 section 303(a)(2) for any fiscal year, the Secretary of
8 Labor shall provide grants to, or enter into contracts or
9 cooperative agreements with, Indian tribes and tribal or-
10 ganizations, tribally-controlled colleges, tribally-controlled
11 postsecondary vocational institutions, Indian-controlled
12 organizations serving off-reservation areas, Alaska Native
13 village and regional entities serving areas as described in
14 the Alaska Native Claims Settlement Act and Hawaiian
15 Native-controlled organizations to provide employment,
16 training, vocational rehabilitation, library services, and
17 education assistance for Native Americans.

18 (b) TRANSFER OF AUTHORITY FOR VOCATIONAL
19 EDUCATION ACTIVITIES.—In carrying out subsection (a),
20 the Secretary of Labor may enter into an agreement with
21 the Secretary of Education to carry out any portion of
22 assistance under such subsection devoted to vocational
23 educational activities, including support for the United
24 Tribes Technical College and Crowpoint Institute of Tech-
25 nology.

1 (c) CONSOLIDATION OF FUNDS.—Entities receiving
2 assistance under subsection (a) may consolidate such as-
3 sistance with assistance received from related programs in
4 accordance with the provisions of the Indian Employment,
5 Training and Related Services Demonstration Act (Public
6 Law 102–477).

7 (d) REGULATIONS.—The Secretary shall consult with
8 Indian, Alaska Native and Hawaiian Native groups in es-
9 tablishing regulations to carry out this section, including
10 performance standards for entities receiving assistance
11 under subsection (a), taking into account the economic cir-
12 cumstances of such groups.

13 **SEC. 316. EMPLOYMENT, TRAINING, AND EDUCATION AS-**
14 **SISTANCE FOR MIGRANT AND SEASONAL**
15 **FARMWORKERS.**

16 (a) AUTHORIZATION.—

17 (1) IN GENERAL.—From amounts reserved
18 under section 303(a)(2) for any fiscal year, the Sec-
19 retary of Labor shall provide grants to, or enter into
20 contracts or cooperative agreements with, entities
21 described in paragraph (2) to provide employment,
22 training, and education assistance for migrant and
23 seasonal farmworkers.

24 (2) ENTITIES DESCRIBED.—An entity described
25 in this paragraph is an entity the Secretary deter-

1 mines to have the capacity to administer effectively
2 a diversified development program for migrant and
3 seasonal farmworkers.

4 (b) USE OF AMOUNTS.—An entity shall use amounts
5 received under subsection (a) to provide employment,
6 training, educational development, high school equiva-
7 lency, postsecondary education assistance, vocational reha-
8 bilitation, literacy, English as a second language, work-
9 based education and development, worker safety training,
10 employability enhancements, emergency or other disaster
11 relief, technical assistance, outreach, intake, assessment,
12 follow-up, stipend support, supportive services, other
13 needs-based assistance, and self-employment and related
14 business enterprise development education.

15 (c) TRANSFER OF AUTHORITY FOR EDUCATION AC-
16 TIVITIES.—In carrying out subsection (b), the Secretary
17 of Labor may enter into an agreement with the Secretary
18 of Education to carry out any portion of assistance under
19 such subsection devoted to education activities.

20 **TITLE IV—ADULT EDUCATION,**
21 **FAMILY LITERACY, AND LI-**
22 **BRARY TECHNOLOGY CON-**
23 **SOLIDATION GRANT**

24 **SEC. 401. FINDINGS AND PURPOSE.**

25 (a) FINDINGS.—The Congress finds as follows:

1 (1) According to the 1990 census, 21 percent of
2 our Nation's adults (more than 38 million persons)
3 lack a high school credential or are limited English
4 proficient.

5 (2) The National Adult Literacy Survey, con-
6 ducted under the Adult Education Act, found that
7 20 percent of all adults in the United States, or
8 about 40 million people, have minimal levels of lit-
9 eracy skills and that the lack of such skills is related
10 to unemployment, low wages, and fewer weeks
11 worked.

12 (3) The success of State efforts to reform and
13 improve public education are dependent on the abil-
14 ity of the United States to break intergenerational
15 cycles of illiteracy and inadequate education by en-
16 suring that parents possess a strong educational
17 foundation and, as the first and most continuous
18 teachers of their children, model for, and instill in,
19 their children a commitment to family literacy and
20 life-long learning.

21 (4) Generations of immigrants have contributed
22 to our communities and our economy, but for them
23 to continue to do so given recent technologies and
24 the competitive global economy, they must master
25 English as rapidly as possible.

1 (5) Studies have found that incarcerated adults
2 are twice as likely as nonincarcerated adults to lack
3 a good education and that such lack is a significant
4 statistical indicator of recidivism.

5 (6) Certain short-term and long-term goals of
6 the Nation may not be met unless the United States
7 improves its current system of adult education and
8 lifelong learning through Federal leadership.

9 (b) PURPOSE.—The purposes of this title are as
10 follows:

11 (1) To assist States to provide—

12 (A) to adults, the basic educational skills
13 necessary for employment and self-sufficiency;

14 (B) to adults who are parents, the edu-
15 cational skills necessary to be full partners in
16 the educational development of their children;

17 (C) to adults, the basic English language
18 skills necessary to participate in the civic, so-
19 cial, and economic life of the United States; and

20 (D) to adults, the opportunity to attain a
21 high school degree or its equivalent in order to
22 permit them to pursue further education and
23 training or improve their family and work situa-
24 tions.

1 (2) To provide electronic linkages among librar-
2 ies and one-stop career center systems.

3 **SEC. 402. DEFINITIONS.**

4 As used in this title:

5 (1) CORRECTIONAL EDUCATION AGENCY.—The
6 term “correctional education agency” means an en-
7 tity that provides programs for criminal offenders in
8 corrections institutions and for other institutional-
9 ized individuals which include academic programs
10 for basic education, special education, bilingual or
11 English language instruction, vocational training, li-
12 brary development, corrections education programs,
13 guidance and counseling, and other supportive serv-
14 ices for criminal offenders which may emphasize co-
15 ordination of educational services with educational
16 institutions, community-based organizations of de-
17 monstrative effectiveness, and the private sector, de-
18 signed to provide education and training.

19 (2) EDUCATIONALLY DISADVANTAGED
20 ADULT.—The term “educationally disadvantaged
21 adult” means an adult who—

22 (A) demonstrates basic skills equivalent to
23 or below that of students at the fifth grade
24 level; or

1 (B) has been placed in the lowest or begin-
2 ning level of an adult education program when
3 that program does not use grade level equiva-
4 lencies as a measure of students' basic skills.

5 (3) FAMILY LITERACY SERVICES.—The term
6 “family literacy services” means services that inte-
7 grate all of the following activities and are of suffi-
8 cient intensity in terms of hours, and of sufficient
9 duration, to make sustainable changes in a family:

10 (A) Interactive literacy activities between
11 parents and their children.

12 (B) Training for parents on how to be
13 their children's primary teacher and full part-
14 ners in the education of their children.

15 (C) Parent literacy training.

16 (D) Early childhood education.

17 (4) LIBRARY.—The term “library” includes—

18 (A) a public library;

19 (B) a public elementary or secondary
20 school library;

21 (C) an academic library;

22 (D) a research library; and

23 (E) a private library, but only if the State
24 in which such private library is located deter-

1 mines that the library should be considered a li-
2 brary for purposes of this title.

3 (5) SECRETARY.—The term “Secretary” means
4 the Secretary of Education.

5 **Subtitle A—Funding**

6 **SEC. 411. RESERVATIONS FROM AMOUNTS APPROPRIATED.**

7 (a) NATIONAL COMPETITIVE INCENTIVE GRANTS.—
8 For fiscal year 1998 and any succeeding fiscal year, the
9 Secretary shall reserve \$20,000,000 of the amount appro-
10 priated under section 4 to provide the grants under section
11 431.

12 (b) NATIONAL INSTITUTE FOR LITERACY.—For any
13 fiscal year, the Secretary shall reserve \$4,500,000 of the
14 amount appropriated under section 4 to carry out the ac-
15 tivities of the National Institute for Literacy described in
16 section 432.

17 (c) NATIONAL LEADERSHIP ACTIVITIES.—For any
18 fiscal year, the Secretary shall reserve \$4,500,000 of the
19 amount appropriated under section 4 to establish and
20 carry out the program of national leadership and evalua-
21 tion activities described in section 433.

22 **SEC. 412. ALLOTMENT.**

23 (a) INITIAL ALLOTMENT.—From the sums available
24 for the purpose of making grants under subtitle B for any
25 fiscal year, the Secretary shall allot—

1 (1) \$100,000 each to Guam, American Samoa,
2 the Commonwealth of the Northern Mariana Is-
3 lands, and the Virgin Islands; and

4 (2) \$250,000 to each of the other States.

5 (b) ADDITIONAL ALLOTMENT.—

6 (1) DIVISION OF REMAINING AMOUNTS.—For
7 any fiscal year, the Secretary shall divide the re-
8 mainder of the sums available for the purpose of
9 making grants under subtitle B for the year after
10 the application of subsection (a) into—

11 (A) a portion equal to 66 and $\frac{2}{3}$ percent
12 of such remainder; and

13 (B) a portion equal to 33 and $\frac{1}{3}$ percent
14 of such remainder.

15 (2) FORMULAS.—

16 (A) IN GENERAL.—The additional allot-
17 ment to a State for a fiscal year shall equal the
18 sum of the allotment to the State under sub-
19 paragraph (B) and the allotment to the State
20 under subparagraph (C) for the year.

21 (B) ALLOTMENT BASED ON QUALIFYING
22 ADULTS.—From the portion referred to in
23 paragraph (1)(A), the Secretary shall allot to
24 each State an amount which bears the same
25 ratio to such portion as the number of qualify-

1 ing adults in the State bears to the number of
2 such adults in all States.

3 (C) ALLOTMENT BASED ON POPU-
4 LATION.—From the portion referred to in para-
5 graph (1)(B), the Secretary shall allot to each
6 State an amount which bears the same ratio to
7 such portion as the population of the State
8 bears to the population of all the States.

9 (3) QUALIFYING ADULT.—For purposes of
10 paragraph (2)(B), the term “qualifying adult”
11 means an adult who—

12 (A) is at least 16 years of age, but less
13 than 61 years of age;

14 (B) is beyond the age of compulsory school
15 attendance under State law;

16 (C) does not have a certificate of gradua-
17 tion from a school providing secondary edu-
18 cation (or its equivalent); and

19 (D) is not currently enrolled in elementary
20 or secondary school.

21 **Subtitle B—Grants to States**

22 **SEC. 421. REQUIREMENT TO MAKE GRANTS.**

23 The Secretary shall make a grant for a fiscal year
24 to a State in an amount equal to the initial and additional
25 allotments of the State for the year if the State—

1 (1) has satisfied the requirements of title I and
2 section 423(a)(1);

3 (2) enters into a written agreement with the
4 Secretary that the State—

5 (A) will not expend the grant for any pur-
6 pose other than in accordance with section 422;

7 (B) will satisfy the grant requirements in
8 section 423(a)(2) and 423(b); and

9 (C) will not expend the grant for the pur-
10 pose of supporting or providing programs, serv-
11 ices, or activities for individuals who are not
12 adults, except if such programs, services, or ac-
13 tivities are related to family literacy services.

14 **SEC. 422. USES OF FUNDS.**

15 (a) STATE USES OF FUNDS.—

16 (1) GRANTS TO LOCAL SERVICE PROVIDERS.—

17 Of the funds paid to a State under this title, at least
18 55 percent shall be distributed as grants made by
19 the State on a competitive basis, and consistent with
20 subsection (b) and section 423(b)(2), to local service
21 providers to establish, conduct, or expand programs,
22 services, or activities to achieve the purposes of this
23 title. Such local service providers may include the
24 following:

25 (A) Local educational agencies.

1 (B) Correctional educational agencies.

2 (C) Community-based organizations.

3 (D) Public or private nonprofit agencies.

4 (E) Institutions of higher education.

5 (F) Libraries.

6 (G) Other institutions that the State deter-
7 mines to have the ability to provide literacy
8 services to adults and families.

9 (2) LIBRARY TECHNOLOGY.—Of the funds paid
10 to a State under this title, the State shall provide 30
11 percent to the State library administrative agency
12 for the State. Such agency shall expend such funds
13 for one or more of the following purposes:

14 (A) Electronically connecting libraries with
15 one-stop career center systems designated or es-
16 tablished under section 108 and local service
17 providers receiving grants under paragraph (1).

18 (B) Establishing or enhancing linkages
19 among libraries.

20 (C) Assisting libraries in accessing infor-
21 mation through electronic networks.

22 (D) Encouraging libraries in different Fed-
23 eral, State, and local jurisdictions, and different
24 types of libraries, to establish consortia and
25 share resources.

1 (E) Paying costs for libraries to acquire or
2 share computer systems and telecommuni-
3 cations technologies.

4 (3) OTHER STATE ACTIVITIES.—A State may
5 use not more than 10 percent of the funds paid to
6 the State under this title for one or more of the fol-
7 lowing purposes:

8 (A) The establishment or operation of pro-
9 fessional development programs to improve the
10 quality of instruction provided in local adult
11 education and literacy programs, including in-
12 struction provided by volunteers.

13 (B) The provision of technology assistance
14 to local service providers to enable them to im-
15 prove the quality of their programs, services,
16 and activities that achieve the purposes of this
17 title, including—

18 (i) providing hardware and software;

19 (ii) paying for service connection fees
20 associated with gaining access to comput-
21 erized databases; and

22 (iii) upgrading the technological capa-
23 bilities of local service providers to improve
24 the quality of their services and to assist
25 them in providing services on a flexible

1 schedule that meets the needs of diverse
2 populations.

3 (C) The support of State or regional net-
4 works of literacy resource centers that—

5 (i) enhance the coordination of lit-
6 eracy services across public and private
7 programs and State agencies;

8 (ii) enhance the capacity of the State
9 and local service providers to provide lit-
10 eracy services through the diffusion and
11 adoption of state-of-the-art teaching meth-
12 ods and technologies;

13 (iii) provide linkages between the Na-
14 tional Institute for Literacy established
15 under section 432 and local service provid-
16 ers for the sharing of literacy information,
17 research, and resources;

18 (iv) encourage government and indus-
19 try partnerships; and

20 (v) provide training and technical as-
21 sistance to literacy instructors in reading
22 instruction, the use of state-of-the-art
23 methodologies, instructional materials, and
24 technologies, and professional development.

1 (D) Monitoring and evaluating the quality
2 of, and the improvement in, services and activi-
3 ties conducted with Federal financial assistance
4 under this title, including carrying out section
5 423(a)(2).

6 (E) Carrying out other activities of state-
7 wide significance that promote the purposes of
8 this Act.

9 (4) ADMINISTRATIVE EXPENSES.—In any fiscal
10 year, a State may use not more than 5 percent of
11 the funds paid to the State under this title or
12 \$50,000, whichever is greater, for—

13 (A) planning, administration, technical as-
14 sistance to local service providers, and inter-
15 agency coordination, associated with a grant
16 under this title; and

17 (B) support for one-stop career center sys-
18 tems described in section 108.

19 (b) LOCAL USES OF FUNDS.—A State shall require
20 that a local service provider that receives a grant from
21 the State under subsection (a)(1) use the grant to estab-
22 lish or operate one or more programs that provide instruc-
23 tion or services within one or more of the following cat-
24 egories:

1 (1) Adult basic education that is designed for
2 an adult who—

3 (A) has minimal competence in reading,
4 writing, or computation;

5 (B) is not sufficiently competent in read-
6 ing, writing, or computation to meet the re-
7 quirements of adult life in the United States; or

8 (C) is not sufficiently competent in speak-
9 ing, reading, or writing the English language to
10 obtain employment commensurate with the
11 adult's intellectual abilities.

12 (2) Adult secondary education that is designed
13 for an adult who is literate and can function in ev-
14 eryday life, but who—

15 (A) has not acquired basic educational
16 skills, including reading, writing, and computa-
17 tion; or

18 (B) does not have a certificate of gradua-
19 tion from a school providing education to stu-
20 dents in grade 12, or its equivalent.

21 (3) English literacy instruction that is designed
22 for an adult—

23 (A) who—

24 (i) has limited ability in speaking,
25 reading, writing, or understanding the

1 English language and whose native lan-
2 guage is a language other than English; or

3 (ii) lives in a family or community en-
4 vironment where a language other than
5 English is the dominant language; and

6 (B) who, by reason of a condition de-
7 scribed in subparagraph (A), has sufficient dif-
8 ficulty reading, writing, or understanding the
9 English language the adult is unable—

10 (i) to learn successfully in a classroom
11 where the language of instruction is Eng-
12 lish; or

13 (ii) to participate fully in the society
14 of the United States.

15 (4) Family literacy services.

16 **SEC. 423. ADDITIONAL GRANT REQUIREMENTS.**

17 (a) GOALS, PROGRESS INDICATORS, PERFORMANCE
18 MEASURES.—

19 (1) PLANNING REQUIREMENTS.—A State that
20 desires to receive a grant under this title shall ac-
21 complish the following:

22 (A) Establish, through the collaborative
23 process described in section 103, measurable
24 goals for improving literacy levels, retention in

1 literacy programs, and long-term learning gains
2 of individuals in the State.

3 (B) Based on such goals and the perform-
4 ance measures described in section 424, estab-
5 lish, through such collaborative process,
6 progress indicators to be used to evaluate the
7 performance of local service providers receiving
8 a grant under section 422(a)(1).

9 (C) Describe such goals and progress indi-
10 cators in the State workforce development and
11 literacy plan submitted to the Secretary under
12 section 104.

13 (2) IMPLEMENTATION REQUIREMENTS.—A
14 State that receives a grant under this title shall ac-
15 complish the following:

16 (A) With respect to each local service pro-
17 vider receiving a grant under section 422(a)(1),
18 based on the goals and progress indicators es-
19 tablished under paragraph (1), measure the
20 performance measures described in section 424
21 and use the data produced by such measure-
22 ment to improve the quality of services provided
23 to program participants or service recipients.

24 (B) Beginning on the date that is 2 years
25 after the first date that a local service provider

1 receives a grant under section 422(a)(1), annu-
2 ally assess the degree to which the provider is
3 meeting or exceeding the progress indicators
4 applicable to the provider.

5 (C) Annually report to the Secretary on
6 the performance measures described in section
7 424 for each category described in such section.

8 (b) OTHER REQUIREMENTS.—A State that receives
9 a grant under this title shall ensure the following:

10 (1) EXPENDITURES OF NON-FEDERAL
11 FUNDS.—For any fiscal year for which a grant is
12 made to the State under this title, the State shall
13 expend, on programs and activities relating to adult
14 education and family literacy services, an amount,
15 derived from sources other than the Federal Govern-
16 ment, equal to 25 percent of the State's initial and
17 additional allotments for the year.

18 (2) PRIORITY FOR PLANNING WITH BOARDS
19 AND SYSTEMS.—In awarding grants to local service
20 providers under section 422(a)(1), the State shall
21 give priority to providers that demonstrate joint
22 planning with local workforce development boards
23 and one-stop career center systems.

24 (3) EQUITABLE ACCESS.—Local educational
25 agencies, public or private nonprofit agencies, com-

1 munity-based organizations, correctional education
2 agencies, institutions of higher education, libraries,
3 and institutions which serve educationally disadvan-
4 taged adults shall be provided equitable access to
5 Federal funds provided under this title in accordance
6 with this title.

7 (4) PAYMENTS BY ONE-STOPS TO LOCAL SERV-
8 ICE PROVIDERS.—A one-stop career center system
9 that refers an individual to a local service provider
10 that—

11 (A) is receiving a grant from the State
12 under section 422(a)(1) shall pay to such pro-
13 vider, in accordance with the biennial strategic
14 plan of the local workforce development board
15 pursuant to which such center is established or
16 designated, an amount appropriate to pay for
17 the services required by the individual with re-
18 spect to which the reference is made; or

19 (B) is not receiving such a grant but is
20 providing adult education or literacy services
21 shall pay to such provider, in accordance with
22 such plan, such amount if the State has cer-
23 tified that such provider is eligible to receive
24 such funds.

1 **SEC. 424. PERFORMANCE MEASURES.**

2 A State that receives a grant under this title for a
3 fiscal year shall measure the performance in the following
4 categories for such year of the programs, services, and ac-
5 tivities carried out by each local service provider receiving
6 a grant under section 422(a)(1):

7 (1) The percentage of adults served who, based
8 on skills or abilities acquired through such a pro-
9 gram, service, or activity—

10 (A) read to their children;

11 (B) provide support to their children in the
12 completion of homework assignments;

13 (C) participate on an ongoing basis in ac-
14 tivities that support their childrens' schools;

15 (D) enrolled in institutions of higher edu-
16 cation or occupational training;

17 (E) obtained a job;

18 (F) advanced in their job; or

19 (G) performed new job requirements essen-
20 tial to retaining their job.

21 (2) The percentage of adults served who, based
22 on skills or abilities acquired through such a pro-
23 gram, service, or activity—

24 (A) obtained a high school diploma;

25 (B) obtained a high school equivalency di-
26 ploma; or

1 (C) increased their literacy skills in a man-
2 ner that enabled them to operate more effec-
3 tively in their home and community.

4 (3) The percentage of adults served who, based
5 on skills or abilities acquired through such a pro-
6 gram, service, or activity—

7 (A) register to vote;

8 (B) obtain United States citizenship; or

9 (C) seek preventive health services.

10 (4) The percentage of incarcerated adults
11 served who, based on skills or abilities acquired
12 through such a program, service, or activity, upon
13 the termination of the period of their incarcer-
14 ation—

15 (A) enrolled in job training or education
16 programs;

17 (B) obtained employment; or

18 (C) returned to society prepared to func-
19 tion independently.

20 **Subtitle C—National Programs**

21 **SEC. 431. NATIONAL COMPETITIVE INCENTIVE GRANTS.**

22 (a) **AUTHORITY TO SELECT ELIGIBLE STATES.**—

23 (1) **STATE PLAN.**—A State that desires to re-
24 ceive an incentive grant under this section shall sub-
25 mit to the Secretary, by a date specified by the Sec-

1 retary, a plan, to be implemented in the fiscal year
2 preceding any fiscal year for which the State desires
3 the grant, that describes—

4 (A) a methodology by which the State edu-
5 cational agency for the State will collaborate
6 with other State agencies to provide to the tar-
7 get populations described in subsection (c) serv-
8 ices to raise their level of education and im-
9 prove their employment skills; and

10 (B) goals and performance measures that
11 permit the success of such methodology and
12 services to be measured objectively.

13 (2) SELECTION OF STATES.—Based on the
14 quality of the plans submitted under paragraph (1)
15 for a fiscal year, the Secretary shall designate not
16 more than 10 States as meeting the preliminary cri-
17 terion for receipt of an incentive grant under this
18 section for such year.

19 (3) PLAN IMPLEMENTATION.—A State des-
20 ignated under paragraph (2) that desires to receive
21 an incentive grant shall implement the plan submit-
22 ted under paragraph (1).

23 (4) EVALUATION OF SUCCESS.—Not earlier
24 than the termination of the 1-year period beginning
25 on the date a State is designated under paragraph

1 (2), the Secretary shall determine whether the State
2 is successfully implementing the plan submitted by
3 the State under paragraph (1) and achieving the
4 goals set forth in the plan.

5 (b) REQUIREMENT TO MAKE GRANTS.—

6 (1) IN GENERAL.—Beginning in fiscal year
7 1998 and thereafter, the Secretary shall make an in-
8 centive grant for a fiscal year to each State that the
9 Secretary determines, under subsection (a)(4), is
10 successfully implementing the plan submitted by the
11 State under subsection (a)(1) and achieving the
12 goals set forth in the plan.

13 (2) AMOUNT OF GRANT.—A grant to a State
14 for a fiscal year under paragraph (1) shall be in an
15 amount equal to the allotment of the State for the
16 year under paragraph (3).

17 (3) ALLOTMENT.—

18 (A) IN GENERAL.—From the sums avail-
19 able for a fiscal year for the purpose of making
20 grants under this section, the Secretary shall
21 allot to each State described in paragraph (1)
22 an amount determined through the application
23 of the formula described in subparagraph (B).

24 (B) FORMULA.—The Secretary shall de-
25 velop a formula for determining an appropriate

1 allotment to a State under this subsection.
2 Such formula shall be based on the population
3 of the State and the success of the State in
4 achieving the goals set forth in the plan submit-
5 ted by the State under subsection (a)(1).

6 (c) TARGET POPULATIONS.—The target populations
7 referred to in subsection (a) are the following:

8 (1) Parents who are educationally disadvan-
9 taged adults and who have a child who is less than
10 8 years of age.

11 (2) Families on public assistance (as deter-
12 mined by the State submitting the plan under sub-
13 section (a)(1)).

14 (3) Adults with more than one barrier to self-
15 sufficiency such as being unemployed or an educa-
16 tionally disadvantaged adult.

17 **SEC. 432. NATIONAL INSTITUTE FOR LITERACY.**

18 (a) ESTABLISHMENT.—

19 (1) IN GENERAL.—There shall be established a
20 National Institute for Literacy (in this section re-
21 ferred to as the “Institute”). The Institute shall be
22 administered under the terms of an interagency
23 agreement entered into by the Secretary of Edu-
24 cation with the Secretary of Labor and the Secretary
25 of Health and Human Services (in this section re-

1 ferred to as the “Interagency Group”). The Sec-
2 retary may include in the Institute any research and
3 development center, institute, or clearinghouse estab-
4 lished within the Department of Education whose
5 purpose is determined by the Secretary to be related
6 to the purpose of the Institute.

7 (2) BOARD RECOMMENDATIONS.—The Inter-
8 agency Group shall consider the recommendations of
9 the National Institute for Literacy Advisory Board
10 (in this section referred to as the “Board”) estab-
11 lished under subsection (d) in planning the goals of
12 the Institute and in the implementation of any pro-
13 grams to achieve such goals.

14 (3) DAILY OPERATIONS.—The daily operations
15 of the Institute shall be carried out by the Director
16 of the Institute appointed under subsection (g).

17 (b) DUTIES.—

18 (1) IN GENERAL.—The Institute shall—

19 (A) provide national leadership for the im-
20 provement and expansion of the system for de-
21 livery of literacy services;

22 (B) coordinate the delivery of such serv-
23 ices;

24 (C) support the creation of new methods of
25 offering improved services; and

1 (D) serve as a national resource for adult
2 education and family literacy services by provid-
3 ing to the public the best and most current in-
4 formation available on the subjects.

5 (2) AUTHORIZED ACTIVITIES.—In order to
6 carry out the duties described in paragraph (1), the
7 Institute may—

8 (A) establish a national electronic database
9 of information that includes—

10 (i) information on—

11 (I) effective practices in the pro-
12 vision of literacy and basic skills in-
13 struction;

14 (II) public and private literacy
15 and basic skills programs and Fed-
16 eral, State, and local policies affecting
17 the provision of literacy services at the
18 national, State, and local levels; and

19 (III) technical assistance, meet-
20 ings, conferences, and other opportu-
21 nities that lead to the improvement of
22 literacy and basic skills services; and

23 (ii) a communication network for lit-
24 eracy programs, providers, and students;

1 (B) coordinate support for the provision of
2 literacy and basic skills services across Federal
3 agencies and at the State and local level;

4 (C) coordinate the support of research and
5 development on literacy and basic skills in fami-
6 lies and adults across Federal agencies and
7 carry out basic and applied research and devel-
8 opment on topics that are not being inves-
9 tigated by other organizations or agencies.

10 (D) collect and disseminate information on
11 methods of advancing literacy that show prom-
12 ise of success.

13 (E) work with the National Education
14 Goals Panel established under Goals 2000:
15 Educate America Act to assist local, State, and
16 national organizations and agencies in making
17 and measuring progress toward the National
18 Education Goals established under such Act;
19 and

20 (F) assist in the development of policy with
21 respect to literacy and basic skills.

22 (3) GRANTS, CONTRACTS, AND AGREEMENTS.—
23 The Institute may enter into contracts or coopera-
24 tive agreements with, or make grants to, individuals,
25 public or private institutions, agencies, organiza-

1 tions, or consortia of such institutions, agencies, or
2 organizations to carry out the activities of the Insti-
3 tute. Such grants, contracts, or agreements shall be
4 subject to the laws and regulations that generally
5 apply to grants, contracts, or agreements entered
6 into by Federal agencies.

7 (c) LITERACY LEADERSHIP.—

8 (1) FELLOWSHIPS.—The Institute, in consulta-
9 tion with the Board, may award fellowships, with
10 such stipends and allowances as the Director consid-
11 ers necessary, to outstanding individuals pursuing
12 careers in adult education or literacy in the areas of
13 instruction, management, research, or innovation.

14 (2) USE OF FELLOWSHIPS.—Fellowships
15 awarded under this subsection shall be used, under
16 the auspices of the Institute, to engage in research,
17 education, training, technical assistance, or other ac-
18 tivities to advance the field of adult education or lit-
19 eracy, including the training of volunteer literacy
20 providers at the national, State, or local level.

21 (3) INTERNS AND VOLUNTEERS.—The Insti-
22 tute, in consultation with the Board, may award
23 paid and unpaid internships to individuals seeking to
24 assist the Institute in carrying out its mission. Not-
25 withstanding section 1342 of title 31, United States

1 Code, the Institute may accept and use voluntary
2 and uncompensated services as the Institute deter-
3 mines necessary.

4 (d) NATIONAL INSTITUTE FOR LITERACY ADVISORY
5 BOARD.—

6 (1) ESTABLISHMENT.—

7 (A) IN GENERAL.—There shall be a Na-
8 tional Institute for Literacy Advisory Board.
9 The Board shall consist of 10 individuals ap-
10 pointed by the President with the advice and
11 consent of the Senate from individuals who—

12 (i) are not otherwise officers or em-
13 ployees of the Federal Government; and

14 (ii) are representative of entities or
15 groups described in subparagraph (B).

16 (B) ENTITIES OR GROUPS DESCRIBED.—

17 The entities or groups referred to in subpara-
18 graph (A) are—

19 (i) literacy organizations and provid-
20 ers of literacy services, including—

21 (I) nonprofit providers of literacy
22 services;

23 (II) providers of programs and
24 services involving English language in-
25 struction; and

- 1 (III) providers of services receiv-
2 ing assistance under this title;
3 (ii) businesses that have demonstrated
4 interest in literacy programs;
5 (iii) literacy students;
6 (iv) experts in the area of literacy re-
7 search;
8 (v) State and local governments; and
9 (vi) organized labor.

10 (2) DUTIES.—The Board shall—

11 (A) make recommendations concerning the
12 appointment of the Director and staff of the In-
13 stitute;

14 (B) provide independent advice on the op-
15 eration of the Institute; and

16 (C) receive reports from the Interagency
17 Group and the Director.

18 (3) TERMS.—

19 (A) IN GENERAL.—Each member of the
20 Board shall be appointed for a term of 3 years,
21 except that the initial terms for members may
22 be 1, 2, or 3 years in order to establish a rota-
23 tion in which $\frac{1}{3}$ of the members are selected
24 each year.

1 (B) VACANCY APPOINTMENTS.—Any mem-
2 ber appointed to fill a vacancy occurring before
3 the expiration of the term for which the mem-
4 ber’s predecessor was appointed shall be ap-
5 pointed only for the remainder of that term. A
6 member may serve after the expiration of that
7 members’ term until a successor has taken of-
8 fice. A vacancy in the Board shall be filled in
9 the manner in which the original appointment
10 was made. A vacancy in the Board shall not af-
11 fect the powers of the Board.

12 (4) QUORUM.—A majority of the members of
13 the Board shall constitute a quorum but a lesser
14 number may hold hearings. Any recommendation
15 may be passed only by a majority of its members
16 present.

17 (5) CHAIRPERSON AND VICE CHAIRPERSON.—
18 The chairperson and vice chairperson of the Board
19 shall be elected by the members. The term of office
20 of the chairperson and vice chairperson shall be 1
21 year.

22 (6) MEETINGS.—The Board shall meet at the
23 call of the chairperson or a majority of its members.

1 (e) GIFTS, BEQUESTS, AND DEVICES.—The Institute
2 may accept, administer, and use gifts or donations of serv-
3 ices, money, or property, both real and personal.

4 (f) MAILS.—The Board and the Institute may use the
5 United States mails in the same manner and under the
6 same conditions as other departments and agencies of the
7 United States.

8 (g) STAFF.—The Interagency Group, after consider-
9 ing recommendations made by the Board, shall appoint
10 and fix the pay of a Director.

11 (h) APPLICABILITY OF CERTAIN CIVIL SERVICE
12 LAWS.—The Director and staff of the Institute may be
13 appointed without regard to the provisions of title 5,
14 United States Code, governing appointments in the com-
15 petitive service, and may be paid without regard to the
16 provisions of chapter 51 and subchapter III of chapter 53
17 of that title relating to classification and General Schedule
18 pay rates, except that an individual so appointed may not
19 receive pay in excess of the maximum rate payable under
20 section 5376 of title 5, United States Code.

21 (i) EXPERTS AND CONSULTANTS.—The Board and
22 the Institute may procure temporary and intermittent
23 services under section 3109(b) of title 5, United States
24 Code.

1 (j) REPORT.—The Institute shall submit a biennial
2 report to the Interagency Group and the Congress.

3 **SEC. 433. NATIONAL LEADERSHIP ACTIVITIES.**

4 (a) IN GENERAL.—The Secretary may establish and
5 carry out a program of national leadership and evaluation
6 activities to enhance the quality of adult education and
7 family literacy programs nationwide. Such activities may
8 include the following:

9 (1) Research and development.

10 (2) Demonstration of model and innovative pro-
11 grams.

12 (3) Evaluations, including independent evalua-
13 tions of adult education and family literacy pro-
14 grams carried out with financial assistance received
15 pursuant to this title.

16 (4) Data collection.

17 (5) Professional development.

18 (6) Technical assistance to States and local
19 service providers receiving Federal financial assist-
20 ance pursuant to this title.

21 (7) Other activities to enhance the quality of
22 adult education and family literacy programs nation-
23 wide.

24 (b) GRANTS, CONTRACTS, AND COOPERATIVE
25 AGREEMENTS.—The Secretary may carry out the activi-

1 ties described in subsection (a) directly or through grants,
2 contracts, and cooperative agreements.

3 **TITLE V—AMENDMENTS TO**
4 **REHABILITATION ACT OF 1973**
5 **Subtitle A—Vocational**
6 **Rehabilitation Consolidation Grant**
7 **CHAPTER 1—TRANSITION PERIOD**

8 **SEC. 501. TRANSITION.**

9 With respect to the amendment made by section
10 511(4) to title I of the Rehabilitation Act of 1973, the
11 Secretary of Education, acting through the Commissioner
12 of the Rehabilitation Services Administration, shall admin-
13 ister the amendment in accordance with the following:

14 (1) During fiscal year 1996, the Secretary shall
15 develop administrative policies for implementing the
16 amendment.

17 (2) During the fiscal years 1997 and 1998, the
18 Secretary shall begin implementing the amendment
19 in accordance with paragraph (4).

20 (3) The Secretary shall ensure that, by the first
21 day of fiscal year 1999, the amendment is fully im-
22 plemented.

23 (4) For purposes of paragraph (2), the Sec-
24 retary shall ensure that, before the first day of fiscal
25 year 1999, the following requirements (administered

1 as conditions on the receipt of grants under such
2 title) have been met:

3 (A) The States have complied with section
4 103(b)(4) of such title (as amended by section
5 511) regarding the participation of certain pro-
6 viders.

7 (B) The States have established policies
8 and made arrangements for the operation of the
9 system of vouchers described in section 103(c)
10 of such title, including with respect to the reim-
11 bursement of providers.

12 (C) The States have established policies
13 and made arrangements under section
14 103(b)(11) of such title regarding the training
15 of the management and staff of one-stop career
16 centers with respect to individuals with disabil-
17 ities.

18 (D) The States have established policies
19 and made arrangements under section 104 of
20 such title regarding the establishment of such
21 centers, including providing for the significant
22 participation of community-based providers in
23 the program carried out by the State pursuant
24 to such title.

1 (E) Such other requirements under the
2 amendment as the Secretary determines to be
3 appropriate.

4 (5)(A) Notwithstanding the amendment, during
5 the fiscal years 1996 through 1998, the provisions
6 of title I of the Rehabilitation Act of 1973 that were
7 in effect on the day before the date of the enactment
8 of this Act continue to be in effect, subject to para-
9 graphs (1) through (4). In implementing the amend-
10 ment, the Secretary shall seek to avoid unnecessarily
11 disrupting the provision of services under such title
12 to individuals who, as of the date of the enactment
13 of this Act, were receiving services pursuant to an
14 individualized plan under such title.

15 (B) On and after the first day of fiscal year
16 1999, the provisions referred to in the first sentence
17 of subparagraph (A) do not have any legal effect.

18 **CHAPTER 2—REVISION OF TITLE I OF**

19 **REHABILITATION ACT OF 1973**

20 **SEC. 511. COMPREHENSIVE REVISION.**

21 Effective October 1, 1995, the Rehabilitation Act of
22 1973 (29 U.S.C. 701 et seq.) is amended—

23 (1) by transferring section 112 from the cur-
24 rent placement of the section;

1 (2) by redesignating such section as section
2 510;

3 (3) by adding such section at the end of title
4 V; and

5 (4) by amending title I to read as follows:

6 **“TITLE I—VOCATIONAL**
7 **REHABILITATION SERVICES**

8 **“SEC. 100. PURPOSE.**

9 “The purpose of this title is to assist States in mak-
10 ing available to individuals with disabilities a program of
11 employment, training, and rehabilitation services that
12 maximizes an individual’s control over their vocational and
13 career choices, and is in accordance with the goal of assur-
14 ing equality of opportunity, full participation, independent
15 living, and economic self-sufficiency for such individuals.

16 **“SEC. 101. FORMULA GRANTS.**

17 “(a) IN GENERAL.—

18 “(1) FORMULA GRANTS.—In the case of each
19 State that submits to the Secretary a workforce de-
20 velopment and literacy plan for fiscal year 1999 or
21 any subsequent fiscal year that meets the require-
22 ment of section 103 of the Consolidated and Re-
23 formed Education, Employment, and Rehabilitation
24 Systems Act, the Secretary shall make a grant for
25 the year to the State as the Federal share of carry-

1 ing out the purposes specified in this title. The grant
2 shall consist of the allotment determined for the
3 State under section 107.

4 “(2) CONDITIONS FOR GRANT.—A State may
5 receive a grant under paragraph (1) for a fiscal year
6 only if the State meets the conditions described in
7 this title for the State for the fiscal year.

8 “(b) ADMINISTRATOR OF FEDERAL PROGRAM.—The
9 Secretary shall carry out this title acting through the
10 Commissioner of the Rehabilitation Services Administra-
11 tion, except as indicated otherwise.

12 “(c) RULE OF CONSTRUCTION.—The purpose speci-
13 fied in section 100 shall be carried out only in accordance
14 with the other provisions of this title.

15 “(d) FUNDING.—

16 “(1) AUTHORIZATION OF APPROPRIATIONS.—
17 For the purpose of carrying out this title, there are
18 authorized to be appropriated such sums as may be
19 necessary for each of the fiscal years 1999 through
20 2002, except that the amount to be appropriated for
21 a fiscal year shall not be less than the amount of the
22 appropriation under this subsection for the imme-
23 diately preceding fiscal year, plus the amount of the
24 Consumer Price Index addition determined under

1 paragraph (2) for the immediately preceding fiscal
2 year.

3 “(2) ADJUSTMENTS PURSUANT TO CONSUMER
4 PRICE INDEX.—

5 “(A) Not later than November 15 of each
6 fiscal year, the Secretary of Labor shall publish
7 in the Federal Register the percentage change
8 in the Consumer Price Index published for Oc-
9 tober of the preceding fiscal year and October
10 of the fiscal year in which such publication is
11 made.

12 “(B) If in any fiscal year the percentage
13 change published under subparagraph (A) indi-
14 cates an increase in the Consumer Price Index,
15 then the amount to be appropriated under para-
16 graph (1) for the subsequent fiscal year shall be
17 at least the amount appropriated for the fiscal
18 year in which the publication is made under
19 subparagraph (A) increased by such percentage
20 change.

21 “(C) If in any fiscal year the percentage
22 change published under subparagraph (A) does
23 not indicate an increase in the Consumer Price
24 Index, then the amount to be appropriated
25 under paragraph (1) for the subsequent fiscal

1 year shall be at least the amount appropriated
2 for the fiscal year in which the publication is
3 made under subparagraph (A).

4 “(D) For purposes of this paragraph, the
5 term ‘Consumer Price Index’ means the
6 Consumer Price Index for All Urban Consum-
7 ers, published monthly by the Bureau of Labor
8 Statistics.

9 “(3) AUTOMATIC EXTENSION OF AUTHORIZA-
10 TION.—

11 “(A) Unless, in the regular session that
12 ends prior to the beginning of the last fiscal
13 year for which an authorization of appropria-
14 tions is provided in paragraph (1), legislation
15 has been enacted that has the effect of extend-
16 ing such authorization, such authorization is
17 automatically extended for one additional year.

18 “(B) The amount authorized to be appro-
19 priated for the additional fiscal year described
20 in subparagraph (A) shall be an amount equal
21 to the amount appropriated for such program
22 for fiscal year 2002, plus the amount of the
23 Consumer Price Index addition determined
24 under paragraph (2) for the immediately pre-
25 ceding fiscal year.

1 “(C) In any case where the Commissioner
2 is required under an applicable statute to carry
3 out certain acts or make certain determinations
4 that are necessary for the continuation of the
5 program authorized by this title, and such acts
6 or determinations are required during the last
7 fiscal year for which an authorization of appro-
8 priations is provided in paragraph (1), such
9 acts and determinations shall be required dur-
10 ing any fiscal year for which subparagraph (A)
11 is in operation.

12 **“SEC. 102. ALLOCATION WITHIN STATE OF ADMINISTRA-**
13 **TIVE RESPONSIBILITIES.**

14 “(a) IN GENERAL.—For purposes of section 101(a),
15 a State, subject to subsection (b)—

16 “(1) will reserve not more than 10 percent of
17 the grant under such section for the fiscal year in-
18 volved for carrying out the responsibilities of a State
19 administrative agent under section 103; and

20 “(2) will reserve not less than 90 percent of the
21 grant for carrying out the responsibilities under sec-
22 tion 104 of local workforce development boards and
23 one-stop career centers with respect to workforce de-
24 velopment areas.

1 tion Systems Act that a Governor must designate a State
2 administrative agent to carry out this title, a Governor
3 may designate—

4 “(1) one State administrative agent to be re-
5 sponsible for carrying out this title for individuals
6 who are blind; and

7 “(2) a different State administrative agent to
8 carry out the remaining responsibilities in this title.

9 “(b) RESPONSIBILITIES.—For purposes of section
10 101(a) and the operation in a State of the program under
11 this title:

12 “(1) This subsection, and subsection (d) (as ap-
13 plicable), will be carried out by State administrative
14 agents designated by the Governor in accordance
15 with subsection (a), through the collaborative proc-
16 ess established under section 103 of the Consoli-
17 dated and Reformed Education, Employment, and
18 Rehabilitation Systems Act.

19 “(2)(A) The State will provide to the public an
20 explanation of the methods by which the State will
21 provide vocational rehabilitation services to all eligi-
22 ble individuals (as defined in section 105(d)) in the
23 State.

24 “(B) In the event that such services cannot be
25 provided to all eligible individuals who apply for the

1 services, the State will show and provide the jus-
2 tification for the order to be followed in selecting in-
3 dividuals to whom the services will be provided.

4 “(C) The order of selection under subparagraph
5 (B) will be determined on the basis of serving first
6 those individuals with the most severe disabilities, in
7 accordance with criteria established by the State.

8 “(3) The State will establish guidelines provid-
9 ing that, in the case of an individual to whom the
10 State will provide a service (in accordance with the
11 order of selection under paragraph (2) and the as-
12 sessment of needs under section 105(b)(2)(A)), the
13 individual will have the option of receiving the serv-
14 ice from a provider designated by the center or from
15 a provider selected by the individual pursuant to
16 vouchers under subsection (c).

17 “(4) Pursuant to section 109 of the Consoli-
18 dated and Reformed Education, Employment, and
19 Rehabilitation Systems Act, the State will make sig-
20 nificant efforts to encourage the participation in the
21 State program of community-based private provid-
22 ers, with special consideration given to providers
23 who have been recipients of funds under this Act re-
24 garding projects with industry or supported employ-
25 ment services.

1 “(5) The State will establish provisions to gov-
2 ern determinations under section 105 (relating to
3 the eligibility of individuals).

4 “(6) The State will establish provisions to gov-
5 ern assessments under section 104(b)(1) (relating to
6 the need of individuals for services).

7 “(7) The State will ensure that vocational reha-
8 bilitation services under this title are provided by
9 personnel who are qualified to provide the services
10 involved.

11 “(8) The State will establish plans, policies, and
12 procedures to be followed in carrying out the pro-
13 gram under this title in the State (including enter-
14 ing into a formal interagency cooperative agreement
15 with education officials responsible for the provision
16 of a free appropriate public education to students
17 who are individuals with disabilities). The State will
18 ensure that such plans, policies, and procedures are
19 designed in accordance with the following:

20 “(A)(i) To facilitate the development and
21 accomplishment of the goals and objectives de-
22 scribed in clause (ii) (including the specification
23 of plans for coordination with the educational
24 agencies in the provision of transition services),
25 to the extent that the goals and objectives are

1 included in an individualized education program
2 of a student.

3 “(ii) The goals and objectives referred to
4 in clause (i) are long-term rehabilitation goals;
5 intermediate rehabilitation objectives; and goals
6 and objectives related to enabling a student to
7 live independently before the student leaves a
8 school setting.

9 “(B) To facilitate the transition from the
10 provision of a free appropriate public education
11 under the responsibility of an educational agen-
12 cy to the provision of vocational rehabilitation
13 services under this title, including the specifica-
14 tion of plans for coordination with educational
15 agencies in the provision of transition services
16 to an individual.

17 “(C) To provide for—

18 “(i) provisions for determining State
19 lead agencies and qualified personnel re-
20 sponsible for transition services;

21 “(ii) procedures for outreach to and
22 identification of youth in need of such
23 services; and

1 “(iii) a timeframe for evaluation and
2 followup of youth who have received such
3 services.

4 “(9) The State will provide for coordination and
5 working relationships with the Statewide Independ-
6 ent Living Council established under section 705
7 and independent living centers within the State.

8 “(10) The State will provide for interagency co-
9 operation with, and the utilization of the services
10 and facilities of, the State agencies administering
11 the State’s public assistance programs, and other
12 programs for individuals with disabilities.

13 “(11) With respect to the one-stop career cen-
14 ters operated pursuant to section 104, the State will
15 provide for the appropriate training of the manage-
16 ment and staff of the centers regarding the effective
17 provision of services to individuals with disabilities.

18 “(c) AVAILABILITY OF VOUCHER SYSTEM REGARD-
19 ING SERVICES.—For purposes of section 101(a) and the
20 operation in a State of the program under this title:

21 “(1) The State will provide for the establish-
22 ment of a system to carry out this subsection.

23 “(2) In the case of an eligible individual who
24 (in accordance with the order of selection under sub-
25 section (b)(2) and the assessment of needs under

1 section 105(b)(2)(A)) will receive vocational rehabili-
2 tation services under this title, the one-stop career
3 center involved will, upon request of the individual,
4 provide to the individual vouchers in accordance with
5 this subsection.

6 “(3) Vouchers under this subsection will enable
7 such individual to obtain the vocational rehabilita-
8 tion services involved from providers selected by the
9 individual from among a list of providers approved
10 by the State for such purpose in accordance with
11 section 109 of the Consolidated and Reformed Edu-
12 cation, Employment, and Rehabilitation Systems
13 Act.

14 “(4) The State will ensure that the monetary
15 value of a voucher provided to the individual for a
16 particular type of service is calculated at a fair mar-
17 ket value.

18 “(5) To the extent practicable, the list of pro-
19 viders under paragraph (3) will provide for the avail-
20 ability within each local workforce development area
21 of a broad range of services.

22 “(d) STATE OPTIONS.—With respect to compliance
23 with this section, a State may, in the discretion of the
24 State, expend a grant under section 101 for the following:

1 “(1) To provide technical assistance to local
2 boards, one-stop career centers, and providers relat-
3 ing to the provision of vocational rehabilitation serv-
4 ices under this title.

5 “(2) To disseminate findings from research re-
6 garding vocational rehabilitation services, after con-
7 sideration of requests from local workforce develop-
8 ment boards and one-stop career centers regarding
9 the types of information needed by such boards and
10 centers.

11 “(3) To conduct demonstration projects regard-
12 ing improvements with respect to vocational rehabili-
13 tation services, subject to providing the results of
14 such projects to the Commissioner and as appro-
15 priate disseminating the results within the State.

16 **“SEC. 104. RESPONSIBILITIES FOR LOCAL BOARDS AND**
17 **SERVICE CENTERS.**

18 “(a) PROVISION OF VOCATIONAL REHABILITATION
19 SERVICES.—For purposes of section 101(a) and the oper-
20 ation in a State of the program under this title:

21 “(1) This section will be carried out by the one-
22 stop career centers in the State, with each such cen-
23 ter acting under the guidance of the local workforce
24 development board for the local workforce area with-
25 in which the center operates.

1 “(2) In accordance with the order of selection
2 under section 103(b)(2), a one-stop career center
3 will, in expending amounts provided to the center
4 from a grant under section 101—

5 “(A) make determinations under section
6 105 of the eligibility of individuals for voca-
7 tional rehabilitation services; and

8 “(B) provide for such goods or services for
9 eligible individuals as are—

10 “(i) necessary to render the individ-
11 uals employable and achieve an employ-
12 ment outcome; and

13 “(ii) provided in response to needs
14 that arise, to a significant extent, from the
15 disability involved and do not duplicate, to
16 any significant extent, the core services
17 available under title I of the Consolidated
18 and Reformed Education, Employment,
19 and Rehabilitation Systems Act.

20 “(b) CERTAIN SERVICES.—With respect to compli-
21 ance with this section, vocational rehabilitation services
22 under this title (as defined in subsection (f)) may include
23 the following:

24 “(1) An assessment of the needs of eligible indi-
25 viduals for such services.

1 “(2) Counseling, guidance, and work-related
2 placement services for individuals with disabilities,
3 including job search assistance, placement assist-
4 ance, job retention services, personal assistance serv-
5 ices, and followup, follow-along, and specific
6 postemployment services necessary to assist such in-
7 dividuals to maintain, regain, or advance in employ-
8 ment.

9 “(3) Vocational and other training services for
10 individuals with disabilities, including personal and
11 vocational adjustment, books, or other training ma-
12 terials, and such services to the families of such in-
13 dividuals as are necessary to the adjustment or reha-
14 bilitation of such individuals.

15 “(4) Development of written plans for the pro-
16 vision of services.

17 “(5) Rehabilitation technology services.

18 “(6) Supported employment services.

19 “(7) Physical and mental restoration services.

20 “(8) Interpreter services for individuals who are
21 deaf, and reader services for individuals who are
22 blind.

23 “(9) Rehabilitation teaching services and ori-
24 entation and mobility services for individuals who
25 are blind.

1 “(10) Referral and other services designed to
2 assist individuals with disabilities in securing needed
3 services from other agencies through agreements de-
4 veloped under section 103(b)(9), if such services are
5 not available under this Act.

6 “(11) Any other vocational rehabilitation serv-
7 ice.

8 “(c) ALLOCATION FOR CORE SERVICES.—For pur-
9 poses of section 101(a):

10 “(1) With respect to a fiscal year, a local
11 workforce development board receiving amounts
12 from a grant under section 101 will reserve an
13 amount for the provision of core services under title
14 I of the Consolidated and Reformed Education, Em-
15 ployment, and Rehabilitation Systems Act.

16 “(2) The amount so reserved will be based on
17 the number of eligible individuals with disabilities in
18 the local workforce development area, exceptional
19 costs of facilitating the provision of core services to
20 eligible individuals, and training of employees of the
21 one-stop career centers to provide high-quality serv-
22 ices to individuals with disabilities, and other factors
23 relating to disability that the board considers appro-
24 priate.

1 “(d) PERFORMANCE PAYMENTS REGARDING VOUCH-
2 ERS.—For purposes of section 101(a), the local board will
3 ensure that, in providing for the payment of services pro-
4 vided pursuant to vouchers, a provider does not receive
5 full payment until the delivery of the services involved is
6 completed in reasonable accordance with the outcome des-
7 ignated for the service pursuant to a prior understanding
8 with the provider.

9 “(e) PAYOR OF LAST RESORT REGARDING MEDICAL
10 SERVICES AND EDUCATIONAL ASSISTANCE.—For pur-
11 poses of section 101(a), a State will not expend a grant
12 under section 101 to pay for training services in institu-
13 tions of higher education, or to pay for medical services,
14 unless maximum efforts have been made to secure pay-
15 ments, in whole or in part, from other sources.

16 “(f) DEFINITION.—For purposes of this title, the
17 term ‘vocational rehabilitation services’ means goods and
18 services described in subsection (a)(2)(B).

19 **“SEC. 105. ELIGIBLE INDIVIDUAL.**

20 “(a) IN GENERAL.—For purposes of section 101:

21 “(1) An individual will not receive vocational re-
22 habilitation services under this title unless the indi-
23 vidual—

24 “(A) is an individual with a disability
25 under section 7(8)(A); and

1 “(B) requires vocational rehabilitation
2 services to prepare for, enter, engage in, or re-
3 tain gainful employment.

4 “(2) If the individual has a disability or is blind
5 as determined pursuant to title II or title XVI of the
6 Social Security Act, the individual will be considered
7 to have—

8 “(A) a physical or mental impairment
9 which for such individual constitutes or results
10 in a substantial impediment to employment
11 under section 7(8)(A)(i); and

12 “(B) a severe physical or mental impair-
13 ment which seriously limits one or more func-
14 tional capacities in terms of an employment
15 outcome under section 7(15)(A)(i).

16 “(b) PROCESS.—For purposes of section 101(a), a
17 State will ensure that, subject to the order of selection
18 under section 102(b)(2), the following applies to an indi-
19 vidual:

20 “(1) Once the individual makes a request in
21 person for a determination of eligibility:

22 “(A) An adviser will be made available to
23 the individual regarding the process of obtain-
24 ing services under this title.

1 “(B) An initial interview will be conducted,
2 followed by an initial assessment.

3 “(C) A final determination will be made
4 not later than 30 days after the request (sub-
5 ject to the cooperation of the individual in the
6 process of determination).

7 “(D) The determination of eligibility will
8 be based on the review of existing data de-
9 scribed in clause (i) of section 7(22)(A), and, to
10 the extent necessary, the preliminary assess-
11 ment described in clause (ii) of such section.

12 “(E) If it is determined that the individual
13 is not an eligible individual, the individual will
14 be provided a written statement explaining the
15 basis of the determination.

16 “(2) If it is determined that the individual is an
17 eligible individual:

18 “(A) The needs of the individual for voca-
19 tional rehabilitation services will be assessed.

20 “(B) Upon the request of the individual,
21 assistance will be provided to the individual in
22 the development of a written plan for the indi-
23 vidual regarding the provision of services pursu-
24 ant to subparagraph (A).

1 “(c) RULE OF CONSTRUCTION.—This title may not
2 be construed as establishing an entitlement in any individ-
3 ual.

4 “(d) DEFINITION.—For purposes of this title, the
5 term ‘eligible individual’ means an individual described in
6 subsection (a)(1).

7 **“SEC. 106. STATE REHABILITATION ADVISORY COUNCIL.**

8 “(a) IN GENERAL.—For purposes of section 101(a):

9 “(1) A State will establish a State Rehabilita-
10 tion Advisory Council (referred to in this section as
11 the ‘Council’) in accordance with this section.

12 “(2) The Council will be composed of the fol-
13 lowing:

14 “(A) Representatives of organizations with-
15 in the State providing services to individuals
16 with disabilities and their families.

17 “(B) Representatives of business, industry,
18 and labor.

19 “(C) Representatives of disability advocacy
20 groups representing a cross section of—

21 “(i) individuals with physical, cog-
22 nitive, sensory, and mental disabilities; and

23 “(ii) parents, family members, guard-
24 ians, advocates, or authorized representa-
25 tives, of individuals with disabilities who

1 have difficulty in representing themselves
2 or are unable due to their disabilities to
3 represent themselves;

4 “(3) The State administrative agent will be an
5 ex officio member of the Council.

6 “(4) Members of the Council will be appointed
7 by the Governor or another entity that has appoint-
8 ment authority under State law.

9 “(5) A majority of Council members will be per-
10 sons who are—

11 “(A) individuals with disabilities described
12 in section 7(8)(B); and

13 “(B) not employed by the designated State
14 administrative agent.

15 “(6)(A) Except as provided in subparagraph
16 (B), the Council will select a chairperson from
17 among the membership of the Council.

18 “(B) In States in which the Governor does not
19 have veto power pursuant to State law, the Governor
20 will designate a member of the Council to serve as
21 the chairperson of the Council or will require the
22 Council to so designate such a member.

23 “(7) Each member of the Council will serve for
24 a term determined by the Governor or another entity
25 that has appointment authority under State law.

1 “(8) Any vacancy occurring in the membership
2 of the Council will be filled in the same manner as
3 the original appointment. The vacancy will not affect
4 the power of the remaining members to execute the
5 duties of the Council.

6 “(b) FUNCTIONS OF COUNCIL.—For purposes of sec-
7 tion 101(a), the Council will carry out the following:

8 “(1) Advise the collaborative process under sec-
9 tion 103 of the Consolidated and Reformed Edu-
10 cation, Employment, and Rehabilitation Systems
11 Act, and the State administrative agent, in the prep-
12 aration of the State workforce development and lit-
13 eracy plan and other plans, reports, needs assess-
14 ments, and evaluations required by this title.

15 “(2) To the extent feasible, conduct a review
16 and analysis of the effectiveness of, and consumer
17 satisfaction with, the delivery of core services and
18 vocational rehabilitation services to individuals with
19 disabilities within the State.

20 “(3) Prepare and submit an annual report to
21 the collaborative process or appropriate State admin-
22 istrative agent and the Commissioner on the status
23 of vocational rehabilitation programs operated within
24 the State, and make the report available to the pub-
25 lic.

1 “(4) Coordinate with other councils within the
2 State established to address the needs of individuals
3 with disabilities.

4 “(5) Perform such other functions, consistent
5 with the purpose of this title, as the State Rehabili-
6 tation Advisory Council determines to be appro-
7 priate, that are comparable to the other functions
8 performed by the Council.

9 “(c) RESOURCES.—

10 “(1) PLAN.—For purposes of section 101(a),
11 the Council will prepare, in conjunction with the
12 State administrative agent, a plan for the provision
13 of such resources, including such staff and other
14 personnel, as may be necessary to carry out the
15 functions of the Council under this section. The re-
16 source plan shall, to the maximum extent possible,
17 rely on the use of resources in existence during the
18 period of implementation of the plan.

19 “(2) RESOLUTION OF DISAGREEMENTS.—For
20 purposes of section 101(a), to the extent that there
21 is a disagreement between the Council and the State
22 administrative agent in regard to the resources nec-
23 essary to carry out the functions of the Council as
24 set forth in this section, the disagreement will be re-

1 solved by the Governor or appointing agency identi-
2 fied in subsection (a)(4).

3 “(3) SUPERVISION AND EVALUATION.—For
4 purposes of section 101(a), the Council will, consist-
5 ent with State law, supervise and evaluate such staff
6 and other personnel as may be necessary to carry
7 out its functions under this section.

8 “(4) PERSONNEL CONFLICT OF INTEREST.—
9 For purposes of section 101(a), while assisting the
10 Council in carrying out its duties, staff and other
11 personnel will not be assigned duties by the State
12 administrative agent or any other agency or office of
13 the State, that would create a conflict of interest.

14 “(d) CONFLICT OF INTEREST.—For purposes of sec-
15 tion 101(a), no member of the Council will cast a vote
16 on any matter that would provide direct financial benefit
17 to the member or otherwise give the appearance of a con-
18 flict of interest under State law.

19 “(e) MEETINGS.—For purposes of section 101(a), the
20 Council will convene meetings and conduct such forums
21 or hearings as the Council considers appropriate. The
22 meetings, hearings, and forums will be publicly an-
23 nounced. The meetings will be open and accessible to the
24 general public unless there is a valid reason for an execu-
25 tive session.

1 “(f) COMPENSATION AND EXPENSES.—For purposes
2 of section 101(a), the Council may use funds appropriated
3 under this title to reimburse members of the Council for
4 reasonable and necessary expenses of attending Council
5 meetings and performing Council duties (including child
6 care and personal assistance services), and to pay com-
7 pensation to a member of the Council, if such member is
8 not employed or must forfeit wages from other employ-
9 ment, for each day the member is engaged in performing
10 the duties of the Council.

11 “(g) RULE OF CONSTRUCTION.—Nothing in this sec-
12 tion prohibits a State from establishing and providing
13 funds to a separate council to carry out functions de-
14 scribed in subsection (b) with respect to vocational reha-
15 bilitation services for individuals who are blind.

16 **“SEC. 107. AMOUNT OF ALLOTMENT.**

17 “(a)(1) Subject to the provisions of subsection (d),
18 for each fiscal year beginning before October 1, 1978, each
19 State shall be entitled to an allotment of an amount bear-
20 ing the same ratio to the amount authorized to be appro-
21 priated under section 101(d) for allotment under this sec-
22 tion as the product of (A) the population of the State,
23 and (B) the square of its allotment percentage, bears to
24 the sum of the corresponding products for all the States.

1 “(2)(A) For each fiscal year beginning on or after
2 October 1, 1978, each State shall be entitled to an allot-
3 ment in an amount equal to the amount such State re-
4 ceived under paragraph (1) for the fiscal year ending Sep-
5 tember 30, 1978, and an additional amount determined
6 pursuant to subparagraph (B) of this paragraph.

7 “(B) For each fiscal year beginning on or after Octo-
8 ber 1, 1978, each State shall be entitled to an allotment,
9 from any amount authorized to be appropriated for such
10 fiscal year under section 101(d) for allotment under this
11 section in excess of the amount appropriated under such
12 section for the fiscal year ending September 30, 1978, in
13 an amount equal to the sum of—

14 “(i) an amount bearing the same ratio to 50
15 percent of such excess amount as the product of the
16 population of the State and the square of its allot-
17 ment percentage bears to the sum of the correspond-
18 ing products for all the States; and

19 “(ii) an amount bearing the same ratio to 50
20 percent of such excess amount as the product of the
21 population of the State and its allotment percentage
22 bears to the sum of the corresponding products for
23 all the States.

24 “(3) The sum of the payment to any State (other
25 than Guam, American Samoa, the Virgin Islands, and the

1 Northern Mariana Islands) under this subsection for any
2 fiscal year which is less than one-third of 1 percent of the
3 amount appropriated under section 101(d), or \$3,000,000,
4 whichever is greater, shall be increased to that amount,
5 the total of the increases thereby required being derived
6 by proportionately reducing the allotment to each of the
7 remaining such States under this subsection, but with
8 such adjustments as may be necessary to prevent the sum
9 of the allotments made under this subsection to any such
10 remaining State from being thereby reduced to less than
11 that amount.

12 “(4) For each fiscal year beginning on or after Octo-
13 ber 1, 1984, for which any amount is appropriated pursu-
14 ant to section 101(d), each State shall receive an alloca-
15 tion (from such appropriated amount) in addition to the
16 allotment to which such State is entitled under paragraphs
17 (2) and (3) of this subsection. Such additional allocation
18 shall be an amount which bears the same ratio to the
19 amount so appropriated as that State’s allotment under
20 paragraphs (2) and (3) of this subsection bears to the sum
21 of such allotments of all the States.

22 “(b)(1) If the payment to a State pursuant to this
23 section for a fiscal year is less than the total payments
24 such State received under section 2 of the Vocational Re-
25 habilitation Act for the fiscal year ending June 30, 1973,

1 such State shall be entitled to an additional payment (sub-
2 ject to the same terms and conditions applicable to other
3 payments under this part) equal to the difference between
4 the payment under this section and the amount so received
5 by it.

6 “(2) If a State receives as its Federal share pursuant
7 to this section for any fiscal year less than the applicable
8 Federal share of the expenditure of such State for fiscal
9 year 1972 for vocational rehabilitation services under the
10 plan for such State approved under section 101 as in ef-
11 fect for such year (including any amount expended by such
12 State for the administration of the State plan but exclud-
13 ing any amount expended by such State from non-Federal
14 sources for construction under such plan), such State shall
15 be entitled to an additional payment for such fiscal year,
16 subject to the same terms and conditions applicable to
17 other payments under this part, equal to the difference
18 between such the payment pursuant to this section and
19 an amount equal to the applicable Federal share of such
20 expenditure for vocational rehabilitation services.

21 “(3) Any payment attributable to the additional pay-
22 ment to a State under this subsection shall be made only
23 from appropriations specifically made to carry out this
24 subsection, and such additional appropriations are hereby
25 authorized.”.

1 **Subtitle B—Other Amendments to**
2 **Rehabilitation Act of 1973**

3 **SEC. 521. TRAINING AND DEMONSTRATION PROJECTS.**

4 (a) IN GENERAL.—Effective October 1, 1995, the
5 Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.) is
6 amended—

7 (1) in title III—

8 (A) by striking section 303;

9 (B) by striking section 304;

10 (C) in section 311, by subsection (f);

11 (D) by striking section 312; and

12 (E) by striking section 316;

13 (2)(A) by transferring subsection (a) of section
14 802 from the current placement of the subsection;

15 (B) by redesignating such subsection as sub-
16 section (f); and

17 (C) by inserting such section at the end of sec-
18 tion 311 (as amended by paragraph (1)(C) of this
19 subsection);

20 (3)(A) by transferring subsection (g) of section
21 802 from the current placement of the subsection;

22 (B) by redesignating such subsection as sub-
23 section (g); and

1 (C) by inserting such section at the end of sec-
2 tion 311 (as amended by paragraph (2)(C) of this
3 subsection);

4 (4)(A) by transferring subsection (b) of section
5 803 from the current placement of the subsection;

6 (B) by redesignating such subsection as sub-
7 section (j); and

8 (C) by inserting such section at the end of sec-
9 tion 302; and

10 (5) by striking the remaining provisions of title
11 VIII.

12 (b) SECTION 311(c).—Effective October 1, 1997, sec-
13 tion 311 of the Rehabilitation Act of 1973 (29 U.S.C.
14 777a), as amended by subsection (a) of this subsection,
15 is amended—

16 (1) by striking subsection (c); and

17 (2) by redesignating subsections (d) through (g)
18 as subsections (c) through (f), respectively.

19 **SEC. 522. EMPLOYMENT OPPORTUNITIES FOR INDIVIDUALS**
20 **WITH DISABILITIES.**

21 (a) IN GENERAL.—Effective October 1, 1995, title VI
22 of the Rehabilitation Act of 1973 (29 U.S.C. 795 et seq.)
23 is amended—

24 (1) by striking part A;

25 (2) by striking part C;

1 (3) by striking part D; and

2 (4) in part B, by striking the part designation
3 and heading.

4 (b) PROJECTS WITH INDUSTRY.—Effective October
5 1, 1997, title VI of the Rehabilitation Act of 1973, as
6 amended by subsection (a) of this section, is repealed.

7 **TITLE VI—AMENDMENTS TO THE**
8 **HIGHER EDUCATION ACT OF**
9 **1965**

10 **SEC. 601. PURPOSE OF TITLE.**

11 The purpose of this title is to provide for the ces-
12 sation of Federal sponsorship of two Government spon-
13 sored enterprises, the Student Loan Marketing Associa-
14 tion and the College Construction Loan Insurance Asso-
15 ciation now that both corporations are economically viable
16 and have successfully fulfilled the purposes for which they
17 were created.

18 **Subtitle A—Student Loan**
19 **Marketing Association**

20 **SEC. 611. REORGANIZATION OF THE STUDENT LOAN MAR-**
21 **KETING ASSOCIATION THROUGH THE FOR-**
22 **MATION OF A HOLDING COMPANY.**

23 (a) AMENDMENT.—Part B of title IV of the Higher
24 Education Act of 1965 (20 U.S.C. 1071 et seq. (1988))

1 common shares of the Holding Company on a one for one
2 basis, consistent with applicable State or District of Co-
3 lumbia law, and (2) Holding Company common shares to
4 be registered with the Securities and Exchange Commis-
5 sion.

6 “(b) SHAREHOLDER APPROVAL.—The plan of reor-
7 ganization adopted by the Board of Directors pursuant to
8 subsection (a) shall be submitted to common stockholders
9 of the Association for their approval. The reorganization
10 shall occur at the reorganization effective date, provided
11 that the plan of reorganization has been approved by the
12 affirmative votes, cast in person or by proxy, of the holders
13 of a majority of the issued and outstanding shares of the
14 Association common stock.

15 “(c) TRANSITION.—

16 “(1) IN GENERAL.—Except as specifically pro-
17 vided in this section, until the dissolution date the
18 Association shall continue to have all of the rights,
19 privileges and obligations set forth in, and shall be
20 subject to all of the limitations and restrictions of,
21 section 439 of this Act as in effect on the effective
22 date of this section. The Holding Company and its
23 affiliates other than the Association shall not be en-
24 titled to any of the rights, privileges and obligations,
25 and shall not be subject to the limitations and re-

1 restrictions, applicable to the Association under section
2 439 of this Act as in effect on the effective date of
3 this section, except as specifically provided in this
4 section.

5 “(2) TRANSFER OF CERTAIN PROPERTY.—Ex-
6 cept as specifically provided in this section, at the
7 reorganization effective date or as soon as prac-
8 ticable thereafter, the Association shall use its best
9 efforts to transfer to the Holding Company or its
10 subsidiaries (or both), in each case, as directed by
11 the Holding Company, all real and personal property
12 of the Association (both tangible and intangible)
13 other than the remaining property. Without limiting
14 the preceding sentence, such transferred property
15 shall include all right, title and interest in (A) direct
16 or indirect subsidiaries of the Association (excluding
17 any interest in any government sponsored enter-
18 prise), (B) contracts, leases, and other agreements,
19 (C) licenses and other intellectual property, and (D)
20 any other property of the Association. Notwithstand-
21 ing the preceding provisions of this paragraph, noth-
22 ing in this paragraph shall be construed to prohibit
23 the Association from transferring remaining prop-
24 erty from time to time to the Holding Company or

1 its subsidiaries, subject to the provisions of para-
2 graph (4).

3 “(3) TRANSFER OF PERSONNEL.—At the reor-
4 ganization effective date, employees of the Associa-
5 tion shall become employees of the Holding Com-
6 pany (or of the subsidiaries), and the Holding Com-
7 pany (or the subsidiaries or both) shall provide all
8 necessary and appropriate management and oper-
9 ational support (including loan servicing) to the As-
10 sociation, as requested by the Association. The Asso-
11 ciation may, however, obtain such management and
12 operational support from other persons or entities.

13 “(4) DIVIDENDS.—The Association may pay
14 dividends in the form of cash or noncash distribu-
15 tions so long as at the time of the declaration of
16 such dividends, after giving effect to the payment of
17 such dividends as of the date of such declaration by
18 the Board of Directors of the Association, the Asso-
19 ciation’s capital would be in compliance with the
20 capital standards set forth in section 439(r) of this
21 Act. If, at any time after the reorganization effective
22 date, the Association fails to comply with such cap-
23 ital standards, the Holding Company shall be obli-
24 gated to transfer to the Association additional cap-
25 ital in such amounts as are necessary to ensure that

1 the Association again complies with the capital
2 standards, but not to exceed that amount received
3 by the Holding Company as dividends during the 6-
4 month period immediately preceding such failure.

5 “(5) VALUATION OF NONCASH DISTRIBUTIONS.—After the reorganization effective date, any
6 distribution of noncash assets by the Association to
7 the Holding Company shall be valued at book value
8 on the date the Association’s Board of Directors ap-
9 proved such distribution for purposes of calculating
10 compliance with section 439(r) of this Act.

12 “(6) RESTRICTIONS ON NEW BUSINESS ACTIV-
13 ITY OR ACQUISITION OF ASSETS BY ASSOCIATION.—
14 After the reorganization effective date, the Associa-
15 tion shall not engage in any new business activities
16 or acquire any additional assets other than—

17 “(A) prior to the last day of the 36th full
18 calendar month immediately following the reor-
19 ganization effective date in connection with con-
20 tractual commitments for future student loan
21 purchases or warehousing advances or pursuant
22 to letters of credit or standby bond purchase
23 agreements, in either case which are outstand-
24 ing as of the reorganization effective date;

1 “(B) in connection with its serving as a
2 lender-of-last-resort pursuant to section 439 of
3 this Act; and

4 “(C) in connection with its purchase of
5 loans insured under this part, if the Secretary,
6 with the approval of the Secretary of the Treas-
7 ury, requests the Association to continue or re-
8 sume its secondary market purchase program
9 because the Secretary determines there is inad-
10 equate liquidity for loans made under this part,
11 the Secretary is authorized to enter into agree-
12 ments with the Association covering these addi-
13 tional secondary market activities.

14 Any agreement entered into under subparagraph (C)
15 shall cover a period of 12 months, but may be re-
16 newed if the Secretary determines that liquidity re-
17 mains inadequate. The fee provided under section
18 439(h)(7) shall not apply to loans acquired under
19 any such agreement with the Secretary.

20 “(7) RESTRICTIONS ON ADDITIONAL INDEBTED-
21 NESS OF THE ASSOCIATION; ATTRIBUTES OF DEBT
22 OBLIGATIONS.—After the reorganization effective
23 date, the Association shall not incur indebtedness
24 which at any given time would exceed the aggregate
25 book value of its assets, to the extent such assets are

1 permitted to be held under this subsection. The As-
2 sociation shall not issue new debt obligations after
3 the last day of the 36th full calendar month imme-
4 diately following the reorganization effective date,
5 except in connection with its serving as a lender-of-
6 last-resort pursuant to section 439 of this Act or
7 with purchasing loans under an agreement with the
8 Secretary described in section 440(c)(6). Notwith-
9 standing the foregoing, nothing in this subsection
10 shall in any way whatsoever modify the attributes
11 accorded the debt obligations of the Association by
12 section 439 of this Act, regardless of whether such
13 debt obligations are incurred (A) prior to the reorga-
14 nization effective date, (B) after the reorganization
15 effective date and prior to the last day of the 36th
16 month period described above, or (C) after any such
17 obligations are transferred to a trust in accordance
18 with subsection (d).

19 “(8) MONITORING OF SAFETY AND SOUND-
20 NESS.—

21 “(A) OBLIGATION TO OBTAIN, MAINTAIN,
22 AND REPORT INFORMATION.—The Association
23 shall obtain such information and make and
24 keep such records as the Secretary of the
25 Treasury may from time to time prescribe con-

1 cerning the Association's policies, procedures,
2 or systems for monitoring and controlling finan-
3 cial risk to it resulting from the activities of
4 any of its associated persons, to the extent such
5 activities are reasonably likely to have a mate-
6 rial impact on the financial condition of the As-
7 sociation, including its capital ratio, its liquid-
8 ity, or its ability to conduct and finance its op-
9 erations, except that the Association's obliga-
10 tions under this subsection with respect to any
11 associated person which is a third party servicer
12 (as defined in 34 C.F.R. 682.200(b)) shall be
13 limited to providing to the Secretary of the
14 Treasury copies of any reports or other infor-
15 mation provided to the Secretary of Education
16 pursuant to 34 C.F.R. 682.200 et seq. The Sec-
17 retary of the Treasury may require summary
18 reports of such information to be filed no more
19 frequently than quarterly. For purposes of this
20 paragraph, the term 'associated person' shall
21 mean any person, other than a natural person,
22 directly or indirectly controlling, controlled by,
23 or under common control with the Association.

24 "(B) MAINTENANCE OF SEPARATE ENTI-
25 TIES.—After the reorganization effective date,

1 the Holding Company and other corporate af-
2 filiates of the Association shall take all reason-
3 able actions to—

4 “(i) preserve the separate corporate
5 identities of each company within the hold-
6 ing company structure for purposes of any
7 legal or equitable proceeding that could in-
8 volve the Association, including the mainte-
9 nance of separate books and records and
10 the separation of the funds and assets of
11 the separate entities;

12 “(ii) maintain arms length relation-
13 ships between the Association and its cor-
14 porate affiliates; and

15 “(iii) maintain independent manage-
16 ment between the Association and Holding
17 Company and its other subsidiaries, includ-
18 ing the disqualification of at least one offi-
19 cer of the Association from serving as an
20 officer or employee of the Holding Com-
21 pany or such other subsidiaries.

22 “(C) ENCUMBRANCE OF ASSETS.—Not-
23 withstanding any otherwise applicable Federal
24 or State law, rule, or regulation, or legal or eq-
25 uitable principle, doctrine, or theory to the con-

1 trary, under no circumstances shall the assets
2 of—

3 “(i) the Association be available or
4 used to pay claims or debts of or incurred
5 by the Holding Company; or

6 “(ii) the Holding Company be avail-
7 able or used to pay claims or debts of or
8 incurred by the Association.

9 Nothing in this subparagraph shall limit the
10 right of the Association to pay dividends not
11 otherwise prohibited hereunder or limit any li-
12 ability of the Holding Company explicitly pro-
13 vided for in this part.

14 “(9) ASSOCIATION BOARD OF DIRECTORS.—
15 Notwithstanding any other provision of part B of
16 this title, after the reorganization effective date, the
17 14 directors of the Association elected by the Asso-
18 ciation’s stockholders (which immediately after the
19 reorganization effective date shall be the Holding
20 Company) shall no longer be required to meet the
21 eligibility requirements set forth in section 439(c).

22 “(10) ISSUANCE OF STOCK WARRANTS.—At the
23 reorganization effective date, the Holding Company
24 shall issue to the Secretary of the Treasury 100,000
25 stock warrants, each entitling the holder of the stock

1 warrant to purchase from the Holding Company one
2 share of the registered common stock of the Holding
3 Company at any time on or before December 31,
4 2004. The exercise price for such warrants shall be
5 an amount equal to (A) the average closing price
6 of the common stock of the Association for the 20
7 business days prior to and including the date of en-
8 actment of this section on the exchange or market
9 which is then the primary exchange or market for
10 the common stock of the Association, plus (B) 10
11 percent of the average price described in clause (A)
12 subject to any adjustments necessary to reflect the
13 conversion of Association common stock into Hold-
14 ing Company common stock as part of the plan of
15 reorganization approved by the Association's share-
16 holders.

17 “(11) RESTRICTIONS ON TRANSFER OF ASSO-
18 CIATION SHARES AND BANKRUPTCY OF ASSOCIA-
19 TION.—After the reorganization effective date, the
20 Holding Company shall not sell, pledge, or otherwise
21 transfer the outstanding shares of the Association,
22 or agree to or cause the Association to file bank-
23 ruptcy, without prior approval of the Secretary of
24 the Treasury; except, that such approval shall not be
25 withheld if, after giving effect to such event, the

1 safety and soundness provisions of section 439(r)
2 are maintained.

3 “(d) DISCHARGE OF REMAINING OBLIGATIONS, LIQ-
4 UIDATION AND DISSOLUTION OF THE ASSOCIATION.—The
5 Association shall dissolve and its separate existence shall
6 terminate on December 31, 2004, after discharge of its
7 remaining obligations and liquidation pursuant to this
8 subsection. The Association may dissolve pursuant to this
9 subsection prior to December 31, 2004 by notifying the
10 Secretary of Education of its intention to dissolve, unless
11 within 60 days of receipt of such notice the Secretary noti-
12 fies the Association that it continues to be needed to serve
13 as a lender of last resort pursuant to section 439(q) of
14 this Act or continues to be needed to purchase loans under
15 an agreement with the Secretary described in section
16 440(c)(6). On the dissolution date, the Association shall
17 take the following actions:

18 “(1) ESTABLISHMENT OF A TRUST.—The Asso-
19 ciation shall, under the terms of an irrevocable trust
20 agreement in form and substance satisfactory to the
21 Association and the appointed trustee, irrevocably
22 transfer the remaining obligations to the trust and
23 irrevocably deposit or cause to be deposited into
24 such trust the following assets, as trust funds solely

1 for the benefit of holders of the remaining obliga-
2 tions—

3 “(A) money or noncallable obligations of or
4 guaranteed by the United States of America or
5 any agency thereof for which payment the full
6 faith and credit of the United States is pledged,
7 maturing as to principal and interest in such
8 amounts and at such times as are sufficient
9 without consideration of any significant rein-
10 vestment of such interest to pay the principal of
11 and interest on such remaining obligations to
12 stated maturity,

13 “(B) securities or financial assets (which
14 may include student loans) in such amounts
15 and of such kind as to ensure the highest credit
16 rating from a nationally recognized bond rating
17 agency for such trust, and as to which the
18 Holding Company shall agree to take all actions
19 necessary to maintain such rating, or

20 “(C) a combination of subparagraphs (A)
21 and (B).

22 All money, obligations, or financial assets deposited
23 into the trust pursuant to this subsection shall be
24 applied by the trustee to the payment of the obliga-
25 tions assumed by the trust. Upon the fulfillment of

1 the trustee's obligations under the trust, any re-
2 maining assets of the trust shall be transferred to
3 the Holding Company or its subsidiaries, or both,
4 as directed by the Holding Company. To the extent
5 that such money, obligations, and financial assets
6 are insufficient to pay the obligations assumed by
7 the trust at the time such obligations become due,
8 the Holding Company shall agree to fully and un-
9 conditionally guarantee the payment of such obliga-
10 tions.

11 “(2) OBLIGATIONS NOT TRANSFERRED TO THE
12 TRUST.—The Association shall make proper provi-
13 sion under applicable State law (which, in the ab-
14 sence of any other applicable law shall be deemed
15 the District of Columbia law) for all other obliga-
16 tions of the Association (including the repurchase or
17 redemption or the making of proper provision for the
18 repurchase or redemption on or prior to December
19 31, 2004 of any preferred stock of the Association
20 then outstanding).

21 “(3) TRANSFER OF REMAINING ASSETS AND LI-
22 ABILITIES.—The Association shall transfer to the
23 Holding Company or its subsidiaries, or both, as di-
24 rected by the Holding Company, all remaining assets

1 and liabilities of the Association not deposited in the
2 trust.

3 “(e) OPERATION OF THE HOLDING COMPANY.—

4 “(1) HOLDING COMPANY BOARD OF DIREC-
5 TORS.—The number and composition of the Board
6 of Directors of the Holding Company shall be deter-
7 mined as set forth in the Holding Company’s charter
8 or like instrument (as amended from time to time)
9 or bylaws (as amended from time to time) and as
10 permissible under the laws of the jurisdiction of its
11 incorporation.

12 “(2) HOLDING COMPANY NAME.—The names of
13 the Holding Company and any direct or indirect
14 subsidiary of the Holding Company other than the
15 Association (A) may not contain the name ‘Student
16 Loan Marketing Association’, and (B) may contain
17 (to the extent permitted by the applicable State or
18 District of Columbia law), ‘Sallie Mae’, or variations
19 thereof or such other name as the Board of Direc-
20 tors of the Association or the Holding Company
21 shall deem appropriate.

22 “(f) STRICT CONSTRUCTION.—Except as specifically
23 set forth in this section, nothing contained in this section
24 shall be construed to limit the authority of the Association
25 as a federally chartered corporation, or of the Holding

1 Company as a State or District of Columbia chartered cor-
2 poration.

3 “(g) DEADLINE FOR REORGANIZATION EFFECTIVE
4 DATE.—This section shall be of no further force and effect
5 in the event that the reorganization effective date does not
6 occur on or before 18 months after the date of enactment
7 of this section.

8 “(h) DEFINITIONS.—For purposes of this section—

9 “(1) The term ‘Association’ means the Student
10 Loan Marketing Association.

11 “(2) The term ‘dissolution date’ shall mean De-
12 cember 31, 2004, or such earlier date as the Sec-
13 retary of Education permits the transfer of remain-
14 ing obligations in accordance with subsection (d) of
15 this section.

16 “(3) The term ‘reorganization effective date’
17 means the effective date of the reorganization as de-
18 termined by the Board of Directors of the Associa-
19 tion, which shall not be earlier than the date that
20 stockholder approval is obtained pursuant to sub-
21 section (b) of this section and shall not be later than
22 the date that is 18 months after the date of enact-
23 ment of this section.

24 “(4) The term ‘Holding Company’ means the
25 new business corporation formed pursuant to this

1 section by the Association under the laws of any
2 State of the United States or the District of Colum-
3 bia.

4 “(5) The term ‘remaining obligations’ shall
5 mean the debt obligations of the Association out-
6 standing as of the dissolution date.

7 “(6) The term ‘remaining property’ shall mean
8 the following assets and liabilities of the Association
9 which are outstanding as of the reorganization effec-
10 tive date: (A) debt obligations issued by the Associa-
11 tion, (B) contracts relating to interest rate, cur-
12 rency, or commodity positions or protections, (C) in-
13 vestment securities owned by the Association, (D)
14 any instruments, assets, or agreements described in
15 section 439(d) of this Act (including without limita-
16 tion all student loans, forward purchase and lending
17 commitments, warehousing advances, academic fa-
18 cilities obligations, letters of credit, standby bond
19 purchase agreements, liquidity agreements, and stu-
20 dent loan revenue bonds or other loans), and (E) ex-
21 cept as specifically prohibited by this Act, any other
22 nonmaterial assets or liabilities of the Association
23 which the Association’s Board of Directors deter-
24 mines to be necessary or appropriate to its oper-
25 ations.

1 “(7) The term ‘reorganization’ means the re-
2 structuring event or events (including any merger
3 event) giving effect to the holding company structure
4 described in subsection (a) of this section.

5 “(8) The term ‘subsidiaries’ shall mean one or
6 more direct or indirect subsidiaries of the Holding
7 Company.”.

8 (b) TECHNICAL AMENDMENTS.—

9 (1) AMENDMENTS TO THE HIGHER EDUCATION
10 ACT.—Effective on the reorganization effective date
11 (as defined in section 440(h)(3) of the Higher Edu-
12 cation Act of 1965, as added by subsection (a)), sec-
13 tions 435(d)(1)(F) and (G) and 428C(a)(1)(A) of
14 such Act (20 U.S.C. 1085(d)(1)(F), (G); 1078-
15 3(a)(1)(A)) are each amended by inserting after
16 “Student Loan Marketing Association” the follow-
17 ing: “or the Holding Company of the Student Loan
18 Marketing Association, including all subsidiaries of
19 such Holding Company, created pursuant to section
20 440 of this Act,”.

21 (2) REPEAL OF THE ASSOCIATION’S CHAR-
22 TER.—Effective on the dissolution date (as defined
23 in section 440(h)(2) of the Higher Education Act of
24 1965, as added by subsection (a)), section 439 of

1 the Higher Education Act of 1965 (20 U.S.C. 1087–
2 2) is repealed.

3 **Subtitle B—College Construction**
4 **Loan Insurance Association**

5 **SEC. 621. PRIVATIZATION OF COLLEGE CONSTRUCTION**
6 **LOAN INSURANCE ASSOCIATION.**

7 (a) REPEAL OF STATUTORY RESTRICTIONS.—Part D
8 of title VII of the Higher Education Act of 1965 (20
9 U.S.C. 1132f et seq.) is repealed.

10 (b) STATUS OF THE CORPORATION.—

11 (1) STATUS OF THE CORPORATION.—The Cor-
12 poration shall not be an agency, instrumentality, or
13 establishment of the United States Government and
14 shall not be a “Government corporation” nor a
15 “Government controlled corporation” as defined in
16 section 103 of title 5, United States Code. No action
17 under section 1491 of title 28, United States Code
18 (commonly known as the Tucker Act) shall be allow-
19 able against the United States based on the actions
20 of the Corporation.

21 (2) CORPORATE POWERS.—The Corporation
22 shall have the power to engage in any business or
23 other activities for which corporations may be orga-
24 nized under the laws of any State of the United
25 States or the District of Columbia. The Corporation

1 shall have the power to enter into contracts, to exe-
2 cute instruments, to incur liabilities, to provide prod-
3 ucts and services, and to do all things as are nec-
4 essary or incidental to the proper management of its
5 affairs and the efficient operation of a private, for-
6 profit business.

7 (c) RELATED PRIVATIZATION REQUIREMENTS.—

8 (1) NOTICE REQUIREMENTS.—During the 5-
9 year period following the date of the enactment of
10 this Act, the Corporation shall include in any docu-
11 ment offering the Corporation’s securities a state-
12 ment that—

13 (A) the Corporation is not a Government-
14 sponsored enterprise or instrumentality of the
15 United States; and

16 (B) the Corporation’s obligations are not
17 guaranteed by the full faith and credit of the
18 United States.

19 (2) CORPORATE CHARTER.—The Corporation’s
20 charter shall be amended as necessary and without
21 delay to conform the requirements of this Act.

22 (3) CORPORATE NAME.—The name of the Cor-
23 poration, or of any direct or indirect subsidiary
24 thereof, may not contain the term “College Con-
25 struction Loan Insurance Association”.

1 (4) ARTICLES OF INCORPORATION.—The Cor-
2 poration shall amend its articles of incorporation
3 without delay to reflect that one of the purposes of
4 the Corporation shall be to guarantee, insure and re-
5 insure bonds, leases, and other evidences of debt of
6 educational institutions, including Historically Black
7 Colleges and Universities and other academic insti-
8 tutions which are ranked in the lower investment
9 grade category using a nationally recognized credit
10 rating system.

11 (5) TRANSITION REQUIREMENTS.—

12 (A) REQUIREMENTS UNTIL STOCK SALE.—
13 Notwithstanding subsection (a), the require-
14 ments of section 754 of the Higher Education
15 Act of 1965 (20 U.S.C. 1132f-3), as in exist-
16 ence as of the day before enactment of this Act,
17 shall continue to be effective until the day im-
18 mediately following the date of closing of the
19 purchase of the Secretary's stock (or the date
20 of closing of the final purchase, in the case of
21 multiple transactions) pursuant to subsection
22 (d) of this section.

23 (B) REPORTS AFTER STOCK SALE.—The
24 Corporation shall, not later than March 30 of
25 the first full calendar year immediately follow-

1 ing the sale pursuant to subsection (d), and
2 each of the 2 succeeding years, submit to the
3 Secretary of Education a report describing the
4 Corporation's efforts to assist in the financing
5 of education facilities projects, including
6 projects for elementary, secondary, and post-
7 secondary educational institution infrastructure,
8 and detailing, on a project-by-project basis, the
9 Corporation's business dealings with edu-
10 cational institutions that are rated by a nation-
11 ally recognized statistical rating organization at
12 or below the organization's third highest rat-
13 ings.

14 (d) SALE OF FEDERALLY OWNED STOCK.—

15 (1) SALE OF STOCK REQUIRED.—The Secretary
16 of the Treasury shall, upon the request of the Sec-
17 retary of Education sell, pursuant to section 324 of
18 title 31, United States Code, the voting common
19 stock of the Corporation owned by the Secretary of
20 Education not later than one year after the date of
21 the enactment of this Act.

22 (2) PURCHASE BY THE CORPORATION.—In the
23 event that the Secretary of the Treasury is unable
24 to sell the voting common stock, or any portion
25 thereof, at a price acceptable to the Secretary of

1 Education and the Secretary of the Treasury within
2 the period specified in paragraph (1), the Corpora-
3 tion shall purchase such stock at a price determined
4 by the Secretary of the Treasury and acceptable to
5 the Corporation based on independent appraisal by
6 one or more nationally recognized financial advisory
7 firms. Such firms shall be selected by the Secretary
8 of the Treasury in consultation with the Secretary of
9 Education and the Corporation.

10 (3) REIMBURSEMENT OF COSTS OF SALE.—The
11 Secretary of the Treasury shall be reimbursed from
12 the proceeds of the sale of the stock under this sec-
13 tion for all reasonable costs of any contracts related
14 to such sale, including all reasonable expenses relat-
15 ing to one or more independent appraisals under this
16 section.

17 (e) ASSISTANCE BY THE CORPORATION.—The Cor-
18 poration shall provide such assistance as the Secretary of
19 the Treasury and the Secretary of Education may require
20 to facilitate the sale of the stock under this section.

21 (f) DEFINITION.—As used in this section, the term
22 “Corporation” means the Corporation established pursu-
23 ant to the provision of law repealed by subsection (a).

1 **TITLE VII—REPEALERS AND**
2 **OTHER AMENDMENTS.**

3 **SEC. 701. CARL D. PERKINS VOCATIONAL AND APPLIED**
4 **TECHNOLOGY EDUCATION ACT.**

5 The Carl D. Perkins Vocational and Applied Tech-
6 nology Education Act (20 U.S.C. 2301 et seq.) is repealed.

7 **SEC. 702. SCHOOL-TO-WORK OPPORTUNITIES ACT.**

8 The School-to-Work Opportunities Act of 1994 (20
9 U.S.C. 6101 et seq.) is repealed.

10 **SEC. 703. ADULT EDUCATION ACT.**

11 (a) IN GENERAL.—The Adult Education Act (20
12 U.S.C. 1201 et seq.) is repealed.

13 (b) CONFORMING AMENDMENTS.—

14 (1) ESEA.—The Elementary and Secondary
15 Education Act of 1965 (20 U.S.C. 6301 et seq.) is
16 amended—

17 (A) in section 1202(c)(1), by striking “the
18 Adult Education Act,” and inserting “title IV
19 of the CAREERS Act,”;

20 (B) in section 1205(8)(B), by striking “the
21 Adult Education Act,” and inserting “title IV
22 of the CAREERS Act,”;

23 (C) in section 1206(a)(1)(A), by striking
24 “the Adult Education Act;” and inserting “title
25 IV of the CAREERS Act;” and

1 (D) in section 9161(2), by striking “sec-
2 tion 312(2) of the Adult Education Act.” and
3 inserting “section 5 of the CAREERS Act.”.

4 (2) TECHNOLOGY FOR EDUCATION ACT.—The
5 Technology for Education Act of 1994 (20 U.S.C.
6 6801 et seq.) is amended in section 3113(1) by
7 striking “section 312 of the Adult Education Act;”
8 and inserting “section 5 of the CAREERS Act;”;

9 **SEC. 704. NATIONAL LITERACY ACT.**

10 The National Literacy Act of 1991, except section
11 101 of such Act, is repealed.

12 **SEC. 705. LIBRARY SERVICES AND CONSTRUCTION ACT.**

13 (a) IN GENERAL.—The Library Services and Con-
14 struction Act (20 U.S.C. 351 et seq.) is repealed.

15 (b) CONFORMING AMENDMENT.—The Technology for
16 Education Act of 1994 (20 U.S.C. 6801 et seq.) is amend-
17 ed in section 3113(10) by striking “section 3 of the Li-
18 brary Services and Construction Act;” and inserting “sec-
19 tion 5 of the CAREERS Act;”.

20 **SEC. 706. TECHNOLOGY FOR EDUCATION ACT OF 1994.**

21 Sections 3601 through 3605 of the Technology for
22 Education Act of 1994 (20 U.S.C. 7001 et seq.) (relating
23 to the library media resources program) are repealed.

1 **SEC. 707. JOB TRAINING PARTNERSHIP ACT.**

2 (a) IN GENERAL.—The Job Training Partnership
3 Act (29 U.S.C. 1501 et seq.), except sections 421 through
4 439 and section 441 of such Act (29 U.S.C. 1691 et seq.)
5 (relating to the Job Corps), is hereby repealed.

6 (b) CONFORMING AMENDMENTS TO JOB CORPS.—
7 The Job Training Partnership Act (29 U.S.C. 1501 et
8 seq.) is amended—

9 (1) by redesignating sections 421 through 439
10 as sections 1 through 20, respectively;

11 (2) in section 1 (as redesignated), by striking
12 “part” each place it appears and inserting “Act”;

13 (3) in section 3(4) (as redesignated), by strik-
14 ing “sections 424 and 425” and inserting “sections
15 4 and 5”;

16 (4) in section 4 (as redesignated)—

17 (A) in subsection (a), by striking “entities
18 administering programs under title II of this
19 Act,”; and

20 (B) in subsection (b), by striking “part”
21 and inserting “Act”;

22 (5) in section 6 (as redesignated)—

23 (A) in subsection (a), by striking “section
24 428” and inserting “section 8”; and

25 (B) by striking subsection (d);

26 (6) in section 7 (as redesignated)—

1 (A) by striking subsection (b); and

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

4 (7) in section 13 (as redesignated)—

5 (A) in subsection (a)(4), by striking “part”
6 and inserting “Act”;

7 (B) in subsection (c)(1), by striking “and
8 activities authorized under sections 452 and
9 453”; and

10 (C) in subsection (e), by striking “section
11 431” and inserting “section 11”;

12 (8) in section 14 (as redesignated)—

13 (A) in subsection (a)—

14 (i) in the matter preceding paragraph
15 (1), by striking “section 427” and insert-
16 ing “section 7”; and

17 (ii) in paragraph 4(A), by striking
18 “section 428” and inserting “section 8”;

19 (B) in subsection (c)(3), by striking “sec-
20 tion 423” and inserting “section 3”;

21 (C) in subsection (d), by striking “sections
22 424 and 425” and inserting “sections 4 and 5”;
23 and

24 (D) in subsection (e), by striking “, pursu-
25 ant to section 452(d),”;

1 (9) in section 16 (as redesignated), by striking
2 “part” each place it appears and inserting “Act”;

3 (10) in section 19 (as redesignated), by striking
4 “part” each place it appears and inserting “Act”;

5 (11) in section 20 (as redesignated), by striking
6 “part” and inserting “Act”; and

7 (12) by adding at the end the following new
8 section:

9 “AUTHORIZATION OF APPROPRIATIONS
10 “SEC. 21. There are authorized to be appropriated
11 such sums as are necessary to carry out this Act.”.

12 **SEC. 708. STEWART B. MCKINNEY HOMELESS ASSISTANCE**
13 **ACT.**

14 (a) ADULT EDUCATION.—Section 702 of the Stewart
15 B. McKinney Homeless Assistance Act (42 U.S.C. 11421)
16 is repealed.

17 (b) SUBTITLE C.—

18 (1) IN GENERAL.—Subtitle C of title VII of the
19 Stewart B. McKinney Homeless Assistance Act (42
20 U.S.C. 11441 et seq.), except section 738, is hereby
21 repealed.

22 (2) TABLE OF CONTENTS.—The table of con-
23 tents of such Act is amended by striking the items
24 relating to sections 731 through 737 and sections
25 739 through 741.

1 **SEC. 709. HIGHER EDUCATION PROVISIONS.**

2 (a) HIGHER EDUCATION ACT OF 1965 PROVI-
3 SIONS.—The following provisions of the Higher Education
4 Act of 1965 are repealed:

5 (1) Part B of title I (20 U.S.C. 1011 et seq.),
6 relating to articulation agreements.

7 (2) Part C of title I (20 U.S.C. 1015 et seq.),
8 relating to access and equity to education for all
9 Americans through telecommunications.

10 (3) Title II (20 U.S.C. 1021 et seq.), relating
11 to academic libraries and information services.

12 (4) Chapter 2 of subpart 2 of part A of title IV
13 (20 U.S.C. 1070a–21 et seq.), relating to national
14 early intervention scholarships.

15 (5) Chapter 3 of subpart 2 of part A of title IV
16 (20 U.S.C. 1070a–31 et seq.), relating to presi-
17 dential access scholarships.

18 (6) Chapter 4 of subpart 2 of part A of title IV
19 (20 U.S.C. 1070a–41 et seq.), relating to model pro-
20 gram community partnerships and counseling
21 grants.

22 (7) Chapter 5 of subpart 2 of part A of title IV
23 (20 U.S.C. 1070a–52 et seq.), relating to a database
24 and information line concerning student financial as-
25 sistance.

1 (8) Chapter 8 of subpart 2 of part A of title IV
2 (20 U.S.C. 1070a–81), relating to technical assist-
3 ance for teachers and counselors.

4 (9) Subpart 4 of part A of title IV (20 U.S.C.
5 1070c et seq.), relating to State student incentive
6 grants.

7 (10) Subpart 5 of part A of title IV of the
8 Higher Education Act of 1965 (20 U.S.C. 1070d–
9 2).

10 (11) Subpart 8 of part A of title IV (20 U.S.C.
11 1070f), relating to special child care services for dis-
12 advantaged college students.

13 (12) Section 428J (20 U.S.C. 1078–10), relat-
14 ing to loan forgiveness for teachers, individuals per-
15 forming national community service and nurses.

16 (13) Section 486 (20 U.S.C. 1093), relating to
17 training in financial aid services.

18 (14) Subpart 1 of part H of title IV (20 U.S.C.
19 1099a et seq.) relating to State postsecondary re-
20 view entity programs.

21 (15) Part A of title V (20 U.S.C. 1102 et seq.),
22 relating to State and local programs for teacher ex-
23 cellence.

24 (16) Part B of title V (20 U.S.C. 1103 et seq.),
25 relating to national teacher academies.

1 (17) Subpart 1 of part C of title V (20 U.S.C.
2 1104 et seq.), relating to Douglas teacher scholar-
3 ships.

4 (18) Subpart 3 of part C of title V (20 U.S.C.
5 1106 et seq.), relating to the teacher corps.

6 (19) Subpart 3 of part D of title V (20 U.S.C.
7 1109 et seq.), relating to class size demonstration
8 grants.

9 (20) Subpart 4 of part D of title V (20 U.S.C.
10 1110 et seq.), relating to middle school teaching
11 demonstration programs.

12 (21) Subpart 1 of part E of title V (20 U.S.C.
13 1111 et seq.), relating to new teaching careers.

14 (22) Subpart 1 of part F of title V (20 U.S.C.
15 1113 et seq.), relating to the national mini corps
16 programs.

17 (23) Section 586 (20 U.S.C. 1114), relating to
18 demonstration grants for critical language and area
19 studies.

20 (24) Section 587 (20 U.S.C. 1114a), relating to
21 development of foreign languages and cultures in-
22 structional materials.

23 (25) Subpart 3 of part F of title V (20 U.S.C.
24 1115), relating to small State teaching initiatives.

1 (26) Subpart 4 of part F of title V (20 U.S.C.
2 1116), relating to faculty development grants.

3 (27) Subpart 5 of part F of title V (20 U.S.C.
4 1117), relating to early childhood staff training and
5 professional enhancement.

6 (28) Section 605 (20 U.S.C. 1124a), relating to
7 intensive summer language institutes.

8 (29) Section 607 (20 U.S.C. 1125a), relating to
9 foreign language periodicals.

10 (30) Part A of title VII (20 U.S.C. 11326 et
11 seq.), relating to academic and library facilities.

12 (31) Title VIII (20 U.S.C. 1133 et seq.), relat-
13 ing to cooperative education programs.

14 (32) Part A of title IX (20 U.S.C. 1134a et
15 seq.), relating to women and minority participation
16 in graduate education.

17 (33) Part B of title IX (20 U.S.C. 1134d et
18 seq.), relating to Harris fellowships.

19 (34) Part C of title IX (20 U.S.C. 1134h et
20 seq.), relating to Javits fellowships.

21 (35) Part E of title IX (20 U.S.C. 1134r et
22 seq.), relating to the faculty development fellowship
23 program.

1 (36) Part F of title IX (20 U.S.C. 1134s et
2 seq.), relating to legal training for the disadvan-
3 tagged.

4 (37) Part G of title IX (20 U.S.C. 1134u et
5 seq.), relating to law school clinical programs.

6 (38) Section 1011 (20 U.S.C. 1135a–11), relat-
7 ing to special projects in areas of national need.

8 (39) Subpart 2 of part B of title X (20 U.S.C.
9 1135c et seq.), relating to science and engineering
10 access programs.

11 (40) Part C of title X (20 U.S.C. 1135e et
12 seq.), relating to women and minorities science and
13 engineering outreach demonstration programs.

14 (41) Part D of title X (20 U.S.C. 1135f), relat-
15 ing to Eisenhower leadership programs.

16 (42) Title XI (20 U.S.C. 1136 et seq.), relating
17 to community service programs.

18 (b) EDUCATION AMENDMENTS OF 1986 PROVI-
19 SIONS.—The following provisions of the Education
20 Amendments of 1986 are repealed:

21 (1) Part E of title XIII (20 U.S.C. 1221–1
22 note), relating to a National Academy of Science
23 study.

1 (2) Title XV (20 U.S.C. 4401 et seq.), relating
2 to American Indian, Alaska Native, and Native Ha-
3 waiian culture and art development.

4 (c) EDUCATION AMENDMENTS OF 1992 PROVI-
5 SIONS.—The following provisions of the Education
6 Amendments of 1992 are repealed:

7 (1) Part F of title XIII (25 U.S.C. 3351 et
8 seq.), relating to American Indian postsecondary
9 economic development scholarships.

10 (2) Part G of title XIII (25 U.S.C. 3371), re-
11 lating to American Indian teacher training.

12 (3) Section 1406 (20 U.S.C. 1221e–1 note), re-
13 lating to a national survey of factors associated with
14 participation.

15 (4) Section 1409 (20 U.S.C. 1132a note), relat-
16 ing to a study of environmental hazards in institu-
17 tions of higher education.

18 (5) Section 1412 (20 U.S.C. 1101 note), relat-
19 ing to a national job bank for teacher recruitment.

20 (6) Part B of title XV (20 U.S.C. 1452 note),
21 relating to a national clearinghouse for postsecond-
22 ary education materials.

23 (7) Part C of title XV (20 U.S.C. 1101 note),
24 relating to school-based decisionmakers.

1 (8) Part D of title XV (20 U.S.C. 1145h note),
2 relating to grants for sexual offenses education.

3 (9) Part E of title XV (20 U.S.C. 1070 note),
4 relating to Olympic scholarships.

5 (10) Part G of title XV (20 U.S.C. 1070a–11
6 note), relating to advanced placement fee payment
7 programs.

8 (d) CONFORMING AMENDMENTS.—The Higher Edu-
9 cation Act of 1965 is amended—

10 (1) in section 453(c)(2)—

11 (A) by striking subparagraph (E); and

12 (B) by redesignating subparagraphs (F)
13 through (H) as subparagraphs (E) through (G),
14 respective;

15 (2) in section 487(a)(3), by striking subpara-
16 graph (B) and redesignating subparagraphs (C) and
17 (D) as subparagraphs (B) and (C), respectively;

18 (3) in section 487(a)(15), by striking “the Sec-
19 retary of Veterans Affairs, and State review entities
20 under subpart 1 of part H” and inserting “and the
21 Secretary of Veterans Affairs”;

22 (4) in section 487(a)(21), by striking “, State
23 postsecondary review entities,”;

24 (5) in section 487(c)(1)(A)(i), by striking
25 “State agencies, and the State review entities re-

1 ferred to in subpart 1 of part H” and inserting “and
2 State agencies”;

3 (6) in section 487(c)(4), by striking “, after
4 consultation with each State review entity designated
5 under subpart 1 of part H,”;

6 (7) in section 487(c)(5), by striking “State re-
7 view entities designated under subpart 1 of part
8 H,”;

9 (8) in section 496(a)(7), by striking “and the
10 appropriate State postsecondary review entity”;

11 (9) in section 496(a)(8), by striking “and the
12 State postsecondary review entity of the State in
13 which the institution of higher education is located”;

14 (10) in section 498(g)(2), by striking everything
15 after the first sentence;

16 (11) in section 498A(a)(2)(D), by striking “by
17 the appropriate State postsecondary review entity
18 designated under subpart 1 of this part or”;

19 (12) in section 498A(a)(2)—

20 (A) by inserting “and” after the semicolon
21 at the end of subparagraph (E);

22 (B) by striking subparagraph (F); and

23 (C) by redesignating subparagraph (G) as
24 subparagraph (F); and

25 (13) in section 498A(a)(3)—

1 (A) by inserting “and” after the semicolon
2 at the end of subparagraph (C);

3 (B) by striking “; and” at the end of sub-
4 paragraph (D) and inserting a period; and

5 (C) by striking subparagraph (E).

6 **SEC. 710. EFFECTIVE DATE.**

7 The repeals and amendments made by this title shall
8 take effect on October 1, 1996.



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